

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0201
COMPANY NAME : Nova Wellness Group Berhad
FINANCIAL YEAR : June 30, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board of Nova Wellness Group Berhad (the "Company") and its subsidiary (the "Group") is committed to observing the highest standards of corporate governance practices that are characterised by the principles of accountability, transparency and integrity. In fulfilling its role as stewards of the Group, the Board is dedicated to discharging its duties with unfettered objectivity, due care and skills in the best interest of the Group.</p> <p>The Board understood its obligation to its shareholders and other stakeholders and is collectively responsible for meeting the objectives and goals of the Company. In discharging these responsibilities, the Board puts in place the following frameworks and processes to meet its objectives and review Management's (Executive Directors and Key Senior Management) performance:</p> <ul style="list-style-type: none"> • Promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior. The Board is committed to ensuring that the highest standards of corporate governance are practiced throughout the Group and have implemented the following policies and procedures to promote good corporate governance: <ul style="list-style-type: none"> i) Code of Conduct and Ethics ii) Whistleblowing Policy iii) Anti-Bribery and Anti-Corruption Policy iv) Risk Management Framework • Board Charter and Terms of Reference setting out roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval. The details of the Board Charter and Terms of Reference are available at www.nova.my.

	<p>The Board has specifically reserved the following matters for decision by the Board: -</p> <ol style="list-style-type: none"> a) Material acquisitions of Business/Investments. b) Material divestments and Disposals of Business/Investments. c) Overseas Equity Venture. d) Corporate Finance and Proposals. e) Terms of key/main agreements not within the ordinary course of business. f) Material acquisition and disposal of Properties (not in the ordinary course of business) and Motor Vehicles. g) Placements/withdrawal of bank fixed deposits. h) All Related Party Transactions. i) Risk management framework and structure. j) Appointment and removal of Auditors based on recommendations from the Audit Committee. <ul style="list-style-type: none"> • Board Committees, namely Audit, Risk Management, Nomination and Remuneration Committees to assist the Board in discharging its duties and responsibilities effectively. These Committees have the authority to examine particular issues and report to the Board with their recommendations. • Periodic review of 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. • Deliberate 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. • Review the appointment of Directors and Key Senior Management and ensure that they have the necessary skills and experience to assist the Board in managing the Group. • Review related party transaction, if any to ensure the compliance with Listing Requirements and the interest of minority shareholders is not detrimental by related party transactions. • Review and deliberate the internal audit findings and assess the effectiveness and adequacy of the systems of internal control in the Group.
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	<ul style="list-style-type: none"> Observe the regulatory frameworks and requirements when disseminating information and disclosures in consultation with the Company Secretary, External and Internal Auditors and Corporate Finance Advisors for corporate exercises, when necessary. <p>During the financial year ended 2021 (“FYE2021”), the Board was kept informed of the significant operational highlights, issues and performance of the Group on a quarterly basis and as and when necessary, from time to time, through various reports or updates to ensure they are kept updated with the latest development of the Group.</p> <p>The Board is leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in the best interests of the Group. The Directors, individually and collectively, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Group are managed.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman is responsible for instilling good governance practices, leadership and effectiveness of the Board.</p> <p>To do so, the Chairman has:</p> <ul style="list-style-type: none">• Ensured Board members receive accurate, timely and clear information and are well-informed about Company and industry developments.• Set the Board agenda in consultation with the Company Secretary and ensured that Board members receive complete and accurate information in a timely manner.• Facilitated Board discussion to ensure proper exchange of information and deliberation of issues to enable proper decision making.• Ensured the Board's decisions have been implemented.• Ensured that the Directors continually update their skills, knowledge and familiarity with the Group to fulfill their role both on the Board and on Board Committees.• Chaired Board meetings, Annual General Meetings and represented Board in communicating with shareholders during the general meetings. <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in Section 3 of the Board Charter, which is available at www.nova.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of Chairman and Managing Director are exercised by different individuals. A clear segregation of their responsibilities and powers are stated and defined in the Company's Board Charter which is available at www.nova.my.</p> <p>The Board is led by the Chairman, Dr Abdul Manaf bin Mohamad Radzi and is supported by the Group Managing Director, Mr Phang Nyie Lin, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors.</p> <p>Besides ensuring an appropriate balance of power and authority, the segregation of roles facilitates an open exchange of views and opinions between the Board and the Management in their deliberation of the business, strategies and key operations of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a qualified and competent Company Secretary who is responsible to advise and regularly update the Board on good governance, board policies and procedures, administrative matters, and corporate compliances.</p> <p>Ms Wong Youn Kim 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.</p> <p>All Directors have full and unrestricted access to the advice and services of the Company Secretary, whose appointment and removal is a matter of the Board as a whole.</p> <p>The Company Secretary manages the Board and Board Committee meetings and ensures that all Board and Board Committees' meetings are properly convened, accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board Members as soon as possible before the next meeting.</p> <p>The Company Secretary provides support to the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance of the Group. 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, corporate governance 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>The Company Secretary serves notice to the Directors and Principal Officers to inform them of closed periods for trading in the Company's shares, in accordance with Chapter 14 of the Listing Requirements of Bursa Securities.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging its functions.</p>

