

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0201

**COMPANY NAME** : NOVA WELLNESS GROUP BERHAD

**FINANCIAL YEAR** : June 30, 2022

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is responsible for the management and oversight of the Company's business and affairs. In order to ensure the effective discharge of the Board's functions and responsibilities, it has established a Governance Model for the Group where specific powers of the Board are delegated to the relevant Board Committees and the Group Managing Director ("MD"). The Board Committees comprise Governance Committees i.e. Audit Committee ("AC"), Risk Management Committee ("RMC"), Nomination Committee ("NC"), and Remuneration Committee ("RC").</p> <p>(1) The Board, together with the Management, is committed to promoting good corporate governance ("CG") culture within the organisation which reinforces ethical, prudent and professional behaviour. As guided by the Malaysian Code on Corporate Governance ("MCCG"), the Board continuously upholds CG standards and values in the organisation.</p> <p>For the discharge of its duties and responsibilities, the Governance Model and its processes are built upon the Board Charter and Terms of Reference of the Board and its respective Committees ("Governance Model Document") which clearly delineates relevant matters and applicable limits, including those reserved for the Board's approval, and those which the Board may delegate to the Board Committees, the MD and the Management.</p> <p>The Board is committed to ensuring that the highest standards of corporate governance is practiced throughout the Group and have implemented the following policies and procedures to promote good corporate governance:</p> <ul style="list-style-type: none"><li>i) Code of Conduct and Ethics</li><li>ii) Whistleblowing Policy</li><li>iii) Anti-Bribery and Anti-Corruption Policy</li><li>iv) Risk Management Framework</li><li>v) Board Diversity Policy</li><li>vi) Directors' Fit and Proper Policy (adopted in May 2022)</li></ul>

- (2) The Board plays an active role in the development of the Company's strategy and monitoring of its performance and implementation. In May 2022, the Board conducted a review of the FYE 2022 Business Plan and Budget including financial performance, where the performance target set were compared against the actual performance for the year to date.

The Board has in place a practice of conducting an annual review session during the board meeting, where the Management presents to the Board its proposed business plan for the following financial year. In this respect, the Board at its virtual board meeting held on 24 May 2022, reviewed the Group's business plan for FYE 2023.

The Board challenged the Management's proposed plans and initiatives for strengthening the core business, diversifying products and services in the market towards becoming a competitive brand. The Board had emphasised on the need to embed sustainability in the organisation and ecosystem as well as to promote Environmental, Social and Governance ("ESG") and efficiency of the supply chain.

The FYE2023 Business Plan and Budget were subsequently presented and approved by the Board in May 2022.

- (3) The MD is responsible for the day-to-day management of the business and operations of the Group, and this includes driving the strategic management of the material sustainability matters. He is supported by the senior management as well as the Management Committees established under the Group's Management Governance Framework. The Management's performance under the leadership of the MD is monitored by the Board through the Group's financial performance during each reporting period. The Board is also kept informed of key strategic initiatives, significant operational issues and the Group's performance. The Chief Financial Officer, Chief Compliance Officer and Chief Business Officer were present at Board meetings to support the MD in presenting the updates on the progress of key initiatives, business targets and achievements to date, and to provide clarification on the queries and issues raised by the Board.

(4) Through the RMC, the Board oversees the risk management matters, including review of frameworks and policies of the Group. The RMC advises the AC and the Board on areas of high risk and the adequacy of compliance and control procedures throughout the organisation. The RMC assists the Board to fulfil its responsibilities with regards to risk governance and risk management in order to manage the overall risk exposure of the Group. The AC reviews the internal controls of the Group to ensure, as far as possible, the safeguarding of its assets and its shareholders' investment.

The RMC monitors the key risks facing the business in order to stay current on governance practices relating to the risk. The RMC is also responsible for overseeing the compliance with regulatory and statutory requirements of the Group.

(5) The Board through the NC is responsible to ensure that there is an effective and orderly succession planning of the Board and senior management in Nova Wellness Group Berhad. The Terms of Reference of the NC provides that it is responsible for formulating the nomination, selection and succession policies for the Group's key management positions including the MD.

(a) In discharging its responsibility on succession planning, the NC receives succession management updates from the Group Human Resources. The NC had in September 2021 reviewed the updates from the Group Human Resources and provided its feedback to the identification and assessment of the suitability and readiness of the potential successors. The NC also reviewed the succession bench strength including the suitability, readiness and diversity of successor candidates as part of the planning exercise. To this, the NC considered the different learning approaches and tools which were aligned to the successors' readiness level for their development plans.

(b) The Board through its NC reviewed the existing Board composition such as the optimum size and diversity in terms of gender (i.e. to meet the Board policy on gender diversity), race/ethnicity and mix of skills/experience. In this review, the NC shall have regard to the strategic direction of the Company as well as the Board composition of other comparable exchanges and/or companies.

(i) The Board is mindful that diversity in the Board composition is important to facilitate optimal decision-making by harnessing different insights and perspectives. A high performing Board should comprise directors with wide variety of backgrounds, experience and skills. The NC shall determine if there is any gap in the Board composition, and identify the selection criteria for the new Director(s) with the view to close the gap (if any) and to strengthen the Board composition with reference to the strategic direction of the Company.

	<p>(6) The Board emphasised the importance of embracing the integrity and ethical values across the organisation. The same applies to the Company's financial and non-financial reporting to ensure reliability, timeliness, transparency and compliance with the relevant standards. In May 2022, the Board approved the establishment of Director's Fit and Proper Policy, to reflect the commitment to embrace the highest standard of integrity, professional and ethical behaviour in discharging their responsibilities for the Group. The revised Board Charter was reviewed and approved by the Board in February 2022 to include a statement on discouraging from appointing an active politician as a director on the board as defined in Guidance 5.5 of the MCGG.</p> <p>(7) The Board in FYE 2022 has also undertaken the following activities:</p> <ul style="list-style-type: none"> <li>(a) Reviewed the financial results as a mean to oversee the conduct of the business and the overall performance management of the Group. When reviewing the financial result, the Board will assess and challenge the Management's performance and proposals, and monitor Management's execution in order to ensure the Group's business is being managed effectively.</li> <li>(b) Deliberated the interim and annual financial reporting with Management and External Auditors to ensure the integrity and reliability of the financial information published in order to assist the public, investors and shareholders to make informed decision.</li> <li>(c) Reviewed related party transaction to ensure the compliance with Listing Requirements and the interest of minority shareholders is not detrimental by related party transactions.</li> <li>(d) Reviewed and deliberated the internal audit findings and assess the effectiveness and adequacy of the systems of internal control in the Group.</li> <li>(e) Reviewed and deliberated the acquisition of a piece of land by the Group.</li> </ul> <p>Overall, the Board is leading and managing the Group in an effective and responsible manner.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The roles and responsibilities of the Chairman of the Board are clearly specified in Paragraph 5.2 of the Board Charter, which is available at <a href="https://www.nova.my/governance-policy">https://www.nova.my/governance-policy</a>.</p> <p>The Chairman of the Board is responsible for instilling good corporate governance ("CG") practices in the organisation. The Chairman of Nova Wellness leads the Board in the adoption and implementation of good governance practices.</p> <ol style="list-style-type: none"><li>(1) As a Public Interest Director, the non-executive Chairman leads the Board by setting the tone at the top, and managing the Board's effectiveness by focusing on strategy, governance and compliance having regard to public interest. In turn, the Board monitors the functions of the Board Committees in accordance with their respective Terms of Reference to ensure its own effectiveness.</li><li>(2) The Chairman with the assistance of the Company Secretary sets the board agenda for each meeting based on the dates of scheduled Board meetings in the annual meeting calendar, and the same is circulated to the Board Members accordingly.</li><li>(3) The Chairman leads the meeting pace and discussions in an effective manner. The Chairman promotes a Boardroom environment that allows for expression of views in the spirit of 'constructive challenge', effective debate and contribution from the Board members to facilitate informed decision-making by the Board.</li><li>(4) The Chairman is also one of the contact persons for reporting any individual director's improper conduct or organisational malpractice within the organisation. Stakeholders can provide their views on Nova Wellness to the Chairman at any point of time.</li></ol>

