

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5292
COMPANY NAME : UWC Berhad
FINANCIAL YEAR : July 31, 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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is entrusted to overseeing the overall management of the business affairs of the Group; determining all major policies; ensuring effective strategies and management are in place; assessing the performance of the Group and its management team; and reviewing the systems of risk management and internal control of the Group.</p> <p>When implementing the business plan, the Executive Directors are responsible for executing corporate decisions made by the Board while the Non-Executive Directors scrutinise the management performance by providing independent views and advice in the interests of the shareholders at large.</p> <p>In order to ensure that its obligations to its shareholders and other stakeholders are understood, the Board has defined and collectively review and approved its roles and responsibilities as well as its schedule of reserved matters in its Board Charter.</p> <p>The Board has deliberated the utilisation of proceeds from its IPO and approved the capital commitment and budget of the Group. This helps in ensuring management works towards the achievement of the business aims of the Group as well as ensuring the Group has the financial resources to meet its objectives.</p> <p>Periodically, the Board will review and track the management performance through its review of the interim financial results of the Group.</p> <p>The Board has also defined its Code of Conduct and Ethics and Whistleblowing Policy. This Code of Conduct and Ethics serve as a tool for the Board to convey and instil its values into the organisation.</p>

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

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Chairman instils good governance practices, leadership and effectiveness in the Board through chairing of board and shareholders meetings and deliberating together with the Board members on board matters and policies.</p> <p>When chairing the board meetings, the Chairman will lead and facilitate other Board members to participate in the meeting and ensure that each Board member receives information for the agenda discussed.</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	:	The position of Board Chairman and Group CEO are held by different Individuals. The role of the Board Chairman is to ensure the effective functioning of the Board while the key role of the Group CEO is to lead and manage the Group's operations and execute the decisions made by 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

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>Presently, the Board is assisted by a qualified and competent Company Secretary who is a member of Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretary assists the Board in discharging its duties with regards to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices.</p> <p>All Board members have access to the Company Secretary. The decision for appointing and removing the Company Secretary rests with 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 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board understand that quality of information affects the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group.</p> <p>Board papers were circulated to the Board members prior to the Board meetings in order to provide the Board members with information beforehand so that they can deliberate issues more effectively during the Board meetings. During the board meeting, Executive Directors and Management were also invited to attend the Board meetings to provide explanations to the agenda discussed.</p> <p>Upon conclusion of meeting, the Company Secretary will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes is circulated to the Board members before the next meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

The board charter clearly identifies—

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

Application	: Applied
Explanation on application of the practice	: The Board has defined its Board Charter setting out the roles, duties and responsibilities of the Board, Chairman, Executive Directors and the Independent Directors as well as the schedule of matter on key matters reserved for the Board's approval. The Board has also defined the terms of reference of its Board Committees, namely the Audit, Risk Management, Nominating and Remuneration Committees respectively. These Board Committees are responsible to carry out their functions and responsibilities in accordance to their respective terms of reference and to report back to the Board. The Charter, schedule of matters, Code of Conduct and Ethics, whistleblowing policy as well as the terms of reference of the Board Committees are also posted on the Company Corporate website at www.uwcberhad.com.my .
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	: The Board has defined its Code of Conduct and Ethics. This Code of Conduct and Ethics serve as a tool for the Board to convey and instil its values into the organisation. Amongst other, the provisions in this Code of Conducts and Ethics include: <ul style="list-style-type: none">- Conflict of Interest- Confidentiality- Insider Information- Protection of Assets and Funds- Compliance- Gift- Anti-bribery As stated in Practice 2.1, the Code of Conduct and Ethics is also posted on the Company Corporate website.
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	:	The Board has defined its whistleblowing policy for the Group. This policy was also posted on the Corporate website.
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	:	Presently, majority of the board members are Independent Non-Executive Directors. This composition is on par with the practice required for Large Company.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application :	Not applicable - No independent director(s) serving beyond 9 years
Explanation on application of the practice :	The current Independent Directors only came on Board in 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

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	:	When Board intends to retain its Independent Director beyond nine years, it would justify and seek shareholders' approval in the AGM.