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

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group.</p> <p>Accordingly, to facilitate the Directors' time planning, the annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides the Directors with scheduled dates for meetings of the Board, Board Committees and the Annual General Meeting ("AGM").</p> <p>The Notice of Board meetings, Board and Board Committee papers are sent to the Directors via e-mail at least seven (7) working days prior to a meeting to ensure sufficient time is given to the Directors to read the Board papers and seek clarification, if necessary, and enable them to deliberate issues raised during Board meetings more effectively. Additionally, Key Senior Management were also invited to brief and report in these meetings.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>The Company Secretaries ensure that all Board and Board Committees' meetings are properly convened. The Company Secretaries will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members as soon as possible before the next meetings.</p> <p>Separately, all Board members have unrestricted access to timely and accurate information in furtherance their duties and subject to Board's approval may seek independent professional advice when necessary in discharging its various duties, at the Company's expense.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All Board members are expected to show good stewardship and act in a professional manner, as well as uphold the core value of integrity with due regard to their fiduciary duties and responsibilities.</p> <p>The Board Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as Directors of the Group, and the functions of the Board Committees.</p> <p>The Board Charter was adopted by the Board on 31 October 2017. The Board Charter sets out the role, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Group are aware of their duties and responsibilities as Board members. The Board Charter clearly identifies the respective roles and responsibilities of the Board, Board Committees and individual Directors including Independent Non-Executive Chairman and Managing Director. It also clearly identifies the issues and decisions reserved for the Board.</p> <p>The Board has also established the Audit, Risk Management, Nomination and Remuneration Committees to assist the Board in discharging its duties and responsibilities effectively. The Terms of Reference of each Board Committee were established at published at www.nova.my. These Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.</p> <p>The Board Charter and Terms of Reference of each Board Committee will be periodically reviewed and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available at www.nova.my.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to creating a corporate culture within the Group to operate the businesses in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct.</p> <p>The Board has established and published its Code of Conduct and Ethics, Whistleblowing Policy and Procedure, and Anti-Bribery and Anti-Corruption Policy which can be accessed via the Company's website at www.nova.my. These policies and procedures are applicable to all employees (including full time, contract, temporary and probationary staff), Directors and third parties with whom the Group have business dealings with.</p> <p>Internally, the Board will communicate the Code of Conduct and Ethics, Whistleblowing Policy and Procedure and Anti-Bribery and Anti-Corruption Policy to staff members through the Human Resources Department so that all staff members are clear on what is considered acceptable behaviour and practice in the Group, and the policies and procedures on whistleblowing.</p> <p>The Board is committed to creating a corporate culture within the Group to operate the businesses in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. The Code of Conduct of the Group which sets out the principles and standards of business ethics and conduct of the Group is applicable to all employees (including full time, contract, temporary and probationary staff) and Directors of the Group.</p> <p>The Board will regularly review the policies and procedures to ensure it remains relevant and appropriate.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had set a Whistleblowing Policy, with the aim to provide 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.</p> <p>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>The Whistleblowing Policy provides contact details as the avenue for stakeholders to raise the above concerns.</p> <p>During the FYE2021, no whistle-blowing complaint was received by the Group.</p> <p>The Whistleblowing Policy is published on the Company's website at www.nova.my.</p> <p>As mentioned in Practice 3.1, the Board has established its Code of Conducts and Ethics, Whistleblowing Policy and Procedure, and Anti-Bribery and Anti-Corruption Policy and will communicate to staff members through the Human Resources Department. The Human Resources Department provides yearly reminder through internal circulations on Code of Conducts and Ethics, Whistleblowing Policy and Procedure, and Anti-Bribery and Anti-Corruption Policy.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>As of 30 June 2021, the Board comprises 7 members, in which one of the Executive Director serves as the Managing Director and Chief Research Officer of the Group.</p> <p>The Board composition consist of:</p> <ul style="list-style-type: none">• one (1) Independent, Non-Executive Chairman• three (3) Executive Directors• two (2) Independent Non-Executive Directors• one (1) Non-Independent Non-Executive Director <p>The Independent Directors make up one half of the Board, as recommended by the Malaysian Code on Corporate Governance. This provides effective check and balance in the functioning of the Board to safeguard the interests of all shareholders and stakeholders.</p> <p>Presently, the Board consists of Executive and Non-Executive Directors with a mixture of suitably qualified and experienced professionals.</p> <p>The Independent Directors do not participate in the daily operations and management of the Group, and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgment. They are pivotal in bringing impartiality and scrutiny to the Board's deliberation and decision making process.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has set out the following policy to preserve the independence of the Independent Non-Executive Directors:</p> <p>The tenure of Independent Non-Executive Director shall not exceed a cumulative term limit of nine (9) years. Upon completion of nine (9) years, an Independent Non- Executive Director may continue to serve on the Board as a Non-Independent Non- Executive Director. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, the Board should provide justification and seek for annual shareholders' approval.</p> <p>If any of the Independent Non-Executive Director is to be retained after the twelfth (12) year, the Board shall seek annual shareholders' approval through a two-tier voting process.</p> <p>Nevertheless, no independent director has served a cumulative term limit of nine (9) years as of the date of issuance of the Company's Annual Report 2021.</p> <p>The Term of Reference of the Nomination Committee is published on the Company's website at www.nova.my.</p>