<b>Explanation for departure</b> :		

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

<b>Measure</b> :		
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<b>Timeframe</b> :		
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### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and CEO (the Group MD) of Nova Wellness are held by different individuals. The distinct and separate roles and responsibilities of the Chairman and MD are provided in Paragraph 5 of the Board Charter, which is available at <a href="https://www.nova.my/governance-policy">https://www.nova.my/governance-policy</a>.</p> <p>The Chairman, Dr Abdul Manaf Bin Mohamad Radzi leads and manages the Board by focusing on strategy, governance and compliance whereas the MD, Phang Nyie Lin manages the business and operations of the Company and implements the Board's decisions.</p> <p>The distinct and separate roles of the Chairman and MD, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.</p> <p>The specific authorities of the MD as delegated and mandated by the Board are as set out in the Board Charter of Nova Wellness Group Berhad.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: As at 30 June 2022, Nova Wellness is in compliance with Practice 1.4 of the MCGG whereby the Chairman of the Board, Dr Abdul Manaf bin Mohamad Radzi ("the Chairman") is not a member of the Audit Committee ("AC") or the Nomination Committee ("NC") and Remuneration Committee ("RC") of Nova Wellness.  The Chairman retired as a member from the AC, NC, RC and also RMC since the issuance of the revised MCGG in April 2021. The Board at its meeting held on 18 May 2021, approved the action item for Nova Wellness's compliance with Practice 1.4 of the MCGG, whereby the Terms of Reference and its membership composition of all Committees shall be changed to exclude the Chairman of the Board as a member of the Committee.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company Secretary of Nova Wellness, Ms Wong Youn Kim is qualified to act as company secretary under Section 235(2) of the Companies Act ("CA") 2016. She is a Chartered Secretary and a member of the Malaysian Institute of Chartered Secretaries And Administrators ("MAICSA"). She constantly keeps herself abreast of the evolving capital market environment, regulatory changes and developments in the corporate governance by attending relevant courses organized by regulators, professional bodies, and recognised training providers and organisations. Ms Wong Youn Kim has more than 20 years of post-qualification experience in company secretarial practice in the professional sector. She has been involved in providing corporate secretarial, corporate advisory, administrative and management consultancy services to organizations ranging from private to public companies as well as multinational corporation and public listed companies.</p> <p>(1) The Company Secretary manages the logistics of all Board and Board Committee meetings. Attendance and minutes of all Board and Board Committee meetings are properly recorded and kept by the Company Secretary. The Company Secretary ensures that deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management personnel for appropriate actions.</p> <p>The Board is updated by the Company Secretary on the follow-up of its decisions and recommendations by the Management. Action items would stay as matters arising in the minutes of meetings until they are resolved or completed.</p> <p>(2) The Company Secretary provides support to the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance ("CG") of Nova Wellness.</p> <p>In this respect, the Company Secretary plays an advisory role to the Board, particularly with regards to the Company's constitution, Board policies and procedures, CG best practices and its compliance with regulatory requirements, codes, guidelines and legislations. The Company Secretary also supports the Board in managing the Group's Governance Model to ensure its relevance and effectiveness.</p>

	<p>(3) The Company Secretary conducts induction programmes for new Directors/Committee members. In these programmes, the Company Secretary provides new Directors with background on the Governance Model of Nova Wellness and the Directors' fiduciary duties, public interest responsibilities and other regulatory obligations.</p> <p>(4) In FYE 2022, the Company Secretary had assisted the Board in the review of the Governance Model Document including review of the Terms of Reference of the Governance Committees. The review exercise was necessary to ensure adequate framework in line with best CG practices, to enable the Board's effective oversight of the Group's financial and non-financial performance, business strategy and priorities, risk management including material sustainability risks and CG policies and practices. The review exercise was also necessary to ensure Nova Wellness continues to fulfill its public interest objective effectively.</p> <p>(5) The 5<sup>th</sup> Annual General Meeting ("AGM") was successfully conducted virtually on 16 November 2021. The Company Secretary played an important role in ensuring that the processes and proceedings are in place and properly managed in compliance with the Constitution as well as the relevant laws and regulations. The Company Secretary assisted the Chairman and the Board in the conduct of the 5<sup>th</sup> AGM at the Broadcast Venue and thereafter, ensured that the proceedings were properly recorded. The Minutes of the 5<sup>th</sup> AGM and the lists of questions and answers were uploaded on Nova Wellness's website in accordance with Practice 13.6 of the MCGG.</p> <p>(6) The Company Secretary plays an important role in advising the Board on principles and best practices in CG and hence, they also serve as a focal point for stakeholders' communication and engagement on CG issues affecting Nova Wellness as a listed entity.</p> <p>The Board provides its feedback on the performance of the Company Secretary through a formal annual customer satisfaction survey. For the year FYE 2022, the Board was satisfied with the performance and support rendered by the Company Secretary to the Board/Board Committees in discharging their functions.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In facilitating the Directors to discharge their responsibilities efficiently and effectively, an 'Annual Meeting Calendar' ("the Calendar") is prepared and circulated in advance of each new year. The Calendar provides Directors with scheduled dates for meetings of the Board and Board Committees, and the Annual General Meeting. The Calendar is provided via email circulation to all Directors and Board Committee members, for easy reference to facilitate their time planning.</p> <p>The deadline for circulation of Notice of Board/Board Committee meetings and meeting materials is 7 working days prior to the dates of meetings. This is to ensure that the Directors have enough preparation time and information to make an informed decision at each Board/Board Committee meetings which may be held physically, virtually or in hybrid.</p> <p>For every Board Meeting, the Chairman sets the Board Meeting agenda, and ensure adequate time is allocated for discussion of issues tabled to the Board for deliberation.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes of meetings, including dissenting views and Directors' abstention from deliberation and decision on related matters.</p> <p>The Company Secretary will communicate to the relevant Management members the Board's decisions/recommendations via circulation of draft minutes of meetings for appropriate actions to be taken. The Company Secretary will also follow up with the Management on status of actions taken with reference to the previous minutes of meetings for updating the Board. Action items would stay as matters arising in the minutes of meetings until they are resolved or completed.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Nova Wellness has a Board Charter which is periodically reviewed, and the same is available on at <a href="https://www.nova.my/governance-policy">https://www.nova.my/governance-policy</a>.</p> <p>The Board Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as directors of Nova Wellness being a listed entity, as well as the functions of the Board Committees of the Group. It sets out amongst other things, the key values, principles, policies and ethos of the Company.</p> <p>The Board Charter provides the requirement for Directors to maintain the highest degree of integrity and professionalism while at the same time promoting transparency and accountability in their actions. The Board composition/Diversity policy, Directors' appointment process is also embedded in the Board Charter. It also includes a provision which prohibits an "active politician" as defined in the MCCG, to be a Director on the Board of the Company. The roles and responsibilities of the Board of Directors, Chairman and MD are clearly outlined in Paragraphs 5 of the Board Charter.</p> <p>In accordance with Paragraph 16 of the Board Charter, the Board shall review the Board Charter periodically to keep it up to date and consistent with the Board's objectives and responsibilities as well as the Governance Model of Nova Wellness. The Governance Model of Nova Wellness and its processes are built upon the Terms of Reference ("TOR") of the Board and its respective Board Committees, which clearly delineates relevant matters and applicable limits, including those reserved for the Board's approval and those which the Board may delegate to the Board Committees, the MD and the Management.</p> <p>Key matters reserved for the Board's approval include the annual and quarterly financial results, annual business plan and budget, dividend policy, business continuity plan, business restructuring, expenditure above a certain pre-determined limit, disposal of significant fixed assets and acquisition or disposal of companies within the Group.</p>

