

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7231
COMPANY NAME : Wellcall Holdings Berhad
FINANCIAL YEAR : September 30, 2019

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 collectively has set clear functions to be responsible by the Board and Management in the Charter for Board of Directors ("Board Charter"). This will ensure completeness in the coverage of the required roles and duties of the Board and the Management in achieving Wellcall Group's aims. Wellcall Group's Vision Statement, Corporate Mission Statement, Corporate Values as well as Quality Policy are published in the website http://wellcallholdings.com.</p> <p>To ensure the effective discharge of the Board functions and responsibilities, the Board delegates some of its authorities and discretions to the Group Managing Director, Executive Directors and General Manager, representing the Management as well as the Board Committees, which are entrusted with specific responsibilities to oversee the Wellcall Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. The delegation and reporting functions also enhance a two-way communication between the Board and the Management keeping the Board abreast with the progress of the Wellcall Group in meeting its objectives.</p> <p>The Board has in place a strategy planning process, whereby it will be presented for discussion on quarterly basis during Board meetings whereby the Group Managing Director, Executive Directors and General Manager report on the results and challenges met. The Board objectively reviews and monitors the implementation of those plans by Management and provides input and feedback to the Management.</p> <p>The Board oversees the performance of the Management by reviewing the actual performance on both financial and non-financial results, and provides direction to the Management on measures to be undertaken to improve business performance and minimise risk areas.</p> |

To enable the Board to discharge its responsibilities in meeting the goals and objectives of Wellcall Group, together with the Management, the Board has taken the followings measures :-

- (a) Directors have been attended relevant training periodically to keep abreast of their responsibilities, knowledge and functions;
- (b) The Group practices Economic, Environmental and Social (EES) risk and opportunities policy other than the financial aspects of business. The board has established a Sustainability Committee to undertake the implementation of the Sustainability framework and EES policy;
- (c) Major business proposals for the Group will be tabled and seek for the Board approval during board meeting;
- (d) Financial performance of the Group is closely reviewed by the Board in order to ensure the goals set are met. Financial projections are tabled for the Board approval during board meetings;
- (e) Engaging an independent external party carrying out the functions of internal auditors, including review on internal controls and reporting directly to the Audit Committee (“AC”) on quarterly basis. Internal Audit Reports with Management responses are presented to the AC for review. Any significant internal audit findings and recommendations have been brought to the attention of the Board;
- (f) An Enterprise Risk Management (“ERM”) Committee and ERM Policy with its framework have been established to ensure risks identified are managed appropriately. Meetings and interviews are carried out with the respective process owner to update risks identified. Summary of the risk profiles and updates thereon are reported to the AC twice a year during the AC meetings. The Board has empowered the AC to review the group’s key risk existing and potential risks and their respective mitigation strategies and ensure the risk management effective. The AC and the Board would ensure that the existing risk management structure and framework remain function effectively. The existing risk management governance structure is to support risk-based decision making and oversight across all operations of Wellcall Group;
- (g) The Board is responsible to formulate an appropriate succession planning and has entrusted the Nomination Committee with the duty of reviewing the appointment, training and determination of compensation for senior management of the Group, a well as assessing the performance of Directors and the Board Committee members and, where appropriate, the appointment of new member of the Board and Executive Directors.
- (h) Ensuring continuous effective communication with stakeholders through the establishment of Corporate Disclosure Committee and the Corporate Disclosure Policy

| | | |
|---|--|--|
| | <p>as well as the appointment of invertors' relation representative. Contact details are published in the website http://wellcallholdings.com for respective areas such as:</p> <ul style="list-style-type: none"> i. General inquiry : e-mail @ wellcall@wellcall.com.my (Samantha) ii. Business inquiry : e-mail @ marketing@wellcall.com.my (Wendy) iii. Invertors' relation inquiry : e-mail @ gary.yu@wellcall.com.my (Gary Yu). <p>In addition, the periodic press releases are also the Company's plan to keep the Company's stakeholders updating the development of the Company.</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 1.2

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 Group Independent Non-Executive Chairman ("Chairman"), Datuk Ng Peng Hong @ Ng Peng Hay holds a Non-Executive position. He leads the Board and is primarily responsible for matters pertaining to the Board and the overall conduct of Wellcall Group, which includes enhancing good practice of corporate governance.</p> <p>The key responsibilities of the Chairman include:</p> <ul style="list-style-type: none">(a) Providing leadership for the Board so that the Board can perform its responsibilities effectively through chairing the Board meetings and adopting matters deliberated by the Board Committees;(b) Setting the Board agenda and ensuring that the Board members receive complete and accurate information in a timely manner such as sending out meeting agendas and minutes of meetings prior to meetings via Company Secretary;(c) Leading Board meetings and discussions, which further deliberation on significant or material events;(d) Ensure proper flow of information to the Board, reviewing adequacy and timing of documentary materials in support of management's proposal and review of performance of the Group;(e) Ensuring adequate lead time for effective study and discussion of business under consideration;(f) Acting as liaison between the Board and management. The Chairman should act as the main informal link between the Board and management and particularly between the Board and the Managing Director;(g) Chairing shareholders meeting and ensuring appropriate steps are taken to provide effective communication with stakeholders and their views are communicated to the Board as a whole; and(h) Leading the Board in establishing and monitoring good corporate governance practices for Wellcall Group. <p>The roles and responsibilities of the Chairman of the Board have been</p> |