Intended Outcome

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

Practice 4.4

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

Application	: Applied
Explanation on application of the practice	<p>The Board is committed to ensure diversity and inclusiveness in its composition. The Board is currently made up of members with mixed age group, race, cultural, knowledge, experience and skills set, as outlined under Principle A: Board Leadership and Effectiveness in Corporate Governance Overview Statement.</p> <p>The Senior Management is composed of best-qualified individuals who possess knowledge, experience, good judgement and leadership skills, with due regard for diversity in skills, experience, age, cultural background and gender. The right blend of skills, experience and a diverse background is crucial in ensuring the attainment of long-term value for the Company. The Board annually reviews the required skills, experience and other qualities of the Directors to ensure that the Board is functioning effectively and efficiently.</p> <p>The Nomination Committee oversees the assessment of the suitability of the candidate before recommending the candidate to the Board for appointment.</p> <p>The appointment of new directorship would be through a formal and transparent selection process and would take into consideration the evaluation of the candidates' abilities in terms of their skills, knowledge, experience, expertise and integrity to discharge their responsibilities.</p> <p>The current members of the Board are equipped with specific knowledge and experience. This wide spectrum of skills and experience provide the strength that is needed to lead the Group to meet its objectives. The Board is of the opinion that the Directors, with their different background and specializations, collectively bring with them the required expertise and experience to discharge the Board's duties and responsibilities. Their detailed particulars are provided in the Annual Report under the section <i>Profile of Board of Directors</i>.</p> <p>The appointment of Key Senior Management is made with due regard for skills, commitment, contribution, performance and experience. Their detailed particulars are provided in the Annual Report under the section <i>Key Senior Management</i>.</p> <p>The Board recognises the importance of diversity in its composition in ensuring its effectiveness and good corporate governance. The Board has set a policy that at least one member of the Board will be of the female gender. Currently, the Board has one (1) female director which comprises 14.3% of the Board members.</p>

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

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of diversity in its composition in ensuring its effectiveness and good corporate governance.</p> <p>The Board has set a diversity policy that at least one (1) member of the Board will be of the female gender.</p> <p>Currently, the Board has one (1) female director which comprises 14.3% of the Board members.</p> <p>Where suitable candidates are found in the future, the Board may seek to increase the representation from female members, to achieve a more gender diversified board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to upholding high standards of governance in respect of new appointments to the Board to ensure that the Board is comprised of Directors who have the necessary skills, competencies, commitment and experience to complement the efficiency and effectiveness of the Board as a whole.</p> <p>The Nomination Committee is entrusted with the responsibility to review, propose and recommend the appointment of potential new Directors after taking into consideration the current and future needs of the Group.</p> <p>The Nomination Committee which is responsible for reviewing the effectiveness of the Board as a whole, the Board Committees, the contributions of the individual Directors and the independence of the Independent Directors, will where appropriate, make its recommendations to the Board on the need to increase the Board size, the composition, the necessary skills, calibre and experience required and where available the potential candidates for appointment.</p> <p>The Nomination Committee will where practical, maintain a database of potential candidates through the Human Resources Department.</p> <p>Potential candidates can be sourced from:</p> <ul style="list-style-type: none">• Existing Directors and substantial shareholders of the Group;• Existing Key Senior Management;• Professional bodies and organisations;• Business associates, shareholders; and• Others. <p>Upon a decision being made by the Board to appoint Directors:</p> <ol style="list-style-type: none">a) The Nomination Committee will identify suitable candidates from its available database or sources maintained taking into consideration the required skills, competencies and experience and such other parameters as may be determined by the Board.b) The Chairman of the Nomination Committee, Remuneration Committee and the Executive Directors will meet with the identified candidates to assess/reassess their suitability for appointment.c) The identified candidate if cleared by the Nomination Committee will then be recommended to the Board for appointment.

	<p>d) Prior to their appointment, the identified candidates will be invited to an introductory meeting with the full Board to enable the full Board to form an opinion and assessment on the identified candidates recommended by the Nomination Committee.</p> <p>e) Subsequent or further meetings with the candidates may be arranged to the satisfaction of the Board, should the need arise.</p> <p>f) The discretion to accept or reject a candidate rests with the full Board of Directors.</p> <p>During the FYE2021, there was no new appointment of Director.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied																		
Explanation on application of the practice	:	<p>In FYE2021, effective 26 August 2020, the Nomination Committee was chaired by Ms Tan Mio Har who is an Independent Non-Executive Director. The former Chairman of the Nomination Committee ceased from his position as the Chairman of the Nomination Committee effective 26 August 2020.</p> <p>The Nomination Committee is comprised majority of Independent Non-Executive Directors as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Designation</th> <th>Directorship</th> </tr> </thead> <tbody> <tr> <td>Tan Mio Har <i>(Appointed effective 26 August 2020)</i></td> <td>Chairman</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Dr Munavvar Zubaid bin Abdul Sattar <i>(Ceased office effective 26 August 2020)</i></td> <td>Chairman</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Dr Abdul Manaf Bin Mohamad Radzi <i>(Ceased office effective 18 May 2021)</i></td> <td>Member</td> <td>Independent Non-Executive Chairman</td> </tr> <tr> <td>Encik Sulaiman bin Haji Ahmad</td> <td>Member</td> <td>Non-Independent Non-Executive Director</td> </tr> <tr> <td>Sim Seng Loong @ Tai Seng <i>(Appointed effective 18 May 2021)</i></td> <td>Member</td> <td>Non-Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The primary responsibilities of the Nomination Committee are set out in detail in its Term of Reference published on the Company's website at www.nova.my.</p>	Name	Designation	Directorship	Tan Mio Har <i>(Appointed effective 26 August 2020)</i>	Chairman	Independent Non-Executive Director	Dr Munavvar Zubaid bin Abdul Sattar <i>(Ceased office effective 26 August 2020)</i>	Chairman	Independent Non-Executive Director	Dr Abdul Manaf Bin Mohamad Radzi <i>(Ceased office effective 18 May 2021)</i>	Member	Independent Non-Executive Chairman	Encik Sulaiman bin Haji Ahmad	Member	Non-Independent Non-Executive Director	Sim Seng Loong @ Tai Seng <i>(Appointed effective 18 May 2021)</i>	Member	Non-Independent Non-Executive Director
Name	Designation	Directorship																		
Tan Mio Har <i>(Appointed effective 26 August 2020)</i>	Chairman	Independent Non-Executive Director																		
Dr Munavvar Zubaid bin Abdul Sattar <i>(Ceased office effective 26 August 2020)</i>	Chairman	Independent Non-Executive Director																		
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Explanation for departure	:																			
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Measure	:																			
Timeframe	:																			