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 appointment of Board members and key senior management are based on objective criteria, merit and with due regards for diversity in skills, experience, age, cultural background and gender. The current diversity in age distribution gender and skillsets of the existing Board members and key senior management are as follows:-</p> <table border="1"> <thead> <tr> <th rowspan="2">Age Group/ Gender</th> <th colspan="2">26-35 years</th> <th colspan="2">36-45 years</th> <th colspan="2">46-55 years</th> <th colspan="2">56-65 years</th> <th colspan="2">Total</th> </tr> <tr> <th>M</th> <th>F</th> <th>M</th> <th>F</th> <th>M</th> <th>F</th> <th>M</th> <th>F</th> <th>M</th> <th>F</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>1</td> <td>1</td> <td>3</td> <td>0</td> <td>4</td> <td>1</td> </tr> <tr> <td>Number of Key Senior Management</td> <td>1</td> <td>0</td> <td>0</td> <td>2</td> <td>3</td> <td>0</td> <td>0</td> <td>0</td> <td>4</td> <td>2</td> </tr> </tbody> </table> <p>M - Male F - Female</p> <table border="1"> <thead> <tr> <th>Skill</th> <th>Business Management</th> <th>Accounting & Finance Management</th> <th>Engineering</th> <th>Legal</th> <th>Economics and Government Administration</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Number of Key Senior Management</td> <td>1</td> <td>1</td> <td>4</td> <td>0</td> <td>0</td> </tr> </tbody> </table>										Age Group/ Gender	26-35 years		36-45 years		46-55 years		56-65 years		Total		M	F	M	F	M	F	M	F	M	F	Number of Directors	0	0	0	0	1	1	3	0	4	1	Number of Key Senior Management	1	0	0	2	3	0	0	0	4	2	Skill	Business Management	Accounting & Finance Management	Engineering	Legal	Economics and Government Administration	Number of Directors	1	1	1	1	1	Number of Key Senior Management	1	1	4	0	0
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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	:	The Board has a female Board member who is also the Chairman of the Audit and Risk Management Committees. Out of forty-eight (48) staff members at the executive level and above, more than 30% of the staff members are female.
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 4.6

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>When identifying candidates for appointment of director, the Nominating Committee will consider recommendations from existing board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary before recommending the shortlisted candidates to the Board for further deliberation.</p> <p>The identification of candidates for directorship will be based on their skills, knowledge, professionalism, character and experience in line with the needs 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

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	:	The Nominating Committee is chaired by Mr. Lio Chee Yeong, who is an Independent Non-Executive Director.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board will undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director as well as disclose how the assessments are carried out and its outcome on the anniversary of their appointment in next financial year.
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>Broadly, the remuneration policy of the Board requires that the remuneration of the Non-Executive Directors to be determined in accordance with their experience and the level of responsibilities assumed in the Board Committees, their attendance and special skills and expertise they bring to the Board, whilst the remuneration of the Executive Directors will be based on the individual's and Group's performance the market conditions trends and industry practice.</p> <p>The Remuneration Committee has reviewed the remuneration of Chief Executive of other listed companies of similar industry and size and recommended to the Board to approve the remuneration of the Group CEO and COO for 2020.</p> <p>Following are the details of remuneration of the Group CEO and COO for financial year 2020:</p> <table border="1"><thead><tr><th>Director</th><th>Salaries (RM'000)</th><th>Bonus (RM'000)</th><th>EPC and Socso (RM'000)</th><th>Car Allowances (RM'000)</th><th>Total (RM'000)</th></tr></thead><tbody><tr><td>Dato' Ng Chai Eng</td><td>804</td><td>67</td><td>96</td><td>120</td><td>1,087</td></tr><tr><td>Lau Chee Kheong</td><td>804</td><td>67</td><td>96</td><td>120</td><td>1,087</td></tr></tbody></table> <p>Both Group CEO and COO who are the members of the Board have abstained from the deliberation and approval of their remuneration.</p>					Director	Salaries (RM'000)	Bonus (RM'000)	EPC and Socso (RM'000)	Car Allowances (RM'000)	Total (RM'000)	Dato' Ng Chai Eng	804	67	96	120	1,087	Lau Chee Kheong	804	67	96	120	1,087
Director	Salaries (RM'000)	Bonus (RM'000)	EPC and Socso (RM'000)	Car Allowances (RM'000)	Total (RM'000)																			
Dato' Ng Chai Eng	804	67	96	120	1,087																			
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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

