

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9679
COMPANY NAME : WCT Holdings Berhad
FINANCIAL YEAR : December 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 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	:	<ul style="list-style-type: none">• The Board of Directors ("the Board") of WCT Holdings Berhad ("WCT" or "the Company") plays an important role in the stewardship of its direction and operations which focuses mainly on strategies, financial performance and critical business issues to ensure that the governance of the Group is consistently maintained.• The roles and responsibilities of the Board and the matters reserved for the Board's approval are set out in the Board Charter.• The Board reviewed and adopted the strategic business plan and the budget of WCT Group at the beginning of the financial year and to ensure that the necessary resources are in place to meet the objectives as well as overseeing the conduct of WCT's businesses and to evaluate whether the businesses are being properly managed.• The Board is supported by the Group Managing Director, Executive Directors and the Management, whose responsibilities are to implement the Group's strategies and manage the operation of the Group, subject to certain prescribed authority limit.• The Board has oversight on matters delegated to the Management whereby updates are reported on quarterly basis or as and when required.• The Board has in place the Code of Ethics for the Directors, a standard Code of Conduct and Ethics relating to its business operations for all its employees and Whistleblowing Policy which promotes a good corporate governance culture within the Group.• Where appropriate, matters have been delegated to the following Board Committees, all of which have written terms of reference to assist the Board in discharging its duties and responsibilities. The Board receives the reports of their proceedings and deliberations at its scheduled Board Committees meetings:<ol style="list-style-type: none">(1) Audit Committee(2) Board Risk & Sustainability Committee ("BRSC")(3) Nomination & Remuneration Committee ("NRC")(4) Options Committee

	<ul style="list-style-type: none"> • The Audit Committee has been entrusted by the Board to ensure the Group’s financial and non-financial reporting present a true and fair view of its state of affairs and all the applicable approved accounting standards in Malaysia have been adopted. During the financial year 2019, the Board, upon the reviewed the functions and composition of various Board Committees, had on 30 May 2019 established the BRSC which aimed to enhance and strengthen the effectiveness of the function of the Board Committees. • The BRSC, which had assumed part of the role of the Audit Committee, is to assist the Board in overseeing the risk management activities of WCT Group and approving appropriate risk management procedures and methodologies across the Group. In addition, BRSC is also responsible to oversee sustainability-related risks and ensure that sustainability considerations are incorporated in the Group’s businesses and strategies so as to create value for its businesses and stakeholders in the longer terms as well as to support business continuity and competitiveness over the longer term. The terms of reference of the Audit Committee had been revised accordingly with the establishment of BRSC. The sustainable business practices covering economic, environmental and social aspect are disclosed in the Sustainability Statement of the Company’s Annual Report 2019. • The Board through NRC to oversees the selection and assessment of the Directors and Board Committees including the review of the Directors’ remuneration and fees and the Group’s succession plan. • The Board had on in March and May 2020 adopted the Policy on Anti-Bribery and Anti-Corruption, Policy on Board Diversity and Policy on Remuneration of Directors and Senior Management of the Group as well as to adopt the Policy on Assessment of External Auditors and the revised Board Charter in June 2020. <p><i>Note: The Board Charter and the Terms of Reference for all the Board Committees are available for reference at the Company’s website (www.wct.com.my).</i></p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Tan Sri Lim Siew Choon, the Chairman of the Company, is primarily responsible for ensuring the Board's effectiveness and conduct as well as facilitating constructive deliberation of all matters presented.</p> <p>The responsibilities of the Chairman include, amongst others, the following:</p> <ul style="list-style-type: none">• As a leader of the Board and is responsible for the development needs of the Board.• To maintain constructive and respectful relationships between the Directors and between the Board and the Management.• Setting the board agenda and ensuring the Board receive complete and accurate information in a timely manner.• Leading the Board in establishing and monitoring good corporate governance practices in the Group.• To represent the Company at shareholders' meetings and to ensure an effective communication between the Company and the shareholders and stakeholders.• To manage the boardroom dynamics by promoting a culture of openness and debate.• To oversee the annual evaluation of performance of the Board, Board Committees and individual directors as well as to discuss the performance and assessment with the individual director concerned and the chairman of the respective Board Committees.• To facilitate the constructive and effective contributions from all the Directors at the Board meetings.
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 position of Chairman and Group Managing Director are held by different individuals. Tan Sri Lim Siew Choon is the Executive Chairman of the Board and Dato' Lee Tuck Fook is the Group Managing Director of the Company.</p> <p>The respective roles and responsibilities of the Chairman and the Group Managing Director are contained in the Board Charter.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	The Board is supported by two suitably qualified and competent Company Secretaries, namely: (1) Ms Loh Chee Mun, a Chartered Secretary and Associate member of The Malaysian Institute of Chartered Secretaries and Administrators; and (2) Mr Chong Kian Fah, a member of the Malaysian Institute of Accountants. Ms Loh Chee Mun is also the Secretary for all the Board Committees. She attends all Board and Board Committee meetings.
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 Company Secretary ensures timely circulation of all meeting materials, which are complete and accurate, to the members of Board/Board Committee to allow them to have sufficient time to go through papers prior to the meeting.</p> <p>Minutes of a Board/Board Committee meeting will be distributed to the Directors in a timely manner for review and thereafter for confirmation at the next 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	:	<p>The Company's Board Charter set out the roles and responsibilities of the Board, the Board Committees, Directors and the Management as well as the issues and decisions reserved for the Board.</p> <p>The Board Charter, which was last reviewed in June 2020, is made available for reference in the Company's website at (www.wct.com.my).</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Ethics for Company Directors adopted by the Company provides the ground rules and guidance for proper standard of conduct and ethical behaviour for the Board and its members, based on the principles of sincerity, integrity, responsibility and corporate social responsibility and WCT Group has adopted a standard Code of Conduct and Ethics ("WCT Code of Ethics") relating to its business operations for all its employees.</p> <p>Both the Code of Ethics for Directors and the Employees Code of Conduct and Ethics are available on the Company's website (www.wct.com.my)</p> <p>A new Policy on Anti-Bribery and Anti-Corruption was approved and adopted by the Board on 3 March 2020 and an Anti-Bribery and Anti-Corruption Standard Operating Procedures has been established and implemented with effect from 1 June 2020.</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's Whistle blowing Policy provides an avenue and mechanism for any individual to report any concerns they may have on any suspected and/or known improper conducts, wrongdoings, corruption, fraud and/or abuse in accordance with the procedures as provided under the Policy.</p> <p>The Company has recently enhanced its whistleblowing reporting framework to enable any whistle blowing by submitting an online whistleblowing report which available on the Company's website: http://www.wct.com.my/about/register.aspx.</p> <p>The Whistle blowing Policy is made available on the Company's website at (www.wct.com.my), for reference and for ease of access for reporting by employees and associates 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 4.1