	<p>In February 2022, the periodical review of the Board Charter was conducted in conjunction with the review of the Group’s corporate governance (“CG”) practices with reference to the revised MCCG issued by the SC on 28 April 2021. Having conducted the review, the Board approved various changes to the Board Charter to incorporate the applicable practices and guidance of the revised MCCG and at the same time, to keep it up to date and consistent with the Board’s objectives and responsibilities as well as the Governance Model of Nova Wellness.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Nova Wellness has put in place comprehensive Code of Conduct and Ethics ("COCE") for the Company. The COCE caters for different groups in Nova Wellness i.e. the Directors and the employees of the Company. The COCE documents can be found at <a href="https://www.nova.my/investor-relations">https://www.nova.my/investor-relations</a>.</p> <p>The COCE articulated the firm stance taken by the Board in promoting better governance culture and ethical behaviour to prevent any corrupt practices in relation to business activities. The COCE was also enhanced to clearly reflect the top-level commitment and assurance from the Board that Nova Wellness takes a zero-tolerance approach towards fraud, bribery, corruption and any form of dishonesty in its business dealings.</p> <p>To observe high standards of business, professional and ethical conduct, the Directors (whether acting in their own capacity or on the Group's behalf) are committed to refrain themselves from offering, soliciting, giving or receiving any gifts, donations (including political donations), sponsorships, and any other form of benefits (in kind, cash, advantages, travel, entertainment and/or favour, etc) from persons or entities who deal with Nova Wellness Group Berhad where the gift would reasonably be expected to influence the performance of the Director's duties in any aspect.</p> <p>The COCE provides principles and standards relating to the Director's duty to act in public interest and best interest of Nova Wellness, and covers the areas of transparency, integrity, accountability, sustainability, conflicts of interest ("COI"), anti-corruption/bribery, confidentiality, insider trading, fair dealing and anti-competition, proper use of company's assets, compliance with laws, rules and regulations. Every Director shall uphold the highest integrity and has a duty to safeguard the Company's assets which shall only be used in a safe, ethical and lawful manner. The reporting of unlawful or unethical behaviour is encouraged, particularly through the Whistleblower Policy and Procedures.</p>

	<p>The Code of Ethics for employees promotes integrity and ethical conduct/behaviour in all aspects of the Company’s operations, including privacy and confidentiality of information, dealings in securities and COI. The Code of Ethics for employees also sets out the prohibited activities or misconduct involving gifts, gratuities, bribes, dishonest behaviour and sexual harassment.</p> <p>In May 2022, the Board further established the Directors’ Fit and Proper Policy (“FPP”), to ensure that any person to be appointed or elected/re-elected as a Director of Nova Wellness shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required of the position in the most effective manner.</p> <p>The Board Charter of Nova Wellness also includes a provision which prohibits an “active politician” as defined in the MCCG, to be a Director on the Board of the Company.</p>	
<b>Explanation for departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>		
<b>Timeframe</b>		



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Nova Wellness has established and put in place the policies and procedures on whistleblowing within the Group. In this respect, the Whistleblower Policy and Procedures (“WPP”) fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoings within the Group.</p> <p>(1) The Board has in place the WPP for Directors which may be used for reporting any individual director’s improper conduct or organisational malpractice within the organisation.</p> <p>The Board is responsible for overseeing the implementation of the WPP for Directors, and all whistle-blowing reports are addressed to the Non-Executive Chairman of the Board.</p> <p>(2) The WPP provides an avenue for employees or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group’s policies and guidelines, in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions by the Group.</p> <p>(3) The Audit Committee (“AC”) is responsible for overseeing the implementation of the WPP for the Group’s employees. The AC Chairman is the contact person under the reporting process.</p> <p>(4) In light of privacy and security concerns, all complaints/reports in relation to Nova Wellness Group Berhad are channeled to the AC Chairman at whistleblowerNEM@nova.com.my to be kept private and confidential.</p>

	The WPP is published at <a href="https://www.nova.my/investor-relations">https://www.nova.my/investor-relations</a> .	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>One of the key responsibilities of the Board of Nova Wellness under its Terms of Reference ("TOR") is to review and approve strategic initiatives including corporate business restructuring and strategic alliances, to ensure that they support long-term value creation and take into account economic, environmental and social considerations underpinning sustainability. In this respect, the MD through a Management Committee which he chairs, assists the Board in overseeing the formulation, implementation and effective management of Nova Wellness's sustainability strategies.</p> <p>Accordingly, the Board is ultimately accountable for ensuring that sustainability is integrated into the strategic direction of Nova Wellness Group Berhad and its operations. To achieve this, the Board continuously ensures that there is an effective governance framework for sustainability within the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Nova Wellness's sustainability strategies, priorities and targets as well as performance against these targets are developed and monitored.</p> <p>The description of Nova Wellness's stakeholder groups, engagements and targets as well the performance against these targets is as set out in Nova Wellness's Annual Report which can be found on Nova Wellness's website.</p> <p>At the General Meetings, the Board had kept the stakeholders updated on the latest development within the Company and communicate information on the Company's activities and discussed issues that might impact the stakeholders' interest. Nova Wellness's website at <a href="https://www.nova.my">https://www.nova.my</a> is one of the channels to further enhance internal and external stakeholders' communication. Nova Wellness also regularly update the stakeholders on the latest development of the Group via bursa announcement as required.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Management will identify and assess a wide range of sustainability matters to act on and to report to. The materiality assessment can provide information that may positively or negatively influence the Group’s ability to deliver Nova Wellness’s vision and strategy. The Management together with the supervision of the Group MD will conduct a materiality review every year to identify the crucial and relevant sustainability matters occur in the Group. The Group MD will prioritise the sustainability and manage the material sustainability matters to help the Group to focus its effort and maximize the resource allocation needed by the Group. The Group MD will report the sustainability risks and measure taken (if any) by the Group to the Board during the Board of Directors’ Meetings. The Board would provide their views, opinions and advice to the management to ensure that Nova Wellness meets both its compliance and sustainable development responsibilities.</p> <p>As part of the Board Effectiveness Evaluation (“BEE”) 2021/2022 exercise, the Directors conducted a self-assessment of their skills matrix which included their experience in sustainability. In this respect, the Board viewed that sustainability should be embedded within the culture of the boardroom, whereby each single member of the Board should be able to view the organisation and its operations through the lens of sustainability. As such, a “sustainable mindset” of a Director and the understanding that “business is not a commercial activity divorced from wider society” would be vital for the Board, in ensuring its commitment and focus on sustainability and climate-related matters. For the foregoing reason, the Board agreed that there was sufficient capacity in this area, to enable the Board to discharge its role effectively.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>To assess how well the Board and Senior Management are performing with respect to their roles in addressing the Company's material sustainability issues, their performance evaluations include a review of their progress in this regard. For the Board, the relevant questions on their performance with respect to sustainability are included in their annual performance evaluations to assess whether the Board ensures that the strategic plan of the Company supports long-term value creation including strategies on economic, environmental and social considerations guided by governance principles. The performance evaluation also aims to assess whether the Board oversees the integration of sustainability considerations in the day-to-day operations of the Company and ensuring the effective implementation of the Company's sustainability strategies and plans.</p> <p>The following questions indicated satisfactory performance of the Board and MD/Management:-</p> <ol style="list-style-type: none"><li>(1) The Board has critiqued, questioned and approved Management's corporate strategies and business plans taking into account sustainability considerations;</li><li>(2) The Board takes responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets;</li><li>(3) The Board is knowledgeable and understand the sustainability issues relevant to the Company and its business;</li><li>(4) The Board constantly determines and identifies the development needs for Directors to address their knowledge gaps (concerning sustainability and other relevant areas) through Board development programmes;</li><li>(5) The MD ensures the day-to-day business affairs of Nova Wellness are effectively managed, taking into account the sustainability considerations;</li><li>(6) The MD leads and drives the Management in addressing the Company's material sustainability risks and opportunities.</li></ol>