| | | |
|--|--|--|
| | clearly specified in the Board Charter, which is available on the Company's website at http://wellcallholdings.com . | |
| 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 roles and responsibilities of the Chairman, Datuk Ng Peng Hong @ Ng Peng Hay and the Group Managing Director, Mr. Huang Sha are separated to promote accountability and to ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.</p> <p>The roles of the Chairman of the Board are overseeing the Board in the effective discharge of its supervisory role, the efficient organisation and conduct of the Board's function and meetings, and committing the time necessary to discharge effectively his role as Chairman.</p> <p>The Group Managing Director is accountable to the Board for the overall organisation, the business, the management and allocation of the resources of Wellcall Group and for its procedures in financial as well as operational matters, including conduct and discipline.</p> <p>The separation of role and responsibilities between the Chairman and the Group Managing Director are set out in the Board Charter which can be viewed at the Company's website at http://wellcallholdings.com.</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>Both Company Secretaries of Wellcall Group, namely Ms. Teo Soon Mei (MAICSA 7018590) and Ms. Chua Siew Yin (MAICSA 7065531) have the required qualifications to act as Company Secretary under Sections 235(2) and 241 of the Companies Act, 2016.</p> <p>The Company Secretaries play an important advisory role to the Board in relation to the Company's Constitution and Board policies. They are primarily responsible to ensure that Wellcall group adheres the standard legal and financial practices and in charge of overseeing the corporate governance standard. They are a source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Wellcall Group. The Company Secretaries of the Company are also :-</p> <ol style="list-style-type: none">1) support the Board in managing the Group's corporate governance developments and provide their advice to the Board from time to time in applying governance practices to meet the board's needs and stakeholders' expectations.2) ensure that the Board papers for each of the Board meetings to be circulated at least seven days prior to every Board meeting to ensure that the directors are fully apprised on matters or key issues affecting the Group as well as to enable Directors to make well-informed decisions on matters arising at the Board meeting.3) record all the deliberations, including pertinent issues, substance of inquiries and responses, Board members' suggestions and the decision made in the minutes of meetings.4) ensure the minutes of the Board meeting are also circulated to the Directors for their perusal prior to confirmation of the same at the following Board meeting.5) remind the Board members prior to the Board meeting the close period for dealing.6) prepare, attend and draft the minutes of the general meetings of the Company.7) play a role as a communication channel between the shareholders and the Board of Directors of the Company. <p>The Board is regularly updated and apprised by the Company Secretaries on new regulations issued by the regulatory authorities. The Company Secretaries attend and ensure that all Board Meetings are properly convened and that accurate and</p> |

| | | |
|---|--|--|
| | <p>proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of Wellcall Group. The Company Secretaries also work closely with Management to ensure that there are timely and appropriate information flows within and to the Board and the Board Committees.</p> <p>The Board is of the view that the Company Secretaries are competent and have kept themselves abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes. The Company Secretaries constantly undertakes continuous professional development to keep abreast of relevant statutory and regulatory requirements.</p> <p>The Board is satisfied with the services and performance rendered by the Company Secretaries to the Board.</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 1.5

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>Notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director not later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations are provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board papers and to seek clarification or further explanation from the management and the Company Secretary.</p> <p>All proceedings of the Board and the Board Committees are recorded by the Company Secretary and signed by the Chairman of meetings in accordance with the provisions of the Companies Act, 2016 and the Constitution of the Company. Key decisions are made in the Board meetings with Directors' Circular resolution, where applicable, confined to formalizing matters that have been discussed at the Board meetings.</p> <p>Senior Management, auditors and advisers are invited to attend Board meetings, where necessary, to provide additional information and insights on the relevant agenda items tabled at Board meetings.</p> <p>The annual assessment on the effectiveness of the Board also revealed that the timeliness of the delivery of meeting materials is meeting the set requirement.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 2.1

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

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board Charter outlines the Board's strategic intent and the Board's roles and responsibilities. The Board Charter serves as a source reference and a primary induction literature provided insights to prospective board members and senior management. The Board Charter defined the division of responsibilities and powers between the Board and the Management, the different committees established by the Board and the segregation of duties between the Chairman and the Managing Director. It also states the processes and procedures for Board meetings.</p> <p>The Board established a number of Board Committees whose compositions and terms of reference are consistent with the Malaysian Code on Corporate Governance 2017. The following Board Committees were established to assist the Board in discharging its duties :-</p> <ul style="list-style-type: none">a) The Audit Committeeb) The Nomination Committeec) The Remuneration Committeed) The Risk Management Committee <p>The terms of reference of the abovementioned Board Committees are uploaded on the Company's website at http://wellcallholdings.com. The composition and a summary activities of the Board Committees are set out separately in the Audit Committee Report and the Corporate Governance Statement in the Annual Report of the Company for the financial year ended 30 September 2019.</p> <p>The Board is reviewing and updating the Board Charter to comply with the Malaysian Code on Corporate Governance 2017. The Board Charter is to be updated in accordance with the needs of Wellcall Group and any new regulations that may have an impact on the discharge of the Board's responsibilities to ensure its effectiveness. The Board Charter last review was conducted on 23rd August, 2019.</p> |

| | | |
|---|--|--|
| | <p>The Board has also established the following Board Committees to assist them in the discharge of their duties and responsibilities :-</p> <p>a) Corporate Disclosure Committee</p> <p>This Committee is assisting the Directors, the Group Managing Director and the Executive Directors (collectively, the "Officers") fulfilling Wellcall Group and their responsibilities regarding :-</p> <ul style="list-style-type: none"> i) to consider and make recommendations to the Board concerning the appropriate function and needs of the Board; ii) to develop and recommend to the Board corporate governance principles; and iii) to oversee and review compliance with the disclosure and reporting standards of the Company that require full, fair, accurate, timely, and understandable disclosure of material information regarding the Wellcall group. <p>b) Sustainability Committee</p> <p>This Committee is assisting the Board of Directors of the Company to implement the Sustainability framework and EES policy.</p> | |
| <p>Explanation for departure</p> | <p>:</p> | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | <p>:</p> | |
| <p>Timeframe</p> | <p>:</p> | |

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 has formalised a Directors' Code of Conduct and Ethics ("Code"), which sets out the standard of conduct expected of Directors, with the aim to cultivate good ethical conduct that permeates throughout Wellcall Group through transparency, integrity, responsibility and corporate social responsibility.</p> <p>This Code describes the standards of business conduct and ethical behaviour for the Board in the performance of their duties as the Board of Wellcall Group or when representing Wellcall Group.</p> <p>The Board observed and implemented ethical work values stated in the Code, Ethics and Conducts. This Code shall be reviewed by the Board when necessary by the Board.</p> <p>The Directors' Code of Conduct and Ethics of Wellcall Group is available at the Wellcall Group's corporate website at http://wellcallholdings.com.</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 Board has approved and issued the Whistle Blowing Policy. This policy is available at the Wellcall Group's corporate website http://wellcallholdings.com.</p> <p>This policy provides avenues for employees to raise concerns, report any breach of the Code and define a way to handle these concerns and breaches. It also enables the Management to be informed at an early stage about acts of misconduct. More importantly, it reassures employees that they will be protected for disclosing concerns or breaches in good faith in accordance with this procedure. It promotes a culture of openness, accountability and integrity.</p> <p>The Whistle Blowing Policy is reviewed periodically together with the Board Charter and the Code in the Board Meeting in each year. Since it was last approved, the Board has concluded that the current policy is still valid and relevant.</p> <p>In addition, the Board has established a Fraud Policy to facilitate the development of control which will aid in detection and prevention of fraud against the Group and to promote consistent organisational behaviour by providing guidelines and assigning responsibilities for the development of controls and conduct of investigations.</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>Wellcall Group is supportive of the objective and independent deliberation review and decision making.</p> <p>Currently, the Board comprises of ten (10) Directors, with five (5) out of ten (10) Directors being Independent Directors. The Chairman is an Independent Non-Executive Director and one of the Executive Directors is the Group Managing 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 Board comprises half of Independent Directors represents fifty per centum (50%) of the Board.</p> <p>The composition and size of the Board is reviewed annually to ensure its appropriateness and effectiveness.</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

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 | : Applied - Two Tier Voting |
| Explanation on application of the practice | <p>The five (5) Independent Directors had passed their self-assessment and assessment conducted by the Nomination Committee. All Independent Non-Executive Directors had complied with the definition of Independent Directors as defined on the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market.</p> <p>The five (5) Independent Non-Executive Directors, demonstrated independent, and the length of service of the following independent Directors on the Board are as follows :-</p> <ul style="list-style-type: none">a) Mr. Yang Chong Yaw, Alan with a tenure of service of 13 years 9 months;b) Mr. Goh Hoon Leum with a tenure of service of 10 years 1 month;c) Datuk Ng Peng Hong @ Ng Peng Hay with a tenure of service of 8 years;d) Dato' Haji Mohtar Bin Nong with a tenure of service of 8 years; ande) Mr. Yong Peng Tak with a tenure of service of 4 years 9 months. <p>Their lengths of services did not in any way impair their independent status and interfere with the exercise of objective judgement or their ability to act in the best interests of the Company. They still preserved their independent positioning between the management and the external auditors of the Group during their tenure of office.</p> <p>It was found that the mentioned Directors remained objective and independent in expressing his views and participating in deliberations and decision making of the Board and Board Committees. They are actively advocate their professional views without fear or favour in the Board room. The presence of such attributes will permit them to constructively challenge decisions proposed by other directors or the management and contribute in meaningful ways to the strategic objectives.</p> |

The Nomination Committee and the Board have determined upon their annual assessment that :-

- 1) Mr. Yang Chong Yaw, Alan was appointed as an Independent Non-Executive Director on 17 April 2006 and he have served the Company for more than nine (9) years as at the date of the notice of 14th Annual General Meeting (“14th AGM”); and
- 2) Mr. Goh Hoon Leum was appointed as an Independent Non-Executive Director on 8 December 2010 and he has served the Company for more than nice (9) years as at the date of the notice of 14th AGM.

At the Company’s 13th Annual General Meeting of the Company, the Company had obtained shareholders’ approval for the retention of the two (2) Independent Non-Executive Directors.

During the financial year 2019, the Nomination Committee has conducted an annual assessment of the independence status of the three Independent Directors, inter-alia their skills, experience and contributions, and whether the Independent Directors were able to discharge their duties with fair judgment. The Board concurred with the recommendation from the Nomination Committee that the ability of an Independent Director to exercise independence is not a function of his length of service as an Independent Director. The suitability and ability of an Independent Director to carry out his roles and responsibilities effectively are very much a function of his caliber, qualifications, experience and personal qualities. The Board concurred with the recommendation from the Nomination Committee that the ability of an Independent Director to exercise independence is not a function of his length of service as an Independent Director. The suitability and ability of an Independent Director to carry out his roles and responsibilities effectively are very much a function of his caliber, qualifications, experience and personal qualities. It was noted that Mr. Yang Chong Yaw, Alan and Mr. Goh Hoon Leum have met the independence guideline as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board upon the recommendation from the Nomination Committee of the Company, therefore, considers Mr. Yang Chong Yaw, Alan and Mr. Goh Hoon Leum to be Independent and recommends that :-

- a) Mr. Goh Hoon Leum to remain as an Independent Non-Executive Director subject to the approval from the shareholders of the Company; and
- b) Mr. Yang Chong Yaw, Alan to remain as an Independent Non-Executive Director subject to the approval from the shareholders of the Company through a two-tier voting process pursuant to Practice No. 4.2 of the Malaysian Code on Corporate Governance 2017.

The Board will seek shareholders’ approval to retain them as Independent Non-Executive Directors at the 14th Annual General Meeting. A two-tier voting process would be carried out as proposed in this new practice under the Malaysian Code on Corporate Governance 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

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 is responsible for reviewed and assessed the mix of skills, expertise, composition, size, experience and effectiveness of the Board and its Committees.</p> <p>The Nomination Committee has evaluated the diversity of the Board and senior management in future recommendations and appointments, diversity would be taken into account. However, the Nomination Committee and the Board both have same view that the appointment of directors and the senior management should base on merits without giving regards to the gender of the appointed directors. They recognized that the selection of the board members shall be based on competency, ability and leadership quality.</p> <p>The annual analysis carried out by the management on the total workforce of the Group by gender, age and races as shown in the Company’s Annual Report 2019 is to uphold the diversity plan of the Company and our succession plan.</p> <p>This process ensure that the Board membership accurately reflects the long-term strategic direction and needs of Wellcall Group while it determines the skills matrix needed to support the strategic direction and needs of Wellcall Group.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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 is supportive of gender diversity in the Board composition and Senior Management. Hence, the Board had always been in support of a policy of non-discrimination on the basis of race, religion and gender. Therefore, the Board does not set the limit of the women representation in the Board of the Company. Indeed, the Board recognized that the selection of the board members shall be based on competency, ability, leadership quality and qualification, particularly candidates with specialized knowledge of the industrial sector that meet the Group's needs.</p> <p>The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of Wellcall Group.</p> <p>In 2018, the Board of Directors of the Company has appointed Ms. Huang Yu Fen as the first woman in the Board of Wellcall group. It marked the efforts of the Board to put in place the gender diversity plan. The Board through the Nomination Committee will consider the gender diversity as part of its future selection and will endeavour to appoint more suitably qualified woman Director. However, gender is not a pre-requisite to the directorship of the Company. The directorship is dependent on each candidate's skills, experience, core competencies and other qualities.</p> |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | The Board through the Nomination Committee will consider the gender diversity as part of its future selection and will look into increasing female board representation and Management Team as well in year 2020. |
| Timeframe | : | Others |

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>During the financial year end 2019, the Company has not engage a third party consultant to assist in sourcing for suitable and qualified candidates as the board is of opinion that the current Board members are able to meet the requirements of the Company.</p> <p>Moving forward, if there is any requirement, the Nomination Committee will consider to engage third party to source for potential candidates in accordance to the stringent fit and proper criteria set by the Nomination Committee of the Company and also taking into consideration the diverse perspectives.</p> <p>Institute of Corporate Directors Malaysia offers numerous services for directors, among others includes director's sourcing & placement as well as offer policy advice, policy-oriented research and advocacy services from a broad multi-disciplinary perspective. The said institute provides the Company the supply of board talent who possess the right skills, expertise and aptitude to contribute as directors. The Company may source the directors' candidatures from the Institute of Corporate Directors Malaysia in the near future.</p> <p>In evaluating the suitability of candidates to the Board and senior management, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Directors.</p> <p>The Company has established a succession policy. The Board will use a variety of approaches and sources to ensure that it is able to identify the most suitable candidates. This may include internal promotion or recommendation from the existing Board member or external sourcing such as the use of independent search firms, where necessary.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.7

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nomination Committee comprises three (3) Independent Non-Executive Directors, namely Mr. Yong Peng Tak, Mr. Goh Hoon Leum and Mr. Yang Chong Yaw, Alan. It appointed Mr. Yong Peng Tak as the Senior Independent Non-Executive Director to chair the Nomination Committee and to facilitate communications with any stakeholders not dealt with by the Chairman, Group Managing Director or the Executive Directors of the company.</p> <p>The Nomination Committee is empowered by the Board and its Terms of Reference to bring to the Board recommendations as to the appointment of new Directors and to lead the succession planning and to lead the annual review of board effectiveness, ensuring that the performance of each individual director is independently assessed. The Nomination Committee met once during the financial year to carry out the annual review of the board effectiveness and the Independence status of the Independent Directors. The Terms of Reference of the Nomination Committee is available on the Company's website at http://wellcallholdings.com.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.1

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

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nomination Committee conducted its annual evaluation and appraisal on the effectiveness of the Board, its Committees and the contribution of each Board. The evaluation comprised assessment by individual Board and assessment of individual's independence as an Independent Director. The Company has adopted the following evaluation process for independent Non-Executive Directors of the Company :-</p> <ul style="list-style-type: none">a) The Independent test and declaration form will distribute to all Independent Non-Executive Directors for completionb) Each Independent Non-Executive Directors will perform a self-review on his independence by completing the formc) The completed forms will be collected and submitted to the Nomination Committee for evaluationd) Nomination Committee will review the results of the completed forms based on the assessment criteria approved by the Boarde) Evaluation and Findings from the Nomination Committee will be presented to the Board for deliberation <p>The assessment of individual Board is based on specific criteria, covering areas such as Board composition and structure, principal responsibilities of the Board, the Board process, succession planning and Board governance.</p> <p>Results of the assessments were summarised and discussed at the Nomination Committee meeting held was 23rd August 2019 and reported to the Board by the Chairman of the Nomination Committee. These results form the basis of the Nomination Committee's recommendations to the Board for the re-election and re-appointment of Directors at the Annual General Meeting. All assessments and evaluations carried out by the Nomination Committee in the discharge of its functions are properly documented.</p> <p>The Board delegates the screening and evaluation process of candidates for nomination to the Board and Directors to be nominated for re-election to the Nomination Committee. Upon selection and appointment of its members, a formal invitation to join the Company as a Director would be extended by the</p> |

| | | |
|---|---|--|
| | <p>Chairman. As at the date of this Report, there is no additional director appointed to the Board.</p> <p>The Board take cognisance of the importance of independence and objectivity in relation to the decision-making process and effectiveness of the Board's function. The Board therefore has adopted the same criteria of "Independence" used in the definition of "Independent Directors" prescribed by the Main Market Listing Requirements.</p> <p>The Board was satisfied with the results of the annual assessment and the current size and composition of the Board is appropriate and well-balanced with the right mix of skills, comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively.</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 | : | Applied |
| Explanation on application of the practice | : | <p>The Board has in place a remuneration policy for directors and key management personnel. The Remuneration Committee has been entrusted by the Board with specific terms of reference to review and recommend to the Board an appropriate remuneration framework for Executive Directors, including recommendations to the Board on all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors, sufficient enough to attract and retain Directors of quality required to manage the business of the Group. The remuneration package of Senior Management is also assessed by the Remuneration Committee and recommended to the Board thereafter.</p> <p><u>Directors</u></p> <p>In the case of Executive Directors, the components of the remuneration package are linked to corporate and individual performance. The executive remuneration should be set at a competitive level for similar roles within comparable markets to recruit and retain high quality senior executives. Individual pay levels should reflect the performance of the director, skills and experience as well as responsibility undertaken. The Remuneration Committee has examined the financial performance of the Company for the financial year ended 30 September 2019 to adjust the remuneration packages of the Executive Directors of the Company for the financial year ended 30 September, 2019 to ensure that the remuneration packages for executive directors should involve a balance between fixed and performance-linked (variable) elements.</p> <p>For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities. A review of the fees for non-executive directors should take into account fee levels and trends for similar positions in the market, time commitment required from the director (estimated number of days per year). Such review should take into consideration any additional responsibilities undertaken such as a director acting as chairman of a board committee or as the senior independent non-executive director. A basic fee should be paid to non-executive</p> |

| | |
|---|--|
| | <p>directors and an additional fee should be established for lead role positions such as board chairman, board committee chairman or senior independent non-executive director. However, non-executive directors should not receive bonus payments, participate in schemes designed for the remuneration of executives or be provided with retirement benefits since this could lead to a situation of impaired independence.</p> <p>The determination of each Director's remuneration is a matter for the Board, as a whole. Non-executive directors are normally remunerated by way of fees (in the form of cash) that are approved by shareholders on an annual basis. Directors do not participate in decision regarding their own remuneration package.</p> <p><u>Senior management</u></p> <p>Apart from recommending the remuneration package of executive directors to the board, the remuneration of the senior management (where they are not a director of the company) should also be recommended by the Remuneration Committee.</p> <p>In determining the remuneration for the senior management, the Committee should ensure that the rewards are in line with the following key objectives :-</p> <ul style="list-style-type: none"> • The offer is sufficient to attract and retain the best candidate in the short term; • The incentives offered are appropriate to motivate the senior management to perform at their maximum on a continuous basis; and • The senior management's remuneration are aligned with shareholder value whilst creating an effective "golden handcuff" in the long term. <p>The Remuneration policy is subject to annual review to ensure it remains applicable and in compliance with relevant corporate governance provisions.</p> |
| <p>Explanation for departure :</p> | <p>Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p> |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | |
| <p>Measure :</p> | |
| <p>Timeframe :</p> | <p>Choose an item.</p> |

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 Remuneration Committee has three (3) members comprising of a majority of the Independent Non-Executive Directors.</p> <p>The Remuneration Committee is responsible for setting the policy framework and makes recommendation to the Board on all elements of remuneration and terms of employment of Executive Directors and Senior Management. The Board has established a remuneration framework and policy and made recommendations to the Board on remuneration packages and other terms of employment for Executive Directors.</p> <p>The Remuneration Committee met at least once (1) a year to carry out an annual review of the overall remuneration policy for Directors whereupon recommendations were submitted to the Board for approval. The Remuneration Committee and the Board ensure that the Company's remuneration policy supported the Company's corporate objectives and was aligned with the interest of shareholders. There was a formal and transparent procedure for rewarding and adjusting remuneration packages for directors.</p> <p>The Nomination and the Remuneration Committees reviewed the performance of all Executive Directors and the Managing Director of the Company. The Nomination and Remuneration Committees also oversees the performance evaluation of the Directors and Managing Director based on the evaluation criteria duly approved by the Board and recommend to the Board, specific adjustments in remuneration and/or reward payments if any, reflecting their contributions for the year; and which are competitive and consistent with the Company's objectives, culture and strategy. The Remuneration Committee and the Board strove to reward Directors based on accountability, fairness, and competitiveness, as prescribed in the Malaysia Code on Corporate Governance 2017 ("MCCG 2017"). The remuneration of Non-Executive Directors comprises fees while the remunerations package of Executive Directors comprises of a basic salary, fees and bonuses.</p> |

| | | |
|---|--|---|
| | <p>Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration.</p> <p>The Terms of Reference of the Remuneration Committee is summarised in the Remuneration Meeting as part of the presentation on the framework and process in arriving at the proposed remuneration packages for the Board. In addition, a summary of the process and parties involved in arriving at the proposed remuneration packages is disclosed in the Corporate Governance Overview Statement in the Company's Annual Report 2019 and is available in the Company's website at http://www.wellcallholdings.com.</p> | |
| Explanation for departure | : Please provide an explanation for the departure. | |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : Please explain the measure(s) the company has taken or intend to take to adopt the practice. | |
| Timeframe | : Choose an item. | |

Intended Outcome

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

Practice 7.1

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 detailed disclosure on named basis for the remuneration of individual directors are set out in the Corporate Governance Overview Statement of the Company's Annual Report 2019. |
| Explanation for departure | : | Please provide an explanation for the departure. |
| | : | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. |
| Timeframe | : | Choose an item. |

Intended Outcome

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

Practice 7.2

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

| | | |
|--|---|--|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The industrial rubber hose industry in global market as well as in Malaysia is highly competitive. The competitiveness level has increased further in recent years with the slowing down of, coupled with the uncertainty in the overall global market sentiment, which has resulted in the supply chain capacity exceeds the market demand. Hence, it has reinforced the attractiveness of market talent pool in other industries.</p> <p>In view of the sensitivity for talent search in the competitive market and to the best interest of Wellcall Group, the Board opt not to disclose on named basis, the remuneration of top five (5) senior management. It is also due to confidentiality and concerns over poaching by competitors and head hunters; and in line for Wellcall Group to support in retaining talent pool of human capital for Wellcall Group.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | Others |

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 | : | <p>The Audit Committee comprises of four (4) members who are Non-Executive Directors of the Company. Three (3) members are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director.</p> <p>The Audit Committee Chairman is Mr. Goh Hoon Leum, an Independent Non-Executive Director. He is appointed to be the Chairman of the Audit Committee on 8 December 2010 and Mr. Goh Hoon Leum is not the Chairman of the Board.</p> <p>With an Independent Audit Committee, there is an objective and independent review of among others, the financial reporting process of the Company and any related party transactions and conflict of interests' situation of that may arise within the Company or Group including any transactions, procedures or course of conduct that raises questions of management integrity.</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 8.2

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 | : | Independence is seen as a critical input to an effective Board. No policy has been set by the Board that requires a former key audit partner to observe a cooling-off of at least two years before being appointed as a member of the Audit Committee as none of the members of the Board or the Audit Committee members were former key audit partners since the incorporation of the Company. | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | Others | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

| | |
|---|--|
| Application | : Applied |
| Explanation on application of the practice | <p>The Audit Committee is responsible for the annual assessment of the competency and independence of the external auditors. The Audit Committee has evaluated the performance of the External Auditors of the Company during financial year 2019 :-</p> <ul style="list-style-type: none">a) tenureb) independence and objectivityc) technical competency, audit quality and adequacy of resources; andd) nature and extent of non-audit services rendered and reasonableness of the level of their non-audit fees. <p>As a part of the review process, the Audit Committee has sought and reviewed the Management's comments and feedbacks on the performance of the External Auditors.</p> <p>The Audit Committee obtained annual confirmation from the external auditor on its independence in accordance with the By-Laws of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.</p> <p>The Audit Committee annually reviews and assesses the appointment or re-appointment of external auditor to ensure that the independence and objectivity of the external auditor as statutory auditor are not compromised.</p> <p>In terms of provisions of non-audit services, whilst the external auditor is not precluded from consideration for the provision of advisory, consultancy or other types of non-audit services, due care is taken in the selection process in order to ensure that the appointment does not impede on the independence, quality and conduct of the statutory audit. For engagement of external auditor to perform non-audit services, the Audit Committee has to be satisfied that the external auditor is suitable, independent and objective in the provision of such services, no element of conflict of interest and the fees chargeable are within the allowable threshold set before recommending the proposed engagement of the external auditor to the Board of Directors for consideration and approval.</p> <p>The Audit Committee conducted a private session with the External Auditors, without the presence of Executive Directors and</p> |

| | | |
|---|--|--|
| | <p>the management. This review process ensures that critical issues, if any, are being objectively brought up to the attention of the Audit Committee.</p> <p>For further details, please refer to the Audit Committee Report in the Company's Annual Report 2019.</p> <p>The details of the fees paid/payable to the external auditor for its provision of statutory audit, audit related and non-audit related services in 2019 are set out in the Company's Annual Report 2019.</p> | |
| Explanation for departure : | | |
| | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | |
|--|-------------|
| Application : | Not Adopted |
| Explanation on adoption of the practice : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Audit Committee is established by the Board and comprises four (4) members, all of whom are Non-Executive Directors.</p> <p>Mr. Yong Peng Tak is a member of Fellow Chartered Accountant Institute of Singapore Chartered Accountant and Mr. Yang Chong Yaw, Alan is a member of CPA Australia. The other two members of the Audit Committee are not members of any professional accounting bodies.</p> <p>Although only half of the Audit Committee are the members of professional accounting bodies, the other two members of the Audit Committee keep abreast of developments in accounting and auditing standards, practices and rules through updates from our External Auditors who keep the Audit Committee members and other members of the Board updated with changes in accounting and auditing standards.</p> <p>Collectively, the Audit Committee possess a wide range of different skills to discharge their duties. The members of the Audit Committee have a mix of commercial, asset fund management, financial skills and accounting experience. In order to strengthen the present financial literacy of each member and the ability to understand matters under the purview of the Audit Committee including the financial reporting process, all members of the Audit Committee balance their participation in continuous professional development programmes on accounting and auditing standards, practices and rules by participating in trainings on the relevant matters.</p> <p>For details of trainings attended by the Audit Committee members, please refer to the Corporate Governance Overview Statement in the Company's Annual Report 2019.</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 has established a Risk Management Committee. The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Group's risk management and internal control system, identifying principal risks and establishing an appropriate control environment and framework to review its adequacy and effectiveness to safeguard shareholders' interests and the Group's assets.</p> <p>In view of the inherent limitations in any system of internal controls, such a system is designed to manage rather than eliminate the risk of failure to achieve business and corporate objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal controls covers, inter alia, risk management and financial, organisational, operational and compliance controls.</p> <p>The Board determined the Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets. The Board is also committed to articulating, implementing and reviewing the Company's internal control framework.</p> <p>Due to the setting up of an effective risk management and internal control framework, the Company has procedures to identify risks and minimises its impact. The Board has established an ongoing process for identifying, evaluating and managing the relevant and material risks encountered by the Group, risk management and control responsibilities of the parties involved. The Board is assisted by the Management who is overall responsible for ensuring that the day-to-day management of the Group's activities is consistent with the risk strategy.</p> <p>The Board is assisted by the Risk Management Committee and the Audit Committee in its regular review of the process for assessing the adequacy and effectiveness of the risk management and internal control system.</p> <p>Further details of the key elements of the Group's risk management and internal control system may be found in the Statement on Risk Management and Internal Control in the Company's Annual Report 2019.</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 key features of the Group's risk management and internal control framework are as follows :-</p> <p>a) The establishment of the risk management and internal control system is driven by the Company's Risk Management Framework as follows :-</p> <p>i) Risk Governance</p> <p>The Group's Risk Governance sets out the roles and duties of the Board, the Risk Management Committee and the three lines of guard in overseeing risks involving individual heads of department/divisions (for example risk owners) who are answerable for dealing with the risks under their obligations as the principal line of guard, compliance and risk management units as the second line of protection and the internal audit, the third line of barrier.</p> <p>ii) Risk Appetite</p> <p>The Group's risk appetite characterizes the sorts and measure of risks that the Group is capable and ready to acknowledge in quest for its business goals. It likewise mirrors the degree of hazard resilience and points of confinement to administer, oversee and control the Group's risk taking exercises.</p> <p>iii) Risk Management Process</p> <p>The Group's risk management procedure contains the accompanying :-</p> <ol style="list-style-type: none">1) Risk Identification – Identify, comprehend and break down risk2) Risk Assessment and Measurement – Quantify and assess risk impact3) Risk Control and Mitigation – Recommend measures to control and alleviate risks4) Risk Monitoring – Monitor and report on progress and consistence <p>iv) Risk Culture</p> |

| | |
|---|---|
| | <p>The inculcation of risk awareness is key in overseeing risks. The key elements of the Group's hazard culture are as per the following :-</p> <ol style="list-style-type: none"> 1) Strong corporate governance 2) Organisational structure with plainly characterized roles and responsibilities 3) Commitment to compliance with laws, regulations and internal controls 4) Integrity in fiduciary responsibilities 5) Clear policies, procedures and guidelines 6) Effective communication 7) Continuous training <p>b) The Board is assisted by the Risk Management Committee ("RMC") to oversee the management of all identified risks including ensuring the risk infrastructures, processes and controls are able to manage the risk activities within the risk appetite.</p> <p>c) The Executive Directors have been entrusted by the Board to oversee the implementation and monitoring of the Board's decisions and to provide strategic guidance to the Management in response to the changes to the business environment or regulatory requirements. In addition, to discharge its stewardship and fiduciary obligations more effectively, the Board has delegated authority to various Board committees such as Nomination Committee, Remuneration Committee, Audit Committee, Risk Management Committee, Corporate Disclosure Committee and sustainability Committee.</p> <p>d) Any business plans and budgets of the Group, which are developed in line with the Group's strategies and risk appetite, are reviewed and approved by the Board. Performance achievements are assessed against the approved budgets and actions are taken to address variances identified and escalated to the Board periodically.</p> <p>For further details on risk management and internal control framework, please refer to the Statement on Risk Management and Internal Control in the Company's Annual Report 2019.</p> <p>Taking into consideration the assurance from the management and input from the relevant assurance providers, the Board is of the view that the Group's risk management and internal control system in place for the financial year under review is adequate and effective to safeguard the interests of shareholders, customers, employees and the Group's assets.</p> |
| <p>Explanation for departure</p> | <p>:</p> |

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

| | | |
|--------------------|--|--|
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

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

Practice 9.3 - Step Up

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

| | |
|--|-------------|
| Application : | Not Adopted |
| Explanation on adoption of the practice : | |

Intended Outcome

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

Practice 10.1

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Wellcall Group has engaged an external independent party as an internal auditor to perform internal audit, whose primary function is to assist the Audit and Risk Management Committee (“ARMC”) to carry out respective functions effectively.</p> <p>An annual assessment of the effectiveness and independence of the outsourced internal audit function has been conducted by the Audit Committee (“AC”) for the financial year ended 30 September 2019. The AC has opined that the outsourced internal audit team had carried out their duties objectively, impartially and independently in accordance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing.</p> <p>The internal audit activities are guided by the approved internal audit plans, which is on risk-based approach focusing on various processes based on risks identified. Upon auditing, the internal auditors summarized work done and present the internal audit reports together with Management’s responses addressing the audit findings and recommendations to the AC on quarterly basis. Follow up actions by internal auditors for audit findings based on Management responses are being followed up on each cycle of audit field work visit.</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 internal audit function of Wellcall Group is outsourced to an external consultant who reports directly to the Audit Committee. The principal role of the internal auditors is to undertake independent, regular and systematic reviews of the risk management, internal controls and corporate governance system so as to provide reasonable assurance that such systems are operating and continue to operate satisfactorily and effectively.</p> <p>The internal audit is led by a qualified partner and managers as well as experience personnel to carry out the internal audit functions and activities, which is in line with the International Professional Practices Framework issued by the Institute of Internal Auditors.</p> <p>The internal audit engagement director is a fellow member of The Association of Chartered Certified Accountants, member of the Malaysian Institute of Accountants, chartered member of the Institute of Internal Auditors Malaysia and Certified Internal Auditor (USA). He has a vast experience and exposure in auditing as well as corporate governance to act as an independent internal auditor. An evaluation on the competency and interviews have been carried out prior to the engagement of the internal auditors.</p> <p>The internal audit engagement director and his team constantly attending conferences, trainings and seminars to keep abreast with the current professional developments on technical and non-technical aspects. This is to ensure that they remain qualified and able to sustain competency in carrying out internal audit functions and activities.</p> <p>The internal audit firm is free from any relationships or conflict of interest with Wellcall Group, the Board and the Board Committees, which would not impair their objectivity and independence.</p> |
| Explanation for departure | : Please provide an explanation for the departure. |

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

Intended Outcome

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

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

Practice 11.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance of maintaining active communication with its shareholders and other stakeholders, and timely dissemination of information concerning the Group's business performance. The Board adheres to the disclosure principles to provide investors and the public with information with element of transparency, timely, fairness, continuity and high-quality disclosure of material information to the public, except where commercial confidentiality dictates otherwise. The Board ensures that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information. The Board is also mindful that information which is expected to be material must be announced immediately.</p> <p>Several communication channels are used to promote effective communication between the Group and its stakeholders :-</p> <p>1) Annual General Meeting ("AGM")</p> <p>The Board ensures the Wellcall's AGM is conducted in an efficient manner in order to serve as the principal forum for dialogue and interaction with the shareholders of Wellcall. Shareholders are encouraged to present their views pertaining to the operational and financial performance of Wellcall Group. The Chairman plays a pivotal role in fostering constructive dialogue during the AGM.</p> <p>Shareholders and proxies are briefed on the voting procedures by the poll administrator and an independent external party is appointed as scrutineers for the poll voting process. The Chairman announced the voting results of all the resolutions tabled before the closure of the AGM and the results are released to Bursa Malaysia after the AGM to enable public to know the outcome thereof. The summary of AGM proceedings is also made available on the Wellcall's website.</p> <p>2) <u>Press release</u></p> <p>The Company also issues press releases periodically to communicate with its stakeholders on the corporate and business developments of the Group. The Company disseminates its press releases through financial press,</p> |

| | |
|---|---|
| | <p>printed and electronic media for wider publicity and media coverage to keep the stakeholders informed of the progress and development of the Wellcall group's businesses.</p> <p>3) <u>Periodic and Continuous Disclosures</u></p> <p>The Wellcall group is committed to providing shareholders with information that is relevant and timely. The Company's key channel of shareholder communication include the Company's annual report, corporate governance report and quarterly group financial results.</p> <p>The Company's annual report and corporate governance report provide comprehensive and up-to-date information about the Wellcall group. The scope and extent of the information disclosed in the annual report and corporate governance report are in compliance with the Bursa Malaysia Main Market Listing Requirements.</p> <p>4) Investors' Relation</p> <p>Shareholders may contact the Financial Controller for investors' updates via periodic dialogues and presentation slides. Contact details for investors' relation are published in the Wellcall's website.</p> <p>5) Electronic communication</p> <p>Wellcall's website also serves as one of the means of communication with the shareholders and the general public as information pertaining to disclosures required by and made to Bursa Malaysia are published herein. These include interim and full year financial results, Annual Report and other announcements on relevant transactions. The website also contains relevant information such as Company Profile, History, Corporate Mission & Vision, Products, Corporate Information, Financial Information, Bursa Announcements, Group Policies, Terms of References for Audit Committee, Nomination Committee and Remuneration Committee, Awards & Rewards, Photo Gallery and dedicated Contact Personnel for general inquiries, business inquiries as well as investors' relation respectively.</p> <p>The abovesaid communication channels make available by the Company to enhance understanding and appreciation of the overall affairs of the Wellcall group, this strengthens stakeholders' confidence in making informed decision for them to exercise their rights as shareholders.</p> |
| <p>Explanation for departure</p> | <p>:</p> |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | |

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 11.2

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

| | | | |
|--|---|---|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Not applicable as Wellcall is not one of the large companies as defined in the Malaysian Code on Corporate Governance 2017. | |
| | | | |
| <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 | : | <p>The Company has circulated its Notice of the 13th Annual General Meeting (“AGM”) to the shareholders at least 28 days prior to the date of the AGM, well in advance of the 21 days requirement under the Companies Act, 2016 and Main Market Listing Requirements (“MMLR”) of Bursa Securities.</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 Wellcall’s website. The Notice of AGM is also been published in a major local newspaper.</p> <p>Wellcall 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, explanatory notes providing detailed explanations for each resolution to be tabled to enable the 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 12.2

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>In the past, all the Directors of the Company have attended the Annual General Meetings (“AGM”) of the Company. At the last AGM of Wellcall, all the eleven (11) Directors, including one (1) alternate Director had attended the said AGM. Amongst the Directors, the Chairman of the Audit Committee, Nomination Committee, Remuneration Committee, Corporate Disclosure Committee and Risk Management Committee respectively as well as the Senior Independent Non-Executive Director present on stage to provide response to questions addressed to them.</p> <p>The proceedings of the AGM included addressing all issues raised by the shareholders in relation to the operational and financial performance of Wellcall Group and further clarifications of the proposed resolutions, before putting to vote.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 12.3

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

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

| | | | |
|--|---|--|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | <p>The Company's general meeting are not held at remote locations and has adopted traditional poll voting for the general meeting which were held in 2019.</p> <p>The Company's shares are held by about 3,921 central depository system (CDS) account holders, of which about 36.00% shares are held by foreigners as at 20 December, 2019. The existing proxy form authorising proxies or Chairman of meeting is an alternative measure adopted by the Company to allow shareholders to participate in general meeting. The shareholders base of the Company is small and the existing traditional poll voting process can be completed in a reasonable time.</p> <p>The Company intends to maintain the current practice. However, the Company will be exploring the appropriate measures or electronic platform to facilitate greater participation by shareholders in the Company's annual general meeting or electronic voting by leveraging on technology as and when the size of the shareholders base gradually increase.</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 | : | Others | |

**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.

Click here to enter text.