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	:	Currently, five (5) out of nine (9) (a majority) members of the Board are Independent Directors. The Independent Non-Executive Directors of the Company are as follows: (1) Tan Sri Marzuki Bin Mohd Noor (2) Datuk Ab Wahab Bin Khalil (3) Dato' Ng Sooi Lin (4) Ng Soon Lai @ Ng Siek Chuan (5) Rahana Binti Abdul Rashid	
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	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination & Remuneration Committee (“NRC”) is responsible for assessing and making recommendations on any new appointments including the re-election of retiring Directors to the Board. In making these recommendations, the NRC considers the concept of diversity from a number of aspects, including but not limited to skills, knowledge, professional/industry experiences, gender, age, cultural and educational background, ethnicity and length of service (“Diversity Perspectives”) when determine the Board’s composition.</p> <p>The selection of candidates will be based on a range of Diversity Perspectives as described above without discrimination on gender, age, religion and ethnic group. The ultimate decision will be based on merit and potential contribution that the selected candidate will bring to 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

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	:	Disclosure has been made in the Company's Annual Report as follow: In recognition of the importance to promote gender diversity on the Board, a policy had been adopted in May 2020 whereby the Board supports the Government's aspiration to achieve at least 30% women directors on the Board of public listed companies. Where new appointments to the Board or on replacement of a Director on the Board, priority will be given to suitable woman candidates to achieve at least 30% women directors on the Board. Currently, Puan Rahana Binti Abdul Rashid is the only woman director sitting on 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