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee reviews annually the required mix of skills and experience of the Board, including core competencies which Non-Executive Directors should bring to the Board and assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.</p> <p>The evaluation process is performed annually and is led by the Chairman of the Nomination Committee and supported by the Company Secretary. The Directors complete the relevant questionnaires regarding the effectiveness of the Board and its Board Committees. The assessment by all Directors are summarised and disclosed at the Nomination Committee meeting and reported at a Board meeting by the Chairman of the Nomination Committee.</p> <p>For FYE2021, the Nomination Committee has reviewed and assessed the mix of skills and experience of the Board including the core competencies of both Executive and Non-Executive Directors, size of the Board, contribution of each Director, effectiveness of the Board and Board Committees, and also evaluated the level of independence of the Directors. Based on the assessment, the Nomination Committee was satisfied with the existing Board composition in terms of gender, ethnicity and age, and was of the view that all the Directors and Board Committees of the Group have discharged their responsibilities in a commendable manner, and have performed competently and effectively.</p> <p>Based on the recommendations from the Nomination Committee, the Board had also assessed and would be proposing to the shareholders in the forthcoming Fifth Annual General Meeting for approval the continuation in office of Dr Abdul Manaf Bin Mohamad Radzi and Mr Phang Nyie Lin as Directors of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board delegates to the Remuneration Committee the responsibility to consider and approve the remunerations of the Directors and Key Senior Management of the Group.</p> <p>The remuneration packages for the Managing Director, Executive Directors and Key Senior Management are structured in a way that links rewards to corporate and individual performance. As for Non-Executive Directors, the remuneration packages are structured such that their independence and objectivity are not impaired. The remuneration level for Non-Executive Directors reflect their responsibilities and position on the Board and Board Committees, attendance and any special skills or expertise that they bring to the Board. The level of remuneration for Non-Executive Directors also reflects the amount paid by other comparable organisations.</p> <p>The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Group also provides allowances to the Non-Executive Directors in the course of their duties as Directors of the Group. The aggregate annual Directors' fees, allowances and other benefits payable to the Directors are to be approved by shareholders at the Annual General Meetings based on recommendations of the Board.</p> <p>For FYE2021, the Remuneration Committee reviewed and approved the annual salary increments, and performance bonuses for Executive Directors and Key Senior Management of the Group. The Remuneration Committee also reviewed the Non-Executive Director's remuneration package and obtained the approvals from the shareholders during the fourth Annual General Meeting held on 16 November 2020.</p> <p>The Remuneration Policy is published on the Company's website at www.nova.my.</p>

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

Intended Outcome

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

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

Practice 6.2

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

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

Application :	Applied																		
Explanation on application of the practice :	<p>The Board has established a Remuneration Committee that comprises majority of Independent Non-Executive Directors.</p> <p>In FYE2021, the Remuneration Committee was chaired by Ms Tan Mio Har who is an Independent Non-Executive Director.</p> <p>The Remuneration Committee is comprised majority of Independent Non-Executive Directors as follows:</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th><th>Directorship</th></tr></thead><tbody><tr><td>Tan Mio Har</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>Dr Abdul Manaf Bin Mohamad Radzi <i>(Ceased office effective 18 May 2021)</i></td><td>Member</td><td>Independent Non-Executive Chairman</td></tr><tr><td>Dr Munavvar Zubaid bin Abdul Sattar <i>(Ceased office effective 6 January 2021)</i></td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>Encik Sulaiman bin Haji Ahmad</td><td>Member</td><td>Non-Independent Non-Executive Director</td></tr><tr><td>Sim Seng Loong @ Tai Seng <i>(Appointed effective 18 May 2021)</i></td><td>Member</td><td>Non-Independent Non-Executive Director</td></tr></tbody></table> <p>The Terms of Reference of the Remuneration Committee delineate the roles and responsibilities in relation to the remuneration matters.</p> <p>The Remuneration Committee is guided by appropriate policies and procedures when reviewing and recommending remuneration for the Board and Key Senior Management.</p> <p>The Remuneration Committee annually reviews and recommend matters relating to the remuneration of the Board and Key Senior Management to ensure that rewards commensurate with their contributions. The Remuneration Committee also ensures that the level of remuneration for Non-Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.</p>	Name	Designation	Directorship	Tan Mio Har	Chairman	Independent Non-Executive Director	Dr Abdul Manaf Bin Mohamad Radzi <i>(Ceased office effective 18 May 2021)</i>	Member	Independent Non-Executive Chairman	Dr Munavvar Zubaid bin Abdul Sattar <i>(Ceased office effective 6 January 2021)</i>	Member	Independent Non-Executive Director	Encik Sulaiman bin Haji Ahmad	Member	Non-Independent Non-Executive Director	Sim Seng Loong @ Tai Seng <i>(Appointed effective 18 May 2021)</i>	Member	Non-Independent Non-Executive Director
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	The Terms of Reference of the Remuneration Committee is published on the Company's website at www.nova.my .	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.1