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	: The Board has established its Remuneration Committee. The objective of the Remuneration Committees is to assist and advise the Board on matters relating to the remuneration of the Board and key senior management as well as how to attract, motivate and retain executives to create shareholder value. The present members of the Remuneration Committee are as follows and comprise wholly Non-Executive Independent Directors: Chairman: Lio Chee Yeong Members: Dato' Wan Hashim Bin Wan Jusoh F'ng Meow Cheng The terms of reference of the Remuneration Committee is posted in the Company's website.
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	<table border="1"> <thead> <tr> <th rowspan="2">Received from the Company</th> <th colspan="3">Independent Non-Executive Directors</th> <th rowspan="2">Total (RM)</th> </tr> <tr> <th>Dato' Wan Hashim Bin Wan Jusoh (RM)</th> <th>F'ng Meow Cheng (RM)</th> <th>Lio Chee Yeong (RM)</th> </tr> </thead> <tbody> <tr> <td>Directors' Fee</td><td>6,000</td><td>3,000</td><td>3,000</td><td>12,000</td></tr> </tbody> </table> <table border="1"> <thead> <tr> <th rowspan="2">Received from the Group</th> <th colspan="3">Executive Director</th> <th rowspan="2">Total (RM)</th> </tr> <tr> <th>Dato' Ng Chai Eng (RM)</th> <th>Lau Chee Kheong (RM)</th> <th></th> </tr> </thead> <tbody> <tr> <td>Directors' Fee</td><td>6,000</td><td>6,000</td><td></td><td>12,000</td></tr> <tr> <td>Allowances</td><td>100,000</td><td>100,000</td><td></td><td>200,000</td></tr> <tr> <td>Salaries</td><td>768,000</td><td>768,000</td><td></td><td>1,536,000</td></tr> <tr> <td>Bonus</td><td>10,000</td><td>10,000</td><td></td><td>20,000</td></tr> <tr> <td>Benefits-in-Kind</td><td>7,000</td><td>7,000</td><td></td><td>14,000</td></tr> <tr> <td>Defined Contribution Plan</td><td>93,000</td><td>93,000</td><td></td><td>186,000</td></tr> <tr> <td>Total</td><td>984,000</td><td>984,000</td><td></td><td>1,968,000</td></tr> </tbody> </table>				Received from the Company	Independent Non-Executive Directors			Total (RM)	Dato' Wan Hashim Bin Wan Jusoh (RM)	F'ng Meow Cheng (RM)	Lio Chee Yeong (RM)	Directors' Fee	6,000	3,000	3,000	12,000	Received from the Group	Executive Director			Total (RM)	Dato' Ng Chai Eng (RM)	Lau Chee Kheong (RM)		Directors' Fee	6,000	6,000		12,000	Allowances	100,000	100,000		200,000	Salaries	768,000	768,000		1,536,000	Bonus	10,000	10,000		20,000	Benefits-in-Kind	7,000	7,000		14,000	Defined Contribution Plan	93,000	93,000		186,000	Total	984,000	984,000		1,968,000
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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	Details of the remuneration of the top 5 senior management are not disclosed on a named basis as the Board is of the view that such disclosure may expose our key senior management to unwarranted attention.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	
Timeframe	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The members of Audit Committee comprising fully Independent Non-Executive Directors and the Chairman of the Committee is F'ng Meow Cheng who 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	:	None of the members of the Audit Committee are former audit partners of the current external audit firm of the Group. The Committee is mindful of the minimum two (2) years cooling off period best practice under the MCGC when considering the appointment of former key audit partner from its current external audit firm to ensure that the review of the Group financial statement and the performance and independence of the External Auditors are being done objectively by the Committee.
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 present External Auditors has been appointed since 2011. Nonetheless, the External Auditors practise a 5-year engagement partner rotation policy.</p> <p>Under its terms of reference, the Audit Committee shall assess the performance of External Auditor and its independence covering:</p> <ul style="list-style-type: none"> i. the External Auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan; ii. the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and iii. whether there are procedures in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or length of service tenure of the External Auditors. <p>Before the commencement of the current financial year audit, the AC has reviewed and deliberated with the External Auditors on their audit planning memorandum, covering the audit risk areas, approach, emphasis and timeline.</p> <p>The AC also noted the External Auditors' independence check and confirmation procedures carried out in the firm as well as no conflict of interest for rendering their non-audit services to UWC presently.</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	:	Adopted
Explanation on adoption of the practice	:	As reported in Practice 8.1, the members of Audit Committee are fully Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Audit Committee Chairman, Ms. F'ng Meow Cheng is a member of Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.</p> <p>Members of the Audit Committee are financially literate, with diverse background, experience and knowledge in accountancy, business management, commercial and corporate laws and national investment policies and administration.</p> <p>Members of the Audit Committee have noted the provision in this Practice and will undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules in the new financial year.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility for maintaining a sound internal control system for the Group identifying and reviewing risks; and ensuring the implementation of appropriate systems to manage risks. While the Board has delegated its oversight role in risk management and the system of internal controls to the Audit and Risk Committees, the Board understands the principal risks of the business that the Group is engaged in.</p> <p>The risk management processes in identifying, evaluating, managing and documenting key operational risks in UWC are embedded in the operation and business processes in accordance with the ISO Quality Management System. These processes are performed by key senior management and reported to the Executive Directors cum Group CEO and COO.</p> <p>Quarterly, management will report to the Risk Management Committees of the status of its key risks.</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	:	The Board has disclosed in detail the features of its risk management and internal control framework in its SORMIC. The Board is satisfied with the existing level of systems of risk management and internal control and also received assurance from the Group CEO and the Financial Controller that to the best of their knowledge that the Group's risk management and internal control systems are adequate and effective, in all material aspects.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Board has formed it Risk Management Committee to overseeing the risk management framework in the Group. This Committee comprises fully Independent Non-Executive Directors.