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	:	The Nomination & Remuneration Committee will consider multiple channels such as recommendations from the Board, management, major shareholders or independent sources to identify suitably qualified candidates should there be any new appointment of Directors. No recommendation was made for appointment of new director during the year 2019.
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 Nomination & Remuneration Committee is chaired by Datuk Ab Wahab Bin Khalil, 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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Currently, the Board conducts a formal and objective annual evaluation to determine the effectiveness of the Board, its committees and each individual director. Hence, the Board has not engaged any independent expert to facilitate the evaluation process in 2019.</p> <p>The Nomination & Remuneration Committee (“NRC”) has reviewed and adopted the criteria used for the annual assessment and evaluation of each individual Director, the Board as a whole and the Board Committees as well as the independence assessment of the Independent Directors.</p> <p>Each Director is required to review and appraise himself and the Board and/or the respective Committees of which he is a member based on the criteria as set out in the evaluation form. From the results, the NRC will draw conclusions on the Board’s and Committees’ effectiveness in discharging their duties and responsibilities. The results and conclusions will be escalated to the Board.</p> <p>The annual review and evaluation of the Board as a whole, the Board Committees and the individual Directors which were conducted for year 2019 concluded that the Board and the Board Committees had continued to operate effectively towards fulfilling their duties and responsibilities as the members of the Board and Board Committees throughout the year under review.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will consider in engaging independent expert to facilitate objective and candid board evaluation as and when the Board deems necessary.

Timeframe	:	Within 3 years	
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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 objective of the Group's Remuneration Policy is to attract and retain the Directors and Senior Management who play an important role in leading and controlling the Group's operation effectively. Generally, the remuneration of each Director and Senior Management are determined based on their roles and responsibilities having regard to their merits, qualifications and competence as well as the Group's operating results, individual performance and comparable market statistics.</p> <p>The Board has in May 2020 approved and adopted a Policy on Remuneration of Directors and Senior Management of the Group, which set out the details on the procedures involved to determine the remuneration of the Directors and senior management, in line with the best practices recommended by the Code and MMLR of Bursa Securities and is available for reference on the Company's website at www.wct.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 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 Nomination & Remuneration Committee is to assist the Board in identifying and to recommend for the Board's approval new appointments and/or re-elections of Directors, review the terms of employment and propose remuneration for Directors and Senior Management as well as the diverse set of skills, knowledge, professional/industry experiences, gender, age, cultural and educational backgrounds, ethnicity and length of service of the Directors The Terms of Reference of NRC is available on the Company's website at www.wct.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

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	:	Details disclosure on named basis for the remuneration of individual Director of the Company is stated in the Corporate Governance Overview Statement of the Company's Annual Report 2019.	
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>Generally, the remuneration of each senior management is determined in accordance with each senior management's level of responsibility, expertise and experience, having taken into account the remuneration and employment conditions within the construction and property industries to ensure the remuneration package are competitive and sufficient to attract and retain talents. Long-term incentives are also introduced through share-based scheme under the Company's Employees Share Options Scheme (2013/2023) to align the senior managements' interest more closely to that of the shareholders.</p> <p>The Company has opted not to disclose on a named basis the top 5 senior management's remuneration in bands width of RM50,000 due to confidentiality and sensitivity of each remuneration package as well as the competitive conditions for talent in the industry.</p> <p>As an alternative, the Company has disclosed the remuneration on an aggregate basis paid to the top 5 senior management (excluding the Directors of the Company) in note 42(b) of the audited financial statements of the Company for the financial year ended 31 December 2019.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Company has no immediate plan to comply with this disclosure.
Timeframe	:	Others

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee, Tan Sri Marzuki Bin Mohd Noor, 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	:	The Audit Committee’s Terms of Reference has incorporated a policy that a person who is a former audit partner in charge of the external audit of the Company is required to observe a cooling-off period of at least five (5) years before he/she can be considered to be appointed as a director or a member of the Audit Committee or senior management team of the 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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company has yet to establish a policy and procedures to assess the suitability, objectivity and independence of the external auditors.</p> <p>The Audit Committee assessed the suitability, objectivity and independence of the external auditor based on private discussion, quality of work/issues raised in the reports and their level of participation on the discussion during the meeting they attended.</p> <p>The Audit Committee has obtained confirmation from the external Auditors that they are and have been independent throughout the conduct of the audit engagement in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Code of Ethics for Professional Accountants (including International Independence Standards).</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Company had in June 2020 adopted a Policy on Assessment of External Auditors which contain the policies and procedures to assess the suitability, objectivity and independence of the Company's external auditor upon reviews being conducted on the same.
Timeframe	:	Others

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee comprises the following members, who are all Independent Non-Executive Directors: (1) Tan Sri Marzuki Bin Mohd Noor (Chairman) (2) Datuk Ab Wahab Bin Khalil (3) Dato' Ng Sooi Lin (4) Ng Soon Lai @ Ng Siek Chuan (5) Rahana Binti Abdul Rashid

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 ("AC") possesses a wide range of necessary skill and experience to discharge its duties. The qualification and experience of individual member of the AC are disclosed in the Profile of Directors in the Company's Annual Report 2019.</p> <p>During the year 2019, the members of the AC had attended various seminar/training courses, to keep themselves abreast of relevant developments in accounting and auditing standards, new rules and regulations, etc the detail of which is disclosed in the Corporate Governance Overview Statement of the Company's Annual Report 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board affirms its responsibility for maintaining a risk management framework and internal control system to safeguard shareholders' investment and the Group's assets, as well as to discharge its stewardship responsibility in identifying principal risks and ensuring the implementation of an appropriate risk management and internal control system to manage those risks.</p> <p>In this respect, the Board has established a governance structure to ensure effective oversight of risks and control in the Group. It is assisted by Board Risk & Sustainability Committee ("BRSC") and Group Risk Management Committee ("GRMC").</p> <p>BRSC is responsible for providing an independent oversight of the implementation and operation of the Group's enterprise wide risk management framework. It reviews the Group's enterprise wide risk management framework and ensures that an effective process to identify, evaluate, control, report and manage risks is created, implemented and maintained by the Group.</p> <p>GRMC is responsible for developing, executing and maintaining an effective risk management system, including the continual review process of identified risks and the effectiveness of mitigation strategies and controls.</p> <p>At operating unit level, risk owners are responsible for identifying risks that may have an impact on achieving their operational/financial and other business objectives.</p> <p>Information on the Group's risk management and internal control system implemented during the year is presented in the Statement on Risk Management and Internal Control set out in the Company's Annual Report 2019.</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

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group adopts an enterprise wide risk management framework, which identifies potential major risks to the Group. The identified risks are assessed using qualitative and quantitative aspects against their likelihood (<i>based on risk appetite approved by the Board</i>) and their impact thereof. Gross risks are ranked accordingly, after taking into consideration of gross likelihood and gross impact should the risks occur, before they are ranked according to the residual risks, after taking into consideration the effectiveness of controls and action plans taken or proposed to be taken to mitigate such identified risks.</p> <p>GRMC review, appraise and assess the risks identified by the respective risk owners of the Group together with the controls and action plans undertaken or proposed to be undertaken to mitigate and manage the identified risk exposure. The GRMC then reported key risks together with mitigation action to BRSC on quarterly basis. After due deliberation, the BRSC would then present a summary of the key risks and mitigations actions and its recommendation to the Board for final endorsement.</p> <p>Group Internal Audit Department ("GIAD") reviews the effectiveness of the system of internal control and the Group Risk Management Department ("GRMD") monitors the Group's risk profile and exposure.</p> <p>The Board has received assurance from the Group Managing Director and Director – Corporate & Finance that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.</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

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Company had on 30 May 2019 established the Board Risk & Sustainability Committee, comprises the following members who are all Independent Non-Executive Directors, to oversee the Company's risk management framework and policies including sustainability risks and efforts:</p> <ul style="list-style-type: none">(1) Tan Sri Marzuki Bin Mohd Noor (Chairman)(2) Datuk Ab Wahab Bin Khalil(3) Dato' Ng Sooi Lin(4) Rahana Binti Abdul Rashid

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 internal audit function of the Group is performed by the in-house Internal Audit Department (“IAD”) and its principle role is to provide independent and reasonable assurance on the adequacy and effectiveness risk management, control and governance processes within the Group.</p> <p>To ensure independency, IAD reports functionally to Audit Committee (“AC”) who reviews, deliberate and endorsed the audit plan, scope of audit and resources required. IAD focused to ensures timely and complete execution of audit plans, submission of audit findings, recommendations on audit issues and close follow-up on agreed action plan (“AAP”) which are encompasses in the audit report.</p> <p>Results from audit engagements together with those from implementation of AAP (upon monitoring, follow-ups and analysis by IAD) are presented and deliberated during quarterly AC meeting.</p> <p>To ensure that IAD could function effectively, the resources required by IAD is periodically reviewed according to the needs e.g. business expansion and diversification 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