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

Application	:	Applied																																																																																	
Explanation on application of the practice	:	<p>In line with best corporate governance practice, the disclosure of the Directors' remuneration on a named basis has been made in the Audited Financial Statement. The remuneration breakdown of individual Directors which includes fees, salaries and other emoluments, bonus, employer's Employees Provident Fund ("EPF"), and benefits-in-kind for FYE2021 is set out as follow:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name of Directors</th> <th>Director's Fee (RM)</th> <th>Salary (RM)</th> <th>Bonus (RM)</th> <th>EPF (RM)</th> <th>Other emoluments (RM)</th> <th>Benefits in-kind (RM)</th> <th>Total (RM)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Dr Abdul Manaf Bin Mohamad Radzi</td> <td>36,000</td> <td>-</td> <td>-</td> <td>-</td> <td>750</td> <td>1,000</td> <td>37,750</td> </tr> <tr> <td>2.</td> <td>Sim Seng Loong @ Tai Seng</td> <td>36,000</td> <td>-</td> <td>-</td> <td>-</td> <td>750</td> <td>1,000</td> <td>37,750</td> </tr> <tr> <td>3.</td> <td>Dr Munavvar Zubaid Bin Abdul Sattar</td> <td>18,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>18,000</td> </tr> <tr> <td>4.</td> <td>Sulaiman Bin Haji Ahmad</td> <td>36,000</td> <td>-</td> <td>-</td> <td>-</td> <td>750</td> <td>1,000</td> <td>37,750</td> </tr> <tr> <td>5.</td> <td>Tan Mio Har</td> <td>36,000</td> <td>-</td> <td>-</td> <td>-</td> <td>750</td> <td>1,000</td> <td>37,750</td> </tr> <tr> <td>6.</td> <td>Phang Nyie Lin</td> <td>-</td> <td>471,000</td> <td>52,500</td> <td>62,820</td> <td>-</td> <td>-</td> <td>586,320</td> </tr> <tr> <td>7.</td> <td>Phang Yeen Nung</td> <td>-</td> <td>189,000</td> <td>28,000</td> <td>26,040</td> <td>-</td> <td>-</td> <td>243,040</td> </tr> <tr> <td>8.</td> <td>Phang Yeen Aun</td> <td>-</td> <td>189,000</td> <td>28,000</td> <td>26,040</td> <td>-</td> <td>-</td> <td>243,040</td> </tr> </tbody> </table> <p>Detailed disclosure on named basis for the remuneration of each individual Director is presented in the Group's Annual Report.</p>	No.	Name of Directors	Director's Fee (RM)	Salary (RM)	Bonus (RM)	EPF (RM)	Other emoluments (RM)	Benefits in-kind (RM)	Total (RM)	1.	Dr Abdul Manaf Bin Mohamad Radzi	36,000	-	-	-	750	1,000	37,750	2.	Sim Seng Loong @ Tai Seng	36,000	-	-	-	750	1,000	37,750	3.	Dr Munavvar Zubaid Bin Abdul Sattar	18,000	-	-	-	-	-	18,000	4.	Sulaiman Bin Haji Ahmad	36,000	-	-	-	750	1,000	37,750	5.	Tan Mio Har	36,000	-	-	-	750	1,000	37,750	6.	Phang Nyie Lin	-	471,000	52,500	62,820	-	-	586,320	7.	Phang Yeen Nung	-	189,000	28,000	26,040	-	-	243,040	8.	Phang Yeen Aun	-	189,000	28,000	26,040	-	-	243,040
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.2

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

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	The details of Key Senior Management's remuneration are not disclosed as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of human resources.	
	The Company has a competitive remuneration policy in place and has taken steps to ensure that Key Senior Management's remuneration packages reflect the experience, skills, roles and responsibilities undertaken by the Key Senior Management. To ensure competitive remuneration, the Key Senior Management's remuneration packages are reviewed annually based on their individual performance as well as the Company's performance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application :	Not Adopted
Explanation on : adoption of the practice	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied															
Explanation on application of the practice	:	<p>The Chairman of the Audit Committee and the Chairman of the Board are held by different person.</p> <p>The Audit Committee comprises three (3) members who are majority Independent Non-Executive Directors.</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Designation</th> <th>Directorship</th> </tr> </thead> <tbody> <tr> <td>Sim Seng Loong @ Tai Seng</td> <td>Chairman</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Dr Abdul Manaf Bin Mohamad Radzi <i>(Ceased office effective 18 May 2021)</i></td> <td>Member</td> <td>Independent Non-Executive Chairman</td> </tr> <tr> <td>Tan Mio Har</td> <td>Member</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Sulaiman Bin Haji Ahmad <i>(Appointed effective 18 May 2021)</i></td> <td>Member</td> <td>Non-Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The Audit Committee Chairman, Mr Sim Seng Loong @ Tai Seng is an Independent Non-Executive Director whilst the Board is chaired by Dr Abdul Manaf bin Mohamad Radzi.</p> <p>Mr Sim Seng Loong @ Tai Seng is a member of the Malaysian Institute of Certified Public Accountants, a Chartered Accountant under the Malaysian Institute of Accountants (MIA) and a member of the CPA Australia.</p>	Name	Designation	Directorship	Sim Seng Loong @ Tai Seng	Chairman	Independent Non-Executive Director	Dr Abdul Manaf Bin Mohamad Radzi <i>(Ceased office effective 18 May 2021)</i>	Member	Independent Non-Executive Chairman	Tan Mio Har	Member	Independent Non-Executive Director	Sulaiman Bin Haji Ahmad <i>(Appointed effective 18 May 2021)</i>	Member	Non-Independent Non-Executive Director
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Explanation for departure	:																
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																	

Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>When considering the appointment of former key audit partner from its current External Auditor's firm, the Audit Committee is mindful of the minimum two (2) years cooling off period best practice under the Malaysian Code On Corporate Governance before appointing this partner as a member of the Audit Committee.</p> <p>Presently, none of the present members of the Audit Committee were former audit partners of the Company's auditors.</p> <p>The requirements as to <i>No former key audit partner shall be appointed as a member of the Committee before observing a cooling-off period of at least two (2) years</i> is set out under the Terms of Reference of the Audit Committee and is available at www.nova.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee shall carry out annual assessment on the performance, suitability and independence of the External Auditor based on four (4) key areas, namely quality of service, sufficiency of resources, communication and interaction, independence, objectivity and professional skepticism.</p> <p>The Group has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.</p> <p>The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with the External Auditors.</p> <p>The process of the assessment of the External Auditors is as follows: -</p> <ul style="list-style-type: none">a) the Company Secretary advises the Audit Committee to perform the assessment;b) the Audit Committee completes and submits assessment forms;c) the Company Secretary compiles the assessment results;d) the Company Secretary presents the assessment report to the Audit Committee;e) the Audit Committee reviews the assessment report; andf) the Audit Committee discusses with the External Auditors on the areas of weaknesses, if any. <p>In the third quarter of FYE2021, the External Auditors, Mazars PLT ('Mazars') presented for the Audit Committee's review its FYE2021 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters. This formed part of the Audit Committee's assessment on Mazars on an annual basis.</p>

	<p>In presenting the Audit Plan to the Audit Committee, the External Auditors have highlighted their audit independence and objectivity which include safe guards and procedures and independent policy adopted by the External Auditors.</p> <p>Private sessions have been held without the presence of the Management of the Group to ensure that the External Auditors can freely discuss and express their opinions on any matter to the Audit Committee, and the Audit Committee can be sufficiently assured that Management has fully provided all relevant information and responded to all queries from the External Auditors.</p> <p>The Audit Committee is satisfied with Mazars' competency, experience and independence. The Board, based on the Audit Committee's recommendation, would be tabling the re-appointment of Mazars as the External Auditors of the Group at the forthcoming Fifth Annual General Meeting of the Company.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Departure															
Explanation on : adoption of the practice	<p>The Audit Committee comprises three (3) members who are majority Independent Non-Executive Directors, and the Chairman of the Audit Committee is not the Chairman of the Board.</p> <p>Changes were made to the composition of the Audit Committee in May 2021 to comply with the newly revised MCCG which came into effect on 24 April 2021 whereby the Chairman of the Board should not be a member of the Audit Committee. Hence, Dr Abdul Manaf Bin Mohd Radzi ceased to be a member of the Audit Committee and En Sulaiman Bin Haji Ahmad who is a Non-Independent Non-Executive Director was appointed to the Audit Committee as a member.</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th><th>Directorship</th></tr></thead><tbody><tr><td>Sim Seng Loong @ Tai Seng</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>Dr Abdul Manaf Bin Mohamad Radzi <i>(Ceased office effective 18 May 2021)</i></td><td>Member</td><td>Independent Non-Executive Chairman</td></tr><tr><td>Tan Mio Har</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>Sulaiman Bin Haji Ahmad <i>(Appointed effective 18 May 2021)</i></td><td>Member</td><td>Non-Independent Non-Executive Director</td></tr></tbody></table>	Name	Designation	Directorship	Sim Seng Loong @ Tai Seng	Chairman	Independent Non-Executive Director	Dr Abdul Manaf Bin Mohamad Radzi <i>(Ceased office effective 18 May 2021)</i>	Member	Independent Non-Executive Chairman	Tan Mio Har	Member	Independent Non-Executive Director	Sulaiman Bin Haji Ahmad <i>(Appointed effective 18 May 2021)</i>	Member	Non-Independent Non-Executive Director
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Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	: Applied															
Explanation on application of the practice	<p>The Audit Committee comprises three (3) members who are majority Independent Non-Executive Directors, and the Chairman of the Audit Committee is not the Chairman of the Board.</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th><th>Directorship</th></tr></thead><tbody><tr><td>Sim Seng Loong @ Tai Seng</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>Dr Abdul Manaf Bin Mohamad Radzi <i>(Ceased office effective 18 May 2021)</i></td><td>Member</td><td>Independent Non-Executive Chairman</td></tr><tr><td>Tan Mio Har</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>Sulaiman Bin Haji Ahmad <i>(Appointed effective 18 May 2021)</i></td><td>Member</td><td>Non-Independent Non-Executive Director</td></tr></tbody></table> <p>The Audit Committee Report is set out separately in the Annual Report 2021.</p> <p>The Audit Committee is chaired by Mr Sim Seng Loong @ Tai Seng who is a qualified accountant and has wide working experiences in the financial services industry. Mr Sim is a member of the Malaysian Institute of Certified Public Accountants since May 1994, a Chartered Accountant under the Malaysian Institute of Accountants since March 1995 and as a member of the CPA Australia since March 2008.</p> <p>The academic and professional background of the rest of the Audit Committee members varies and they are equipped with knowledge and working experiences from various industries. They are able to provide sound advice to the Board.</p>	Name	Designation	Directorship	Sim Seng Loong @ Tai Seng	Chairman	Independent Non-Executive Director	Dr Abdul Manaf Bin Mohamad Radzi <i>(Ceased office effective 18 May 2021)</i>	Member	Independent Non-Executive Chairman	Tan Mio Har	Member	Independent Non-Executive Director	Sulaiman Bin Haji Ahmad <i>(Appointed effective 18 May 2021)</i>	Member	Non-Independent Non-Executive Director
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	<p>In order to strengthen the present financial literacy of each member, all members of the Audit Committee will balance their participation in continuous professional development programmes on accounting and auditing standards, practices and rules, whenever possible.</p> <p>The assessment of performance of Audit Committee is conducted annually.</p> <p>An annual assessment and evaluation on the performance and effectiveness of the Audit Committee was undertaken by the Board of Directors for the FYE2021. The Audit Committee was assessed based on four (4) key areas, namely effectiveness and quality, internal and external audit, risk management and internal control, and financial reporting, to determine whether the Audit Committee had carried out its duties in accordance with its Terms of Reference.</p> <p>Based on the annual assessment for FYE2021, the Board is satisfied that the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with the Audit Committee's Terms of Reference, and supported the Board in ensuring the Group upholds appropriate corporate governance standards.</p> <p>During the FYE2021, the activities carried out by the Audit Committee included the following: -</p> <ul style="list-style-type: none">a) reviewed the quarterly financial results and announcements as well as the year end financial statements of the Group, and recommended them for approval by the Board;b) reviewed and approved the internal audit plan proposed by the internal auditors to ensure the adequacy of the scope and coverage of work;c) reviewed the audit reports presented by the internal auditors on their findings and recommendations. The Audit Committee then considered those recommendations including the Management's responses thereon, before proposing that those control weaknesses be rectified and recommendations for improvements be implemented;d) reviewed and endorsed the External Auditors' audit strategy, audit plan and scope of work for the year;
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	<p>e) reviewed and approved the provision of non-audit services, if any, by the External Auditors that should have been agreed prior to the commencement of their work and confirmed as permissible for the External Auditors to undertake, as provided under the By-Laws of the Malaysian Institute of Accountants;</p> <p>f) reviewed the External Auditors' report to the Audit Committee; and</p> <p>g) reviewed the related party transactions that arose within the Group to ensure that the transactions are fair and reasonable, and not to the detriment of the minority shareholders.</p> <p>The Audit Committee has sufficient understanding of the Group's business and able to apply a critical and probing view on the financial results and information prepared by the Management. The Audit Committee also provides appropriate advice to the Management relating to the financial position and performance of the Group.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to maintain a sound system of risk management and internal control within the Group. The Board also acknowledges that it is their responsibility to review, in an ongoing manner, the risk management and internal control system for its adequacy, effectiveness and integrity. Thus, the Board, through the Risk Management Committee, maintains overall responsibility for risk oversight within the Group.</p> <p>The system of risk management and internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve the Group's business objectives. It can therefore only provide reasonable and not absolute assurance against material misstatement or financial losses or fraud. In achieving the Group's business objectives, the Board assumes its responsibilities in designing the system of risk management and internal control based on the ongoing process of identifying and prioritising risk, evaluating the likelihood of those risks being realised and the impact should they be realised, and then, managing them effectively, efficiently and economically.</p> <p>Management is responsible for assisting the Board in implementing and monitoring the procedures and processes which identify, assess and monitor business risks and internal controls, and to take responsive corrective action as and when needed.</p> <p>The Board has received assurance from the Managing Director, the Chief Financial Officer and the Chief Compliance Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.</p> <p>The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.</p>