	Nevertheless, the Directors' observations and the Senior Management's feedback had been consistent on the need for more focus and attention in Sustainability whereby Environmental, Social and Governance practices will remain as one of the areas requiring ongoing attention for continuous improvement.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	



## Intended Outcome

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

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee ("NC") is responsible to assist the Board (among other things) in the development and implementation of the policies on the nomination and appointment of Directors and Committee members in Nova Wellness Group, to achieve long-term sustainability of the organisation in accordance with the Terms of Reference of the NC.</p> <p>In this respect, the Board is mindful that for it to be effective, its composition must include the right group of people, with an appropriate mix of skills, knowledge, experience and independence elements that fit the Company's objectives and strategic goals.</p> <p>In addition, the Board Charter provides that the tenure of an Independent Director is limited to 9 years. Upon the completion of 9 years, the Independent Director may continue to serve on the Board as a re-designated, Non-Independent Director. If, however, the Director is to remain designated as an Independent Director, the Board shall provide justification and obtain shareholders' approval through a two-tier voting process on a year-to-year basis. The Board will determine whether the independency of a Director has been impaired through a rigorous review to justify retaining an Independent Director beyond the cumulative term limit of 9 years.</p> <p>The NC reviewed the tenure of each director and the annual re-election of retiring Directors has been contingent on satisfactory evaluation of the Director's performance and contribution to the Board.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>As at 30 June 2022, the Board of Nova Wellness comprises 7 Directors i.e. 3 Independent Non-Executive Directors (“INEDs”), 1 Non-Independent Non-Executive Director and 3 Executive Directors, where one of them also serves as the MD. All the 3 INEDs satisfy the independence test under the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). They constitute 42.86% of the Board.</p> <p>Each of the Directors had given confirmations as to whether he/she has any family relationship with any director and/or major shareholder of Nova Wellness, any conflict of interest with Nova Wellness and any convictions for offences within the past 5 years other than traffic offences. This is one of the criteria to enable the Board/ Nomination Committee to assess the Directors’ independence as and when any new interest or relationship develops.</p> <p>In view of the fact that independent and objective judgement could be compromised by amongst others, familiarity or close relationships with other Board members, the Board recognised the importance to focus beyond the INEDs’ background, economic and family relationships, and consider whether the INEDs could continue to bring independent and objective judgement to Board deliberations.</p> <p>In addition, the assessments of independence of the INEDs are conducted on an annual basis via the following:-</p> <p>(a) Self and Peer Assessments under the Board Effectiveness Evaluation (“BEE”), to ensure that the INEDs were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company. Independence and objectivity are one of the INEDs’ performance criteria in accordance with Guidance 6.1 of the MCCG.</p> <p>(b) Forms of declaration of independence by each INED, to facilitate the process of determining the Director’s independence.</p>

	The outcome of the BEE 2021/2022 results indicated that the Non-Executive Directors (“NEDs”) have demonstrated independence and objectivity in the Board’s decision-making process, have given valuable feedback through sharing of knowledge and experience and have acted in the best interests of Nova Wellness, as well as in safeguarding the public interest. The Board members have been able to provide objective and independent deliberations for effective oversight of management.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Under Part 3.2 of the Board Charter, the tenure of an Independent Director shall not exceed a cumulative term of 9 years. In the event that the Independent Director extends the period of tenure past the completion of 9 years, justification from the Board as well as approval for shareholders is necessitated. Presently, none of Nova Wellness's Independent Directors have exceeded this limit. Upon the completion of 9 years, the Independent Director may continue to serve on the Board as a re-designated, Non-Independent Director. If, however, the Director is to remain designated as an Independent Director, the Board shall provide justification and obtain shareholders' approval through a two-tier voting process on a year-to-year basis. The Board will determine whether the independency of a Director has been impaired through a rigorous review to justify retaining an Independent Director beyond the cumulative term limit of 9 years
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### Intended Outcome

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

### Practice 5.5

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

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board believes that a truly diverse and inclusive Board will leverage the differences of its members, to achieve effective stewardship and in turn, retains its competitive advantage. In this respect, the Board and the Nomination Committee (“NC”) take into account the current diversity in the skills, experience, age, race/ethnicity (cultural background) and nationality of the existing Board in seeking potential candidate(s). This helps to ensure an appropriate balance between the experience perspectives of the longer term directors and new perspectives that bring fresh insights to the Board.</p> <p><u>Board Diversity in FYE 2022</u></p> <p>(1) <i>Board Size</i>; The Board through its NC conducts an annual review of its size and composition, to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company’s objectives and strategic goals.</p> <p>There was no Director appointed to the Board during FYE2022.</p> <p>Based on the Board’s annual review of its size and composition in conjunction with the Board Effectiveness Evaluation exercise, it was agreed that the Board size of 7 members as at 30 June 2022 was appropriate and adequate to effectively govern the organisation.</p>

(2) *Board Skills/Experience*; The Board Skills Matrix has also been developed based on the Directors' self-assessment, and used as reference for refreshing the Board and succession planning to complement one another. The following Board Skills Matrix is based on the Board composition as at 30 June 2022:-

No.	Areas of Practice/Experience/Skill/Expertise*	Percentage
1.	Capital Market Experience	71%
2.	International Business Experience	71%
3.	Other Exchange Experience	14%
4.	Corporate Chief Executive Officer/Managing Director	71%
5.	Business Experience	85%
6.	Accounting/Financial Management	29%
7.	Human Capital Management Experience	71%
8.	Corporate Governance	57%

\* *Individual Directors may fall into one or more categories*

(3) *Board Diversity*; The diversity in the age, gender, race/ethnicity (cultural background) and nationality of the existing Board as at 1 January 2022 is as follows:-

	Age Group							Gender	
	36 - 40	41 - 45	46 - 50	51 - 55	56 - 60	60 - 64	65 and above	Male	Female
Number of Directors	2	1	0	1	0	0	3	6	1

	Race/Ethnicity				Nationality	
	Malay/Bumi-putera	Chinese	Indian	Others	Malaysian	Foreigner
Number of Directors	2	5	0	0	7	0

The Board strongly views that diversity of the Board's composition is important to facilitate optimal decision-making by harnessing different insights and perspectives. Whilst the capital market experience is of paramount importance to the Board, a high-performance board should comprise directors with a wide variety of backgrounds, experiences and skills.

### Board Succession Planning and Appointment

Appointments of Directors to the Board of Nova Wellness are subject to a formal, rigorous and transparent process. In carrying out its review, the NC takes into account the existing Board composition such as the optimum size and diversity in terms of gender, race/ethnicity and mix of skills/experience.

- (1) The new appointments shall ensure appropriate diversity in terms of ethnicity, age and gender, to complement and further strengthen the current Board.
- (2) Nova Wellness as a listed entity is to ensure that its directors have the character, experience, integrity, competence and time to effectively discharge their roles. Hence, the NC in its review of potential candidates is always guided by the selection criteria and the character traits i.e. Integrity, Competence and Humility.
  - (a) No person shall be appointed as a director on the Board or continue to serve Malaysia as a director of the Company if the person is disqualified.
  - (b) The Board had in February 2022 approved the adoption of Guidance 5.5 of the MCCG which provides that *“a person is considered politically active if he is a Member of Parliament, State Assemblyman or holds a position at the Supreme Council, or division level in a political party”*. The same had been incorporated into the Board Charter.
  - (c) The Board had in May 2022, approved the establishment of the Directors’ Fit and proper Policy (“FPP”), to ensure that any person to be appointed or elected/re-elected as a Director of Nova Wellness shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required of the position in the most effective manner. The Directors’ FPP is incorporated in the Board Charter which is available on Nova Wellness’s website.
- (3) With reference to Guidance 5.5 of the MCCG, there should be a formal, rigorous and transparent process for the appointment of directors (including re-appointments) and senior management. In evaluating the ability of a director to perform his role effectively, the Board should consider among others whether a director is ‘over stretched’ in terms of his commitments to the board commitments, to meet the demands and expectations of the role.

### Succession Planning and Appointment

The NC reviewed the succession plan and talent management updates for the critical roles in the organisation as presented by the Human Resources on a yearly basis.

The NC was also mindful that appointment of Key Senior Management (“KSM”) should be made with due regard for diversity in skills, experience, age, gender, race/ethnicity (cultural background).



	The diversity of the KSM as at 30 June 2022 are as set out in the tables below:-																			
	<table border="1"> <thead> <tr> <th colspan="3">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>35-39</th> <th>40-44</th> <th>45-49</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>2</td> <td>0</td> <td>2</td> <td>2</td> </tr> </tbody> </table>			Age Group			Gender		35-39	40-44	45-49	Male	Female	2	2	0	2	2		
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<b>Explanation for departure</b> :																				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																				
<b>Measure</b> :																				
<b>Timeframe</b> :																				

### Intended Outcome

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

### Practice 5.6

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

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board delegates to the NC the responsibility to review and make recommendations on any potential candidate for the appointment as a new Director. The NC is responsible to ensure that the procedures for appointing new Director are transparent and the appointments are made on the merits. Such appointments would take place only if approved by the Board as a whole.</p> <p>The process for the appointment of a new director is summarized in the following manner: -</p> <ul style="list-style-type: none"><li>(a) The candidate identified upon the recommendation by the existing directors, senior management staff, shareholders and/or other consultants;</li><li>(b) In evaluating the suitability of candidates to the Board, the NC considers the competency, experience, commitment, contribution and integrity of the candidate's independence;</li><li>(c) Conduct interview with the potential candidate;</li><li>(d) Deliberate the suitability of the candidate by the NC and recommend to the Board, which also includes recommendation for appointment as a member of the various board committees, where necessary; and</li><li>(e) The Board's deliberation and decision to be made by the Board on the proposed new appointment, including appointment to the various board committees. There was no appointment of new Director during the FYE 2022.</li></ul>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 5.7**

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Resolution for appointment or re-appointment of Director has been set out in the Statement Accompanying Notice of AGM, which is attached as part of the Company's 2022 Annual Report. The Company has also published the profiles of Directors in the 2022 Annual Report which include their age, gender, working experience, directorships in other companies, any conflict of interest as well as their shareholdings in the Company, if any, for shareholders' information and consideration.

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

### Intended Outcome

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

### Practice 5.8

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

<b>Application</b>	:	Applied		
<b>Explanation on application of the practice</b>	:	The NC is chaired by the Independent Non-Executive Director of the Company, Tan Mio Har.		
		<b>Name</b>	<b>Designation in NC</b>	<b>Directorship</b>
		Tan Mio Har	Chairman	Independent Non-Executive Director
		Sim Seng Loong@Tai Seng	Member	Independent Non-Executive Director
		Sulaiman Bin Hj Ahmad	Member	Non-Independent Non-Executive Director
<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:			

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board has provided in the Board Charter, to have at least one female director in the Board. It is the intention of the Board to provide equal opportunity to suitable candidates who have the necessary competency and experience to bring value to the Board. During FYE2022, there was one woman director on the Board out of a total of seven directors which makes up to 14.29%.</p> <p>The Board acknowledges the importance of gender diversity in the Board. However, the selection and appointment of a new Board member will be based on merits and effective blend of skills, experience and knowledge in areas identified, the size of the Board and the needs of the Company.</p> <p>The Board is aware to promote gender diversity on the Board in an attempt to uphold good corporate governance. As such, the Board will continue to identify suitably qualified female candidates to fulfil at least 30% women representation in the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.10

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

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<p>The Board has its Diversity Policy, as set out below [in accordance with <b>Paragraph 15.08A(3)</b> of the MMLR of Bursa Securities].</p> <p>The Board Diversity Policy was approved by the NC and was presented to the Board in September 2020 for adoption and implementation. Accordingly, the same has been published at <a href="https://www.nova.my/governance-policy">https://www.nova.my/governance-policy</a>.</p> <p>The Board believes that the requirement for diversity in skills, experience, gender, age and ethnicity can bring a greater range of viewpoints to boardroom debate and improve board dynamics. In this regard, the Board will make the necessary appointment based on objective criteria and good blend of competencies, proven skills, merit, experience and knowledge and contribution to the overall working of the Board and the needs of the Group with due consideration on a candidate's cultural background, gender and age.</p> <p>The Company's Board Charter on gender diversity policy is to have at least one female Director. The Company has since 31 October 2017 appointed Tan Mio Har, its first female Director to the Board.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		



### Intended Outcome

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

### Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Nomination Committee undertakes annual assessment via the Board Effectiveness Evaluation (“BEE”) to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees by way of self-assessment. Directors are required to fill out the self-assessment forms and provide their feedback, views and suggestions for improvement. The results of these self-assessment forms are compiled and tabled to the Nomination Committee for review and deliberation. Based on the assessment, the Board is satisfied with the overall performance effectiveness of the Board, Board Committees and individual Directors and the independence of Independent Directors.  (1) The NC considered the approach and timeline of the BEE exercise. The NC recommended and the Board approved for the said BEE exercise to be conducted internally via questionnaires and facilitated by the Company Secretary.  (a) The draft questionnaires were presented for the NC’s review, having regard to the Malaysian Code on Corporate Governance (“MCCG”) in particular, Practice 4.4 which provides that “ <i>the performance evaluations of the board and senior management shall include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities</i> ”, being part of their responsibilities.

(2) The questionnaires comprised the Board and Board Committee Effectiveness Assessments, Directors and Board Committee members' Self and Peer Assessments ("SPA"), which were participated by all Board Directors.

(a) The Board Effectiveness Assessment covers the following areas to assess the effectiveness of the Board's oversight and delegation of responsibilities:-

- (i) Board Responsibilities and Conduct;
- (ii) Board Composition (in which the size, mix of skills and experience are considered);
- (iii) Board Process and Administration;
- (iv) Effectiveness of Chairman; and
- (v) Effectiveness of MD.

(b) The assessment of individual Directors' contributions and performance is conducted based on assessments in the following areas which had been incorporated in the Directors' SPA questionnaires with reference to the performance criteria under Guidance 6.1 of the MCCG as set out below:-

- (i) Will and ability to critically challenge and ask the right questions;
- (ii) Character and integrity in dealing with potential conflict of interest situations;
- (iii) Commitment to serve the company, due diligence and integrity;
- (iv) Confidence to stand up for a point of view;
- (v) Fit and properness;
- (vi) Calibre and personality;
- (vii) Board dynamics and participation;
- (viii) Competency and capability;
- (ix) Independence and objectivity; and
- (x) Contribution and performance.

	<p>(c) The effectiveness of the Board Committees is assessed in terms of structure and processes, accountabilities and responsibilities, as well as the effectiveness of the Chairman of the respective Board Committees.</p> <p>(d) The SPA for the Board Committee members is similar as the Directors' SPA, which is intended to assess their contribution, performance, calibre and personality in relation to the skills, experience and other qualities they bring to the Board/Board Committees. The SPA also examines the ability of each Board or Committee member to give input at meetings and to demonstrate a high level of professionalism and integrity in the decision-making process. It also considers the ability of each individual member to exercise independent judgement and demonstrate objectivity and clarity of thought on issues during deliberations at meetings, provide logical honest opinions, and offer practical and realistic advice to the discussions.</p> <p>(3) The Company Secretary had in September 2021 presented to the NC and the Board the outcome of the BEE 2020/2021. The overall average ratings for the areas of assessments were above 3.5, based on a 4-scale rating. The Board resolved to adopt the BEE 2020/2021 results and the action plan as recommended by the NC. The results of the BEE 2020/2021 indicated that the performance of the Board, the Board Committees, the individual Directors and members of the Board Committees during the assessment period had been satisfactory (3.00 &lt; average rating ≤ 4.00) on a 4-scale rating, and therefore, they had been effective in their overall discharge of functions, roles and duties. The Board was satisfied with each of the Directors' level of performance, and that they had also met the performance criteria in the prescribed areas of assessments. The results of these assessments form the basis of the NC's recommendations to the Board for the re-election of Directors at the Annual General Meeting.</p>
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<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has in place procedures to determine the remuneration of Executive Director and Senior Management as follows:</p> <ol style="list-style-type: none"><li>(1) Group MD's remuneration is reviewed and deliberated by Remuneration Committee ("RC") and approved by the Board of Directors on recommendation of the RC.</li><li>(2) Senior Management's remuneration is proposed and recommended by MD and presented to RC for review and recommendation to Board for approval. The Company has in place a remuneration framework for the Executive Directors and the Key Senior Management personnel which takes into account the demands, complexities and performance of the Company as well as skills and experience required. The objective of the Group's remuneration policies is to provide fair and competitive remuneration to its Board and Senior Management for retaining a high-quality team for the Group.</li><li>(3) The RC considers various factors including the Non-Executive Directors' ("NEDs") fiduciary duties, time commitments expected of them and the Company's performance.</li></ol> <p>The fees of the NEDs and any benefits payable to the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting in accordance with Section 230 of the Companies Act ("CA") 2016.</p> <p>The Non-Executive Directors' Remuneration Framework and the Remuneration Framework for Executive Directors and Key Senior Management are available on the Company's corporate website.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

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

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Board has established a formal and transparent process for approving the remuneration of the Board and Board Committees, the MD and the Senior Management of Nova Wellness. In this respect, the Remuneration Committee ("RC") is responsible to formulate and review the remuneration policies for the Board and Board Committees as well as the Senior Management of the Company to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices. The responsibilities of the RC in relation to remuneration matters are set out in the Terms of Reference of the RC contained in the Governance Model Document, which is available at <a href="https://www.nova.my/governance-policy">https://www.nova.my/governance-policy</a>.</p> <p>As at 30 June 2022, the RC comprised 3 members, majority are Independent Non-Executive Directors of the Company.</p> <p>The Board is satisfied that in FYE2022, the RC has effectively discharged its roles and responsibilities with respect to its remuneration function, which include amongst others, reviews of the remuneration policies for the Board, Board Committees, the Group Managing Director and key management personnel.</p>
<b>Explanation for departure</b> :	

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

**Intended Outcome**

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

**Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	In line with best corporate governance practice, the disclosure of the Directors' remuneration on a named basis has been made in the CG Overview Statement of the Annual Report over the years.



No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dr Abdul Manaf Bin Mohamad Radzi	Independent Director	43	0	0	0	1	1.25	45.25	43	0	0	0	1	1.25	45.25
2	Sim Seng Loong@Tai Seng	Independent Director	39.5	0	0	0	1	1.25	41.75	39.5	0	0	0	1	1.25	41.75
3	Tan Mio Har	Independent Director	39.5	0	0	0	1	1.25	41.75	39.5	0	0	0	1	1.25	41.75
4	Sulaiman Bin Hj Ahmad	Non-Independent Director Non-Executive	39.5	0	0	0	1	1.25	41.75	39.5	0	0	0	1	1.25	41.75
5	Phang Nyie Lin	Executive Director	0	0	0	0	0	0	0	0	0	498	86	0	52.88	636.88
6	Phang Yeen Nung	Executive Director	0	0	0	0	0	0	0	0	0	204.6	36	0	28.872	269.472
7	Phang Yeen Aun	Executive Director	0	0	0	0	0	0	0	0	0	204.6	36	0	28.872	269.472

**Intended Outcome**

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

**Practice 8.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is of the view that this disclosure is disadvantageous to Nova Wellness as it could potentially give rise to security concerns, staff poaching by competitors and conflict between staffs.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

<b>Application</b> :	Not Adopted
<b>Explanation</b> : <b>on</b> <b>adoption of</b> <b>the</b> <b>practice</b>	

No	Name	Position	Company ('000)					Total
			Salary	Allowance	Bonus	Benefits	Other emoluments	
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee ("AC") comprises 3 members who are majority Independent Non-Executive Directors.</p> <p>The AC Chairman, Sim Seng Loong @ Tai Seng is a member of the the Malaysian Institute of Certified Public Accountants, a Chartered Accountant under the Malaysian Institute of Accountants (MIA) and a member of the CPA Australia. He is not the Chairman of the Board.</p> <p>Sim Seng Loong @ Tai Seng is an INED and was appointed as the AC Chairman since 31 October 2017.</p> <p>The Chairman of the Board is Dr Abdul Manaf Bin Mohamad Radzi since 31 October 2017. This has always been the practice by Nova Wellness, in line with the requirements in Practice 9.1 of the Malaysian Code on Corporate Governance ("MCCG") which is also reflected in the Terms of Reference ("TOR") of the AC.</p> <p>The current Chairman of the Board is not an AC member, consistent with Practice 1.4 of the MCCG.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	None of the members of the Board were former key audit partners within the cooling-off period of 3 years, and no such person is appointed as a member of the AC.  The requirements as to "Any former key audit partner must have observed a cooling-off period of at least 3 years before one is eligible for appointment as AC member" in Practice 9.2 of the MCCG were reflected accordingly in the TOR of the AC, whereby the cooling-off period of at least "2 years" was revised to "3 years" upon the Board's approval at its meeting held in February 2022.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee is responsible to assess the capabilities and independence of External Auditors in order to make necessary recommendation to the Board on the appointment, re-appointment or termination of External Auditors. The Audit Committee conducts such review annually through the assessment covering competency, audit quality and resource capacity of the External Auditors as well as their independence and objectivity.</p> <p>In this regard, the Audit Committee has established policies and procedures to assess the suitability, objectivity and independence of the External Auditors via an External Auditors Assessment Policy on an annual basis. In assessing and regulating the capabilities and independence of the External Auditors, few considerations have been taken by the Audit Committee as follows: -</p> <ul style="list-style-type: none"><li>a) The service quality, adequacy of the experience and resources of the External Auditors;</li><li>b) The communication with Management</li><li>c) 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.</li><li>d) The nature of the non-audit services provided by the External Auditors and fee paid for such services relative to the audit fee; and</li><li>e) Whether there are safeguards 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 tenure of the External Auditors.</li></ul> <p>The Audit Committee has also evaluated the independence of the External Auditors. During the FYE 2022, the Audit Committee is of opinion that the External Auditors have satisfied the competence and independence requirements throughout the audit engagement pursuant to relevant professional and regulatory requirements.</p>
<b>Explanation for departure</b>	:	



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

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC comprised 3 Non-Executive Directors of which 2 are Independent Non-Executive Directors who come from different professional and business backgrounds. Two of the AC members namely, Sim Seng Loong@Tai Seng and Tan Mio Har are the members of the Malaysian Institute of Accountants (MIA). The members of the AC have sufficient understanding of the Group's business to continuously apply a critical and probing view on the Company's financial reporting process, transactions and other financial information. The members of the AC attended ongoing training and development. During the FYE2022, the AC members attended seminars, conferences and training sessions offered by regulators and other appropriate bodies or organisations including the following:</p> <p>(a) Audit Oversight Board Conversation with Audit Committees</p> <p>The AC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>The Chairman and members of the AC are financially literate, and have carried out their duties in accordance with the Terms of Reference of the AC.</p> <p>Based on the outcome of the AC Effectiveness Assessment of the Board Effectiveness Evaluation 2021/2022, the Board is satisfied with the AC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC. The AC was involved in the following:-</p>

	<p>(1) Financial reporting process</p> <p>The AC reviewed the Company's financial statements with the presence of the external auditors, prior to recommending them for approval by the Board and issuance to stakeholders.</p> <p>As part of the governance process in reviewing the quarterly and annual financial statements by the AC:-</p> <p>(a) The Chief Financial Officer provided assurance to the AC on a quarterly basis that appropriate accounting policies had been adopted and applied consistently; that the going concern basis applied in the Condensed Consolidated Financial Statements ("CCFS") and Annual Financial Statements was appropriate; that prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"); that adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS, IFRS, International Accounting Standards ("IAS") and MMLR; and that the CCFS and Annual Financial Statements did not contain any material misstatement and gave a true and fair view of the financial position of the Group and the respective company within the Group for FYE2022.</p> <p>(b) Mazars presented their Independent Auditors' Report on the Annual Financial Statements for the financial year ended 30 June 2022 together with the key audit matters therein as well as their long form report covering their observations, findings and recommendations on certain process improvements noted in the course of their audit.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board affirms its overall responsibility for the Group's system of internal control and risk management, as well as for reviewing the adequacy and integrity of the system. The system of internal control addresses governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters. The Board recognises that this system is designed to manage, rather than eliminate, the risks of not adhering to the Group's policies and achieving goals and objectives within the risk appetite and risk tolerance established by the Board and Management. Therefore, the system provides reasonable, but not absolute, assurance against the occurrence of any material misstatement, loss or fraud.</p> <p>The Board has established a Risk Management Committee ("RMC") to assist the Board in fulfilling its oversight responsibilities with regard to the risk appetite of the Group, the risk management and compliance framework, and the governance structure that supports it. The Board had in September 2018 approved the adoption of the Risk Management Framework.</p> <p>The Statement of Risk Management and Internal Controls is set out in Page 80 to 86 of the Annual Report and provides an overview of the state of internal controls within the Group.</p> <p>In February 2022, the RMC performed a review on the Group's risk and risk management. The Risk Management Working Group ("RMWG") updated to the RMC that no significant risk was observed that could potentially impact the Group. The reports noted that no complaints were received on misconduct relating to fraud, bribery and corruption.</p>

	<p>Notwithstanding the above, the risk management structure remains the same within the 3 lines of defense and clearly established functional responsibilities and accountabilities for the management of risk. The Group's risk profile, risk appetite and risk tolerance define the overarching parameters of the Group for the management of risk. Clear risk treatment guidance is in place stipulating the actions to be taken for each type of risk.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board via the Risk Management Committee ("RMC") oversees the risk management matters related to the activities of the Group, which include identification, analysis, evaluation, treatment, monitoring, review and reporting of significant risks across the Group. The RMC also assists the Board to fulfil its responsibilities with regards to risk governance and risk management in order to manage the overall risk exposure of the Group. The RMC is also responsible for overseeing the business continuity management, compliance, integrity and governance functions of the Group.</p> <p>The RMC reviews and recommends for the Board's consideration and approval, the risk management frameworks, policies and/or guidelines for managing risks within the Group. The RMC also monitors and assesses the risk appetite and risk tolerance for the Group, to safeguard the shareholders' investments and the Group's assets.</p> <p>The Group has an established and structured process for risk management where the analysis and evaluation of risks are guided by approved risk criteria. The Group also established an effective risk management infrastructure that facilitates risk management processes and reporting.</p> <p>(1) In February 2022, the RMWG conducted an annual review of the Corporate Risk Profile ("CRP") 2022. This process includes risk register review and risk reports to facilitate the Management's review of the CRP. The CRP 2022 based on the residual risk ratings in terms of potential impact and likelihood of occurrence was presented for the RMC's consideration.</p> <p>(2) The Board at its meeting held in February 2022, took into consideration the potential impact from any foreseeable future event or situation which could adversely affect the strategic objectives of the Group. The Board resolved to approve the CRP 2022.</p>

	<p>(3) In 2022, the RMC at its quarterly meetings had assessed the risk impact and likelihood of those key risks and determined the risk ratings accordingly for continuous risk mitigation actions. RMWG and RMC continues to monitor the key risk indicators for maintaining organisational performance and competitive position as well as for developing strategic sustainability practices to achieve the sustainability goals.</p> <p>Further details on the management and reporting of the key risks of the CRP 2022, and the controls in place to mitigate and manage those risks are provided in the Statement on Internal Control and Risk Management of the Annual Report 2022.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		



**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The RMC has a majority Independent Directors comprising two Independent Directors and one Non-Independent Director. The RMC is chaired by an Independent Non-Executive Director, Sim Seng Loong @ Tai Seng.

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company outsourced the internal audit function to Talent League Sdn Bhd during the FYE2022. The internal audit function reports directly to the Audit Committee on the adequacy and effectiveness of the system of internal controls. The Audit Committee reviewed the Internal Audit Reports presented by Talent League Sdn Bhd during the Audit Committee meetings. Annually, the Audit Committee also reviews and approves, where applicable, the annual internal audit plan. In this respect, the Audit Committee also assessed the level of independence of the internal audit function to ensure the overall effectiveness and independence of the internal audit function is maintained.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 11.2

The board should disclose–

- (b) whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- (c) the number of resources in the internal audit department;
- (d) name and qualification of the person responsible for internal audit; and
- (e) whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In accordance with the Internal Audit (“IA”)’s Audit Charter [Section 6.0 Independence &amp; Objectivity], IA is required to confirm to the Board (via the Audit Committee (“AC”)), at least annually, the organizational independence of the internal audit activity. This is also in accordance with Standard 1110 – “Organisational Independence” of the International Professional Practices Framework. All auditing endeavours are conducted in compliance with the Institute of Internal Auditors’ (“IIA”) Definition of Internal Auditing, Code of Ethics and the International Standards for Professional Practice of Internal Auditing.</p> <p>During FYE2022, the AC is supported by Talent League Sdn Bhd as the outsourced Internal Audit Function (“IAF”). The IAF is free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>Talent League Sdn Bhd has no relationship with the Group and is independent from Management, staff, Directors and substantial shareholders.</p> <p>In carrying out the internal audit for the Group, the IAF team is headed by Mr Roy Thean, the Executive Director of Talent League Sdn Bhd who possesses the relevant qualifications and experience and assisted by no fewer than four staffs including a senior manager.</p> <p>The AC had conducted an annual assessment of the performance of the IA function by reviewing the 2022 IA Scorecard results. The AC was satisfied with the competency, experience and resources of the IA function for discharging its role and responsibilities. The AC was also satisfied that the IA function is performed in accordance with the IIA’s Definition of Internal Auditing and Code of Ethics and that it conforms to the International Standards for Professional Practice of Internal Auditing.</p>

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

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Nova Wellness ensures that its communication with shareholders and various stakeholders is transparent, timely and with quality disclosure. Depending on stakeholder type and objective, Nova Wellness customises its engagement approaches and communicates with its stakeholders through appropriate platforms/methods.</p> <p>Nova Wellness is committed to being accountable and responsive to the expectations and interests of its stakeholders.</p> <p>To facilitate stakeholders' understanding of the Company with respect to the business of the Company and its policies on governance, the Company has placed various documents pertaining to the organisation, Board and Management, corporate governance, policies, charters, terms of references as well as other corporate information on its website under 'Investor Relations, for easy reference.</p> <p>In order to maintain its commitment of effective communication with shareholders and stakeholders, the Group embrace the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.</p> <p>The Board would also ensure stakeholders are given the opportunity to speak and seek clarification during the AGM, for effective and transparent communication with its stakeholders.</p> <p>The Group leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through the Annual Report, announcements to Bursa Malaysia Securities Berhad, quarterly results, Annual General Meeting (AGM) and the Group's website.</p> <p>Shareholders and investors may also forward their queries to the Group via email to <a href="mailto:investorrelations@nova.com.my">investorrelations@nova.com.my</a>.</p> <p>Details on the shareholders and investors relations are disclosed in Principle C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders of the CG Overview Statement of the Annual Report.</p>

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

### Intended Outcome

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

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

### Practice 12.2

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

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	As Nova Wellness Group Berhad is not under the "Large Companies" category, it is not required to adopt integrated reporting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Notice of the 6 <sup>th</sup> AGM together will be dispatched to the shareholders on 18 October 2022, which is 28 days' notice from the Company's AGM on 16 November 2022. The Notice of AGM also provides a detailed explanation for the resolutions proposed along with any background information and reports or recommendations that are relevant, where required and necessary, to enable shareholders to make informed decisions when exercising their voting rights.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 13.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All Directors attended the 5 <sup>th</sup> AGM of the Company on 16 November 2021. The Board Chairman, the Board Committees' Chairman, the Group Managing Director, the External Auditors, and Key Senior Management were also in attendance to answer questions from shareholders on the audited financial statements, operations issues and the Group's businesses.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company conducted its fully virtual 5<sup>th</sup> Annual General Meeting (“AGM”) on 16 November 2021 by leveraging on the Remote Participation and Voting (“RPV”) facilities offered by its poll administrator at the online meeting platform. The RPV facilities had enabled the shareholders to participate and view the AGM via live streaming and perform e-voting. This allows remote shareholders to participate in the AGM.</p> <p>For the 5<sup>th</sup> AGM held on 16 November 2021 being the second virtual general meeting, Nova Wellness had appointed HMC Corporate Services Sdn Bhd as Poll Administrator to conduct the polling process, and USearch Management Services as Scrutineers to verify the poll results.</p> <p>Poll voting for all resolutions as set out in the notice of the AGM was conducted online via RPV facilities. The independent scrutineer was appointed to validate the votes cast for each resolution. The outcomes of voting were announced to the shareholders upon which the Chairman declared all the resolutions were carried, and to Bursa Securities after the AGM and posted on the Company’s corporate website.</p> <p>Minutes of the AGM together with the summary of key matters discussed were made available on the Company’s corporate website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the commencement of the 5<sup>th</sup> AGM, the Chairman, Dr Abdul Manaf Bin Mohamad Radzi briefed the members, corporate representatives and proxies present virtually at the Meeting of their right to ask questions and vote on the resolutions set out in the Notice of the 5<sup>th</sup> AGM dated 18 October 2021. The Chairman encouraged active participation by the shareholders during the AGM. Shareholders were given the opportunity to seek clarification on any matters pertaining to the business activities and financial performance of the Group.</p> <p>All Directors and Key Senior Management were present at the 5<sup>th</sup> AGM at the Broadcast Venue to provide responses to the questions posed by the shareholders via remote participation and voting facilities. The Chairman provided sufficient time and opportunities for the shareholders to participate in AGM where questions posed by the shareholders during the AGM were answered by the Group Managing Director. Summary of key matters discussed at the 5<sup>th</sup> AGM is available on the Company's corporate website at <a href="http://www.nova.my">www.nova.my</a>.</p> <p>A total of 51 questions were received and answered during the 5<sup>th</sup> AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In light of Covid-19 pandemic and in the interest of the health and safety of all stakeholders, the 5<sup>th</sup> AGM of the Company was held remotely via live streaming and online remote voting using Remote Participation and Voting (“RPV”) facilities. Shareholders were provided with a copy of the Administrative Notes to assist them with the step-by-step guide on the RPV. The RPV allowed the members to participate online, using smartphone, tablet or computer and to view the live webcast of the AGM. Shareholders were encouraged to submit questions to the Board in advance of the AGM through a dedicated email address. All general enquiries prior to the AGM or request for technical assistance to participate in the AGM were required to contact the dedicated persons listed in the Administrative Notes.</p> <p>During the AGM, questions from shareholders which were raised prior to and during the meeting as well as the Company’s response to the same were shared with all shareholders during the Question &amp; Answer session at the AGM. Minutes of AGM and a summary of the key pertinent matters discussed at the AGM are also published on the Company’s Website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The minutes of the 5 <sup>th</sup> AGM and EGM have been made available to the shareholders no later than 30 business days after the AGM on the Company's Website.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**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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