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>Internal Audit Charter (approved by Audit Committee (“AC”)) spells out the reporting structure, roles, scope of work, and authority of Internal Audit Department (“IAD”) as well as the accountability and responsibility (of each member of IAD to AC) and independence & objectivity (required from each member of IAD while performing their duties). All internal auditors have signed an annual declaration that they were and has been independent, objective, and free from any family relationship with Directors and/or major shareholders of WCT and its subsidiaries.</p> <p>The IAD, led by Halmiaskandar Kasmiri (a Certified Accountant (MIA) and a member of the Institute of Internal Auditors (“IIA”) Malaysia), has a total of seven (7) members as at 31 December 2019. Summary of education and qualification of the members of IAD is as follow:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Education</th> <th style="width: 25%;">Certified Accountant from Malaysian Institute of Accountant (MIA)</th> <th style="width: 25%;">Member of Institute of Internal Auditors Malaysia (IIAM)</th> <th style="width: 25%;">Other professional certification i.e. ACCA</th> <th style="width: 10%;">Total</th> </tr> </thead> <tbody> <tr> <td>Diploma</td> <td style="text-align: center;">-</td> <td style="text-align: center;">1</td> <td style="text-align: center;">-</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Bachelor degree</td> <td style="text-align: center;">3</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">6</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td></td> <td style="text-align: center;">7</td> </tr> </tbody> </table> <p>The activities and functions of IAD is independent of the activities related to business of the Group and it perform its duties in accordance with standards and guidance issued by The Institute of Internal Auditors (IIA) Global.</p>	Education	Certified Accountant from Malaysian Institute of Accountant (MIA)	Member of Institute of Internal Auditors Malaysia (IIAM)	Other professional certification i.e. ACCA	Total	Diploma	-	1	-	1	Bachelor degree	3	1	2	6	Total				7
Education	Certified Accountant from Malaysian Institute of Accountant (MIA)	Member of Institute of Internal Auditors Malaysia (IIAM)	Other professional certification i.e. ACCA	Total																		
Diploma	-	1	-	1																		
Bachelor degree	3	1	2	6																		
Total				7																		
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 Company has in place procedures to enable effective communication with stakeholders. This includes announcements to Bursa Malaysia Securities Berhad, media releases, Annual General Meeting, the Investor Relations Programme which reaches out to the investors and other stakeholders through engagement such as quarterly briefing with analysts, road shows etc as well as the Company's websites (www.wct.com.my) which provides relevant information for investors and other stakeholders.</p> <p>The detailed disclosure on the effective, transparent and regular communication with its stakeholders is set out in the Corporate Governance Overview Statement in the Company's Annual Report 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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's Annual Report 2019 is currently not fully aligned to the Integrated Reporting framework recommended by the International Integrated Reporting Council (2013).
		In the Annual Report 2019, the Company reports on the Group's strategy, governance, performance and prospects for the benefit of all its stakeholders vide the following reports: <ul style="list-style-type: none"> • Chairman's Statement; • Financial Statements and the Management Discussion & Analysis; • Sustainability Statement; • Corporate Governance Overview Statement and Corporate Governance Report; • Statement on Risk Management and Internal Control; and • Audit Committee Report.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Company will continue to enhance on its reporting on the Group's strategy, governance, performance and prospects as well as the risks and opportunities by progressively adopt the principles recommended by the International Integrated Reporting Council in order to provide a comprehensive report on the Group initiatives to create greater value to its stakeholders.
Timeframe	:	Within 2 years

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	:	During the year 2019, the Notice of Annual General Meeting (“AGM”) of the Company was issued on 29 April 2019, which had more than 28 days’ notice prior to the AGM held on 12 June 2019.	
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	All the Directors had attended the Annual General Meeting (“AGM”) held on 12 June 2019 except for Tan Sri Lim Siew Choon who had prior overseas engagement.	
		The Board of Directors (including the respective Chairman of the Board Committees) and the Senior Management were present during the AGM to respond to any questions from the shareholders.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	All Directors have always committed to attend the AGM and will work towards to a date suitable for all Directors to attend the AGM of the Company, barring any unforeseen circumstances.	
Timeframe	:	Others	

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	:	The Company's Annual General Meetings are usually held within the Klang Valley and not in a remote location, which is easily accessible by the shareholders.	
		Shareholders of the Company who are unable to attend the General Meetings in person are entitled to appoint representative of proxy/chairman to vote on their behalf in their absence. The Company utilises an electronic voting system to expedite the voting and facilitate the tabulation process in a timely manner.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company would consider leveraging on technology to facilitate the voting in absentia and remote shareholders' participation at the Company's General Meetings as and when appropriate.	
Timeframe	:	Others	

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

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

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