	The Statement on Risk Management and Internal Controls is set out in the Annual Report 2021 provides an overview of the state of risk management and internal controls within the Group.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board via the Risk Management Committee oversees the risk management matters of the Group, which include identifying, managing, monitoring, treating and mitigating significant risks across the Group. The Risk Management Committee 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.</p> <p>The Risk Management Committee is also responsible for overseeing the compliance and business continuity functions of the Group.</p> <p>The Risk Management Committee reviews and recommends for the Board's consideration and approval, the risk management principles, frameworks and policies for managing risks within the Group. The Risk Management Committee also monitors and assesses the risk appetite and risk tolerance of the Group, so as to safeguard the shareholders' investments and the Group's assets.</p> <p>The key components of the Group's Risk Management Framework are:</p> <ul style="list-style-type: none">a) Board of Directors (the "Board"): Responsible among other things, for setting the Risk Appetite, monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk, so that the strategic and business objectives of the Group can be met.b) Risk Management Committee (RMC): The purpose of the Committee is to also assist the Board in fulfilling its responsibilities relating to the risk management and compliance practices of the Group including monitoring and reviewing the effectiveness of internal financial controls policies on risk oversight and management. Ultimate responsibility for risk oversight and risk management rests with the Board.c) Risk Management Working Committee ("RMWC"): The purpose of the committee is for management to fulfil its corporate governance and oversight responsibilities with regards to the

