

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2062
COMPANY NAME : HARBOUR-LINK GROUP BERHAD
FINANCIAL YEAR : June 30, 2024

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	The Board of Directors of the Company recognizes the importance of good corporate governance and continues to be committed to ensure that high standards of corporate governance are practiced throughout the Group to deliver long term sustainable value to the shareholders and other stakeholders. 1. Establish Clear Roles and Responsibilities 1.1 Clear Functions of The Board and Management The Board is responsible for the oversight and stewardship of the Group. There is clear division of functions between the Board and Management. In order to effectively discharge its duties, the Board has established a governance framework which provides an overview of the corporate governance processes and responsibilities within the Group The Governance Framework <pre>graph TD; Board[Board of Directors] --> ARCA[Audit and risk committee]; Board --> RC[Remuneration Committee]; Board --> NC[Nomination Committee]; ARCA --> EA[External Auditor]; ARCA --> IA[Internal audit]; IA --> External[External];</pre>

	1.2 Board Roles and Responsibilities The duties and responsibilities of the Board of Directors are clearly spelt out in the Board Charter. In summary, the Board had assumed the following stewardship responsibilities in furtherance of its duties during the financial year 2024: i) Reviewed and adopted the strategic plan, both short term and long term, for the Group; ii) Approve and monitor the progress of annual budget; iii) Oversaw and evaluated the conduct of the Group’s business based on the quarterly financial and other reports prepared by management and concluded that the business is being managed sustainably with regards to the economic, social and environmental aspects; iv) Identified principal risks and ensured that appropriate systems were implemented to manage these risks as far as practicable; v) Reviewed succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management; vi) Ensured that the investor relations programme and shareholder communications policy for the Company were implemented effectively; vii) Reviewed the efficiency and quality of Group’s financial reporting process as well as the adequacy and the integrity of the Group’s internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines and were satisfied that the internal control systems and information systems were adequate in all material aspects and that the Group complied with applicable laws and regulations; viii) Reviewed the proposed dividends and ensured that they commensurate with the performance of the company and meet the expectations of the shareholders; x) Reviewed the circular to shareholders and ensured that it complies with applicable rules on disclosure of information; and xi) Reviewed the interim financial statements and the annual report and satisfied that the financial statements and the contents of the annual report reflected the true and fair view of the financial position and results of the group and presented its activities accurately.
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	1.3 Code of Ethics and Governance HLGB has a zero-tolerance to fraud, bribery, and corruption and this applies to all dealings by our directors, employees, suppliers, consultants, agents and any persons associated with HLGB. The Group's Code of Ethics for directors and employees continues to govern the standards of ethics and good conduct expected of directors and employees. With the announcement that corporate liability as provided under Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act") which came into force on 1 June 2020, our company has uploaded our anti-bribery and corruption policy and communicated to the Directors, the employees, the contractors, agents, suppliers, consultants and any other associated persons as defined under the MACC Act. Both the Code and the Anti-Bribery and Corruption had been uploaded onto the Company's website. The other measures taken to be in compliance with the 17A Act are summarised as follows:- • HLGB as a responsