

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5016
COMPANY NAME : WARISAN TC HOLDINGS BERHD
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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 recognises the key role it plays in charting the strategic direction of the Company and is collectively responsible for the proper stewardship of Group's business and the creation of long term shareholder value, whilst taking into account interests of other stakeholders.</p> <p>The roles and responsibilities of the Board are set out in the Board Charter and the Board Committees' roles and responsibilities in discharging its functions which had been delegated by the Board are set out in each respective Board Committees' Terms of Reference. The salient features of the Board Charter are publicly available on the Company's website at www.warisantc.com.my.</p> <p>In reviewing the Management's proposals for the Company, the Board challenges the Management with the view to ensure that Management has taken into account all appropriate considerations in tabling the proposals before making its decision. The Board also reviews the Group's annual budgetary plans and set goal and targets for Management in ensuring the Group's long term objectives are achieved.</p> <p>On a quarterly basis, a report which includes a comprehensive summary of the Group's financial performance is tabled to the Board. Where necessary, the relevant key personnel of the business unit are invited to the meeting to provide clarifications on any queries raised by the members of the Board.</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 1.2

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>Dato' Tan Heng Chew who is the Chairman of the Board, is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board Meetings to ensure contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. At Board meetings, the Chairman encourages constructive and healthy debates, and Directors are free to express their views. In playing his leadership role as the Chairman, Dato' Tan is responsible for, inter-alia, the following:</p> <ul style="list-style-type: none"> • Ensuring the Board and shareholder meetings' proceedings comply with good conduct and practices; • Together with the Company Secretaries, determines the content of the agenda taking into account the formal schedule of matters reserved for the Board's decision; • Maintaining on-going dialogue and relationship of trust with and between the Directors and Management; • Ensuring clear and relevant information is provided to Directors in a timely manner and sufficient time is allowed for the discussion of complex or critical issues.; and • Ensuring effective communication with stakeholders and their views are communicated to the Board as a whole. <p>The Chairman ensures that the Board decisions taken are in the Company's best interest and fairly reflect Board's consensus at all times.</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company believes that a distinct separation of responsibilities between the Chairman and Chief Executive Officer will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The positions of the Chairman and the Chief Executive Officer are held by two different individuals.</p> <p>The Chairman of the Board is primarily responsible for the effectiveness and overall functioning of the Board. The role of the Chairman is stated in Practice 1.2. The Chief Executive Officer is responsible for the day-to-day management of the Group's business development and operations, including implementation of strategies/policies and decisions of the Board.</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	<ol style="list-style-type: none">1) The Board is supported by the Company Secretaries who are qualified in accordance with the requirements of the Companies Act 2016, experienced and competent on statutory and regulatory requirements. The performance of the Company Secretaries is evaluated by the Board Chairman annually and both of the Company Secretaries who are members of good standing in their professional body, i.e the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") have the met the prescribed continuing professional education criteria of MAICSA in order to be apprised of changing regulatory requirements.2) The Company Secretaries advise the Board not only on directors' statutory duties required under the law, disclosure obligations (such as interest in securities, conflict of interest in a transaction involving the Company etc) and Bursa's Listing Requirements but also in respect of corporate governance requirements and practices and effective board processes.3) The Board is regularly updated and advised by the Company Secretaries the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities.4) The Company Secretaries monitor and advise the Board the Principles and Practices as promulgated by the Malaysian Code on Corporate Governance and identify areas that require further improvement to adhere to the said code5) The Company Secretaries organise and attend all meetings of the Board and Board Committees and ensure meetings are properly convened, minutes of meetings and records of resolutions passed are maintained accordingly at the registered office. The Company Secretaries also ensure the decisions of the Board and Board Committees are communicated to the relevant management personnel to act upon.6) The Company Secretaries also ensure the due processes and proceedings of an annual general meeting are in place and properly managed and the minutes are properly recorded.

	7) The Company Secretaries are also the channel of communication between the Company and the stock exchange.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decision to be made on an informed basis and effective discharge of the Board's responsibilities. Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least 7 days prior to the Board and Board Committee meetings, as stated in the Board Charter and the respective Board Committees' Terms of Reference.</p> <p>All deliberations and decisions of the Board and Board Committees are recorded by the Company Secretaries, including disclosure of interest by any interested Directors and their abstention from voting and deliberating on particular transaction. Minutes of meetings are circulated and confirmed as a correct record by the Board and Board Committees at the following 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

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	:	<ul style="list-style-type: none">• The Company has established a Board Charter which outlines the Board's roles and responsibilities. The Charter is periodically reviewed by the Board to ensure the Company remains at the forefront of best practices in Corporate Governance.• The Board Charter was last reviewed on 22 February 2018 and the updated version of the Board Charter is made available on the Company's website at www.warisantc.com.my.• The roles and responsibilities of the Board, Chairman, Executive Directors and Non-Executive Directors, Company Secretaries and Board Committees are set out in the Company's Board Charter.• A formal Schedule of Matters Reserved for the Board has been adopted since January 2013 which is subject to changes and updates when the need arises.
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 Company has since January 2013 formalised and adopted a Directors' Code of Ethics setting out the standards of conduct expected from Directors. The Directors are required to adhere to six (6) principles, i.e Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.</p> <p>To inculcate good ethical conduct, the Group has established a Code of Conduct for Employees, which has been communicated to all levels of employees in the Group.</p> <p>The Directors' Code of Ethics is contained in the Board Charter which is publicly made available on the Company's website at www.warisantc.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 Company has a Special Complaint Policy which is equivalent to a whistle-blowing policy with the aim to provide an avenue for employees to raise concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices.</p> <p>Under the said Policy, a hotline is made available for employees to report any alleged or suspected fraud, corruption or non-compliance with the Code of Conduct for employees, governance documents and laws and regulations directly to the Group’s Compliance Officer. The Investigative Functions Team is tasked to commence investigation upon receiving mandate from the Group’s Compliance Officer. All investigative reports are tabled to the relevant Committees for deliberation and decision on the next course of action to be taken and significant cases are reported to the Audit Committee for further deliberation.</p> <p>The Policy is published on the Company’s intranet.</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 4.1

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>Currently, the Board consists of six (6) Directors, of whom three (3) are Independent Non-Executive Directors. There is a strong independent element on the Board, with Independent Directors constituting 50% of the current Board composition. This enables the Management to benefit from their external, diverse and objective perspective of issues that are brought before the Board.</p> <p>The independence of each Director is reviewed by the Nominating and Remuneration Committee on an annual basis. All the three (3) Independent Non-Executive Directors satisfied the independence criteria on independence as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and they are able to continue to demonstrate their independence judgement and objectivity in the Board's decision making process.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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 - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>The Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Non-Executive Director ("INED") and thereafter he may be re-designated as a Non-Independent Non-Executive Director. In the event that the Board intends to retain the Director as INED after the latter has served a cumulative term of nine (9) years, the Board must provide justifications and seek shareholders' approval at general meeting.</p> <p>Two (2) of the Company's INEDs who have served on the Board beyond nine (9) years are Dato' Chong Kwong Chin and Datuk Abdullah bin Abdul Wahab.</p> <p>The Board recognises the contribution of these two (2) INEDs who over time have developed deep insights into the Group's business and operations, and who are therefore able to provide invaluable contributions to the Board. Also, each of them is able to exercise objective judgement on commercial and corporate governance matters independently. They seek clarification as they deem necessary, with direct access to the Management.</p> <p>After due consideration and careful assessment, the Nominating and Remuneration Committee and the Board are of the view that Dato' Chong Kwong Chin and Datuk Abdullah bin Abdul Wahab continue to be considered independent, notwithstanding that they have served on the Board for more than nine (9) years. Accordingly, the Board is seeking approval of shareholders at the forthcoming Annual General Meeting on 25 May 2018 to retain Dato' Chong Kwong Chin and Datuk Abdullah bin Abdul Wahab as INEDs of the Company. Key justifications for retaining them as INEDs are set out under the explanatory notes of Notice of Annual General Meeting in the 2017 Annual Report.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of boardroom diversity, including industry experience, background, gender, and age to the effective functioning of the Board. While it is important to promote diversity, the appointments to the Board focus solely on the merits of the candidates. The criteria for the recruitment process and annual assessment of Directors are contained in the Nominating and Remuneration Committee’s (“NRC”) Terms of Reference which were last revised in February 2018 and published on the Company’s website at www.warisantc.com.my.</p> <p>In making its recommendations, the NRC considers, amongst others, the prospective Director’s:</p> <ul style="list-style-type: none"> (a) skills, knowledge, expertise and experience; (b) competency and performance; (c) character, professionalism and integrity; (d) number of directorships and other external obligations which may affect the Director’s commitment, including time commitment and value contribution; and (e) in the case of candidates for the position of INEDs, the Committee also evaluates the candidates’ ability to discharge such responsibilities/ functions as are expected from INEDs. <p>Prior to the appointment, the prospective Director is be required to disclose any other business interests that may result in a conflict of interest.</p> <p>On appointment of senior management, the NRC focuses on their working experience, skills set, competencies, integrity, and commitment in the assessment of the identified senior management personnel before recommending for approval of 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

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	:	Applied
Explanation on application of the practice	:	<p>The Company has formalised a Board Diversity Policy and such policy is contained in the Board Charter which is published on the Company's website. The Board believes that the evaluation of suitability of candidates should be based on the candidates' competency, character, time availability, integrity and experience in meeting the Company's needs. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre without any specific discrimination as to the age, ethnicity or gender of the candidates concerned. In accordance with the Board Diversity Policy on gender, the Board shall comprise at least a woman Director at any time.</p> <p>The Board has taken steps to source for a suitably qualified woman director for appointment to the Board. The appointment of the woman director to the Board is subject to the assessment by the Nominating and Remuneration Committee based on the candidate's performance and competency, character, time commitment, integrity, experience and other qualities in meeting the needs of the Company before recommending to the Board for its consideration and approval.</p>
Explanation for 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	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied					
Explanation on application of the practice	:	<p>The Board has stipulated specific terms of reference for the NRC, which cover, inter-alia, assessing and recommending to the Board the candidature of Directors, appointment of Directors to Board Committees and training programs for the Board. In the nomination and election of new Director, the NRC carries out the requisite evaluation and assessment of the candidate’s ability to discharge his duty effectively and efficiently, prior to making the recommendation to the Board for its approval. The Board and NRC are guided by the following processes for the nomination of new candidates:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; padding: 5px;"> Recommendation of prospective candidates by Board members/ Management /major shareholders </td> <td style="width: 25%; padding: 5px;"> Evaluation by Nominating Committee </td> <td style="width: 25%; padding: 5px;"> Recommend for Board’s consideration and approval, if candidates are found suitable </td> <td style="width: 25%; padding: 5px;"> Board’s deliberation and decision </td> </tr> </table> <p>In identifying candidates for appointment of Directors, the Company does not solely rely on recommendations from existing Board members, management or major shareholders. The Board also considers the recommendations from other sources such as independent consultants.</p>		Recommendation of prospective candidates by Board members/ Management /major shareholders 	Evaluation by Nominating Committee 	Recommend for Board’s consideration and approval, if candidates are found suitable 	Board’s deliberation and decision
Recommendation of prospective candidates by Board members/ Management /major shareholders 	Evaluation by Nominating Committee 	Recommend for Board’s consideration and approval, if candidates are found suitable 	Board’s deliberation and decision				
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 Nominating and Remuneration Committee (“NRC”) is chaired by Datuk Abdullah bin Abdul Wahab, the Senior Independent Director of the Company.</p> <p>The NRC Charter specifies that the Senior Independent Non-Executive Director shall be the Chairman of the NRC.</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	:	<ol style="list-style-type: none">(1) The Nominating and Remuneration Committee (“NRC”) is entrusted to review annually the required mix of skills and experience of Directors, succession plans and Board diversity, including gender diversity, training courses for Directors and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board. The NRC is also tasked to assess annually the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director.(2) On an annual basis, the assessment of the effectiveness of the Board as a whole, the effectiveness of each Board Committee and individual Directors are conducted and facilitated by the Company’s Company Secretaries based on the assessment framework developed by KPMG Management & Risk Consulting Sdn Bhd and any updates as may be required from the Malaysian Code on Corporate Governance.(3) The NRC also assesses the independence of the Company’s Independent Non-Executive Directors who have served beyond 9 years on the Board.(4) Pursuant to its Terms of Reference, the NRC meets at least once a year or more frequently as deemed necessary by the NRC Chairman.(5) On 5 February 2018, the NRC met to review and assess the effectiveness of the Board as a whole, the Board Committees and the performance of individual Directors as well as the independence of the Independent Non-Executive Directors (“INED”) in respect of the financial year ended 31 December 2017 based on a self and peer assessment approach.(6) From the results of the assessment and based on the NRC’s recommendation, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board has also recommended the re-election of retiring Directors and the retention of the INEDs who have served beyond 9 years, as the Company’s INEDs for shareholders’ approval at the forthcoming Annual General Meeting to be held on 25 May 2018.
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 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 Nominating and Remuneration Committee ("NRC") is entrusted by the Board to review and recommend the policies and procedures on matters relating to the remuneration of the Board and Senior Management and making recommendations of the same to the Board for approval.</p> <p>Based on the recommendation of the NRC, the Board has formalised a Remuneration Policy and Procedures for Directors and Senior Management on 22 February 2018. The said Policy is now made available on the Company's website at www.warisantc.com.my.</p> <p>The Company will seek shareholders' approval in respect of the payment of Directors' fee and any benefits payable to them at the forthcoming Annual General Meeting to be held on 25 May 2018.</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 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>On 27 November 2017, the Nominating Committee, which comprises exclusively Independent Non-Executive Directors, was renamed as "Nominating and Remuneration Committee" and its duties and responsibilities have been expanded to assist the Board in implementing policies and procedures on matters relating to the remuneration of Board and Senior Management.</p> <p>The Terms and Reference of the Nominating and Remuneration Committee are contained in the Board Charter which is publicly made available on the Company's website at www.warisantc.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

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 details of the Directors' Remuneration on named basis for the remuneration of each Director are disclosed in the Corporate Governance Overview Statement of the Company's Annual Report 2017.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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>It is the practice for the Group to hire the best talents to run its operations by offering competitive remuneration to such personnel in alignment with its strategies for growth. This initiative is to spur the attraction, motivation and retention of talents to feed the strategic needs of the Group towards realizing its strategic objectives.</p> <p>The Nominating and Remuneration Committee and the Board are of the view that it is disadvantageous to the Group's interest if the remuneration of its top 5 Senior Management are disclosed on a named basis, notwithstanding that the disclosure is limited to bands of RM50,000 in terms of their salaries, bonus, benefits-in-kind and others. Such disclosure makes the Group vulnerable to the loss of its personnel as the industries the Group operates in are competitive where poaching of executives and talents is commonplace.</p> <p>Currently, the Group has disclosed the aggregate remuneration of all its key senior management personnel (which includes its top 5 Senior Management) under Note 32 to the Financial Statements on page 128 of the 2017 Annual Report in line with MFRS Related party Disclosures.</p> <p>The Board is of the view that this disclosure provides an alternative means for stakeholders to assess whether the key management personnel of the Group is remunerated fairly and responsibly in line with the Intended Outcome of Practice 7.2.</p>
		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 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee comprises 3 members who are Independent Non-Executive Directors, all of whom are financially literate. The Chairman of the Audit Committee, Dato' Chong Kwong Chin 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 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	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee Charter (Terms of Reference) had been revised and adopted by the Board in February 2018 to include the observation of cooling-off period of at least two (2) years before a former key audit partner can be appointed as a member of the Audit Committee.</p> <p>The said Charter is contained in the Board Charter which is publicly made available on the Company's website at www.warisantc.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

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 reviews and assesses the suitability and independence of external auditors of the Company on an annual basis. The annual review and assessment is carried out via assessment questionnaire. The areas for assessment of the external auditors cover, inter-alia, their technical competencies, independence, objectivity, professionalism, quality of services, sufficiency of resources and communication and interaction with the external auditors. Feedback is also obtained from the Chief Financial Officer on the performance and quality of work delivered by the external auditors.</p> <p>The Audit Committee had in February 2018 assessed the performance of the external auditors, Mazars PLT based on the above criteria and was satisfied with their performance, technical competence and audit independence. In assessing the independence of external auditors, Mazars PLT has provided a written assurance to the Audit Committee confirming that they are and have been independent throughout the conduct of the audit engagement with the Company in accordance with the By-Laws of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants (IESBA) of the International Federation of Accountants (IFAC) on ethics and professional independence in respect of the financial year 2017.</p> <p>Based on the Audit Committee's recommendation, the Board recommended the re-appointment of external auditors, Mazars PLT for approval by shareholders at the Company's Annual General Meeting to be held on 25 May 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit Committee comprises the following members, all of whom are Independent Non-Executives Directors ("INEDs"):</p> <p><u>Chairman</u> Dato' Chong Kwong Chin</p> <p><u>Members</u> Datuk Abdullah bin Abdul Wahab Mr Lee Min On</p> <p>All the INEDs satisfied the independence test based on the criteria set out the Listing Requirements of Bursa Malaysia Securities Berhad.</p>

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>All members of the Audit Committee are financially literate and have carried out their duties in accordance with the terms of the Audit Committee Charter (Terms of Reference). The qualification and experience of the individual Audit Committee members are disclosed in the profile of Directors in the Annual Report.</p> <p>All members of the Audit Committee have attended the relevant continuous professional development programmes to keep themselves abreast of relevant industry developments including accounting standards, risk management and sustainability. Details of the training programmes attended by the Audit Committee members are set out in the Corporate Governance Overview Statement of the Company's 2017 Annual Report.</p> <p>The external auditors and the Chief Financial Officer also briefed the Audit Committee on the relevant updates on the financial reporting standards and the regulatory requirements from time to time during the Audit Committee meetings.</p>
Explanation for departure	:	<p>Please provide an explanation for the departure.</p> <p>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>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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 an Enterprise Risk Management (“ERM”) framework to identify, evaluate and manage significant risks faced by the Group in its operations. For effective implementation of the ERM framework, a Risk Management Committee (renamed as Risk and Sustainability Committee (“RSC”) effective 27 November 2017), which is not a board committee, is formed by the Board. The RSC is chaired by an Executive Director and comprises key management personnel from respective business divisions.</p> <p>The RSC reports to the Board, via the Audit Committee, on key risks identified and the implementation of action plans to mitigate the risks to acceptable levels.</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	:	Details of the feature of risk management and internal control framework, which include the governance, processes and measurement of the risk, are disclosed under Risk Management and Internal Control Statement in the Company's 2017 Annual Report. Adequacy and effectiveness of the key risk management and internal control processes are also reviewed by the Risk Management and Sustainability Committee on a periodic basis.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	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>The Audit Committee is supported by an in-house Group Internal Audit (“GIA”) Department which reports functionally to the Audit Committee and is independent of the activities it audits. GIA operates under a charter mandated by the Audit Committee that gives unrestricted access to companies within the Group for the purpose of conducting internal audit. The Audit Committee approves the GIA’s annual plan and monitors the progress of the completion of the Audit Plan.</p> <p>The Group’s Internal Audit Plan is tabled annually and approved by the Audit Committee. The internal audit reports are presented and tabled at the Audit Committee meetings on quarterly basis.</p> <p>The Audit Committee assesses the effectiveness of the GIA Department and its resources on an annual basis.</p> <p>On quarterly basis, the internal audit reports are presented at the Audit Committee meetings. Details of actual work carried out by the internal audit function, together with the scope of coverage, for the financial year 2017 are set out in the Audit Committee Report of the Company’s 2017 Annual Report.</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>None of the internal audit personnel has any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.</p> <p>The Group Internal Audit (“GIA”) Department currently consists of 3 personnel and is headed by Mr. Khoo Choong Keat, a Certified Internal Auditor and Certified Fraud Examiner.</p> <p>The internal audit function is independent of the activities it audits and carries out its work in accordance with the International Professional Practices Framework of the Institute of Internal Auditors, Inc, a globally recognised professional body for internal auditors.</p> <p>The Head of GIA has provided a written confirmation to the Audit Committee that the internal audit is carried out objectively and is independent from the Management of the 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

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 being transparent and accountable to the Company's stakeholders. Communication and engagement with stakeholders are made through the quarterly announcements on financial results to Bursa Malaysia Securities Berhad ("Bursa"), relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings, annual reports and company announcements. Such disclosures of information were released in a timely manner and in accordance with the Listing Requirements of Bursa.</p> <p>The Company has in place Corporate Disclosure Policies and Procedures which provide guidance and reference for disclosure of material information in accordance with the Listing Requirements of Bursa and set out the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders.</p> <p>At the last Annual General Meeting in 2017, the Chief Executive Officer presented to the shareholders the update/latest development of the Group's activities. The Chairman of the Meeting ensured the shareholders were given the opportunity to speak and obtain clarification from the Directors and Management of the Company.</p> <p>Stakeholders are encouraged to direct their inquiries or concern via electronic mail to corporate@warisantc.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

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	:	The Company does not fall under the category of “Large Companies” as defined in the Malaysian Code on Corporate Governance for the time being. Hence, such requirement is not applicable.	
		Not applicable	
<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

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>In 2017, the Notice of 20th Annual General Meeting (“AGM”) was sent to the shareholders 28 days prior to the date of AGM, which is more than the 21 days requirement under the Company’s Constitution, the Companies Act, 2016 and the Listing Requirements of Bursa Malaysia Securities Berhad. Additional time has been provided to the shareholders to allow them to make the necessary arrangements to attend and participate in person or by corporate representatives or proxy (s) at the AGM.</p> <p>In line with the Malaysian on Code of Corporate Governance, the Company will be serving a Notice of 21st AGM dated 27 April 2018, i.e. 28 days’ notice, to its shareholders for the convening of the 21st AGM on 25 May 2018.</p>	
Explanation for 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	:		
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>All Directors attended the 20th Annual General Meeting of the Company held on 26 May 2017.</p> <p>The presence of Directors gave opportunities for the shareholders to engage with the Directors and make informed voting decisions at the 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

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	:	
Explanation for departure	:	<p>The Company's general meetings have always been held in the same State as its Registered Office i.e Kuala Lumpur at a venue which is convenient to all shareholders.</p> <p>The Company has about 4,600 shareholders based on the Record of Depositors as at 18 April 2018, and the number of shareholders is not large enough to warrant the use of the technology to facilitate remote shareholders' participation at general meetings or voting in absentia at this point in time.</p> <p>The Company's shareholders are entitled to appoint corporate representatives or proxy(s) to attend, speak and vote on their behalf in their absence at the Company's general meetings</p>
<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.

**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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