	<p>Group's risk framework. The Committee reports any significant findings to the RMC.</p> <p>The Board has received assurance from the Managing Director, the Chief Financial Officer and the Chief Compliance Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.</p> <p>The details of the risk management and internal control features as well as the Board review of the adequacy and effectiveness of the risk management and internal control frameworks are presented in the Statement on Risk Management and Internal Control of the Annual Report 2021.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Adopted															
Explanation on : adoption of the practice	<p>The Risk Management Committee currently comprises majority of Independent Non-Executive Directors and is chaired by Mr Sim Seng Loong @ Tai Seng.</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th><th>Directorship</th></tr></thead><tbody><tr><td>Sim Seng Loong @ Tai Seng</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>Dr Abdul Manaf Bin Mohamad <i>(Ceased office effective 18 May 2021)</i></td><td>Member</td><td>Independent Non-Executive Chairman</td></tr><tr><td>Tan Mio Har</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>Sulaiman Bin Haji Ahmad <i>(Appointed effective 18 May 2021)</i></td><td>Member</td><td>Non-Independent Non-Executive Director</td></tr></tbody></table>	Name	Designation	Directorship	Sim Seng Loong @ Tai Seng	Chairman	Independent Non-Executive Director	Dr Abdul Manaf Bin Mohamad <i>(Ceased office effective 18 May 2021)</i>	Member	Independent Non-Executive Chairman	Tan Mio Har	Member	Independent Non-Executive Director	Sulaiman Bin Haji Ahmad <i>(Appointed effective 18 May 2021)</i>	Member	Non-Independent Non-Executive Director
Name	Designation	Directorship														
Sim Seng Loong @ Tai Seng	Chairman	Independent Non-Executive Director														
Dr Abdul Manaf Bin Mohamad <i>(Ceased office effective 18 May 2021)</i>	Member	Independent Non-Executive Chairman														
Tan Mio Har	Member	Independent Non-Executive Director														
Sulaiman Bin Haji Ahmad <i>(Appointed effective 18 May 2021)</i>	Member	Non-Independent Non-Executive Director														

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has outsourced its Internal Audit function to an independent professional firm, Talent League Sdn. Bhd. (“Talent League”) which assists the Audit Committee in the discharge of its duties and responsibilities.</p> <p>Talent League undertakes regular reviews of the adequacy and effectiveness of the Group’s system of internal controls and risk management process, as well as appropriateness and effectiveness of the corporate governance practices. Further details on the internal audit function can be seen in the Statement on Risk Management and Internal Control in the Annual Report 2021.</p> <p>Talent League reports their findings directly to the Audit Committee during its quarterly meetings.</p> <p>To ensure that the responsibilities of Internal Auditor are fully discharged, the Audit Committee reviews: -</p> <ul style="list-style-type: none"> (a) the appointment and removal of the Internal Auditor; (b) the adequacy of the scope, functions, resources and budget of the Group’s internal audit function; (c) the internal audit plan and review the results of the internal audit and decide whether or not appropriate actions are taken and report to the Board; (d) the appraisal or assessment of performance of the Group’s Internal Audit function; (e) the effectiveness of the Group’s Internal Audit function and make recommendations necessary for improvements.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has outsourced its internal audit function to an independent professional firm, Talent League.</p> <p>Currently, Talent League has a total of seven (7) persons, with the composition of one (1) Director and six (6) professional staffs. The internal audit was carried out in accordance with the International Standards for the Professional Practices of Internal Auditing, 2017 of the International Professional Practices Framework adopted and recommended by the Institute of Internal Auditors Malaysia.</p> <p>Mr Roy Thean is the Executive Director in-charge of the internal audit of the Group. Mr Roy Thean is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Institute of Internal Auditors Malaysia.</p> <p>None of the persons involved have any family relationship with the Directors or anyone in the Group which could result in the conflict of interest and/or impairment of the objectivity and independence during the internal audit review.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of keeping the shareholders and stakeholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities.</p> <p>The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:</p> <ul style="list-style-type: none">• the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Audit Committee, Risk Management Committee, Nomination Committee, Remuneration Committee, and Board of Directors;• various announcements made to the Bursa Securities, which include announcements on quarterly results;• annual general meetings;• Shareholders and investors may also forward their queries to the Group via email to investorrelations@nova.com.my• the Company website at www.nova.my; and• meetings with research analysts and fund managers if required to give them a better understanding of the business conducted by the Group in particular, and of the industry in which the Group's business operates, in general.
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not classified as a "Large Company" as defined under the Malaysian Code on Corporate Governance. The Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Annual General Meeting serves as an important means for shareholders' communication. In order to encourage shareholders' participation and engagement with the Board and Key Senior Management effectively in the Annual General Meeting, notice of the Annual General Meeting and Annual Reports are sent to shareholders 28 days prior to the meeting in accordance to the Malaysian Code on Corporate Governance. In addition, the Board would ensure that this Notice contains details of resolutions proposed along with background information and explanatory notes that are relevant.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>At each Annual General Meeting, the Board presents the progress and performance of the Group's business and encourages participation of shareholders during questions and answers sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the Annual General Meeting. All Directors attended the last Annual General Meeting of the Company held virtually on 16 November 2020 with the exception of Dr Munavvar Zubaid bin Abdul Sattar who was absent with apology due to medical condition.</p> <p>All issues of concern raised by the shareholders were fully answered and responded to.</p> <p>The summary of the key matters discussed at annual general meeting (including pertinent questions raised by shareholders and the respective responses) is made available to the shareholders and public for reference at www.nova.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company’s Fourth Annual General Meeting (“AGM”) held on 16 November 2020 was conducted virtually via an online meeting platform.</p> <p>Shareholders were able to attend, speak (including posting questions to the Board via real time submission of typed texts) and vote remotely at the AGM.</p> <p>The Board’s priority is the health and safety of all our shareholders and by leveraging on current technology, the participation and engagement with all shareholders at the AGM can be maintained.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe		
:S		

**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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