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 conducted a special meeting to review the nomination and appointment of the Internal Auditor on 9 July 2019.</p> <p>In assessing the suitability and “fit and proper” of the Internal Auditor, the Audit Committee has set and considered the following criteria in selecting and recommending the firm for Board approval:</p> <ul style="list-style-type: none"> i. Track records of the nominated firms; ii. The experience, resources and independence of the audit team; iii. Familiarity with the business of the Group; and iv. Reasonableness of their quoted fees. <p>Functionally, the Internal Auditors report directly to the Audit Committee. The Audit Committee also reviews and approves the Internal Audit Engagement and fees to ensure the independence and objectivity of the Internal Auditors.</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 is carried out by IA Essential Sdn Bhd ("IAE"), an internal audit firm. There is no other engagement between the Group and IAE which may create conflict of interest or impair their objectivity and independence.</p> <p>The internal audit function is headed by a Director and supported by an audit team comprising a manager and executives who are accounting graduates. The Director in charge is Chong Kian Soon. Kian Soon is a member of the Malaysian Institute of Certified Public Accountants, the Chartered Accountants Australia and New Zealand, and the Institute of Internal Auditors Malaysia.</p> <p>The Internal Auditors conduct their work in consideration of the broad principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.</p>
Explanation for departure	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	
Timeframe	

Intended Outcome

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>Information about the Group's business and corporate developments is disseminated through the Company's annual reports, various disclosures to Bursa Securities including quarterly financial results and various announcements made from time to time.</p> <p>In addition, the Group maintains a website at www.uwcberhad.com.my where shareholders or investors may access information of the Group encompassing corporate information, latest financial results, annual reports, announcements to Bursa Securities, Board Charter, other Board policies and Board Committees' terms of reference.</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	: Applied
Explanation on application of the practice	: This practice is not applicable in view that the Company does not fall within the definition of "Large Companies".
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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>UWC Berhad was officially listed on the Main Market of Bursa Malaysia on 10 July 2019. The Company will hold its Annual General Meeting ("AGM") for its financial year ended 31 July 2019.</p> <p>The Board is mindful that the sufficient notice of general meeting would allow shareholders to make necessary arrangements to attend and participate either in person or by corporate representative, proxy or attorney as well as to enable the shareholders to have the adequate time to consider the resolutions that will be discussed and decided at the meeting.</p> <p>Accordingly, the Board will ensure that the notice of AGM will be issued to the shareholders at least 28 days.</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	:	All members of the Board will attend the upcoming AGM. The chairs of the Audit, Risk Management, Nominating and Remuneration Committees will undertake to address questions directed to them by shareholders during the AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board will consider the convenience of shareholders in selecting a suitable and appropriate location to hold its AGM.</p> <p>Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.</p> <p>All resolutions set out in the Notice of AGM will be put to vote by poll. The Company will also appoint independent scrutineer to validate the vote cast in the AGM. The outcome of the AGM will be announced to Bursa Securities on the same meeting day.</p> <p>Before resorting to the use of technology voting system, the Board will observe the number of shareholders turn-up in the next few general meetings and evaluate the cost and benefit of the electronic and technology voting system options for managing voting by large group of shareholders.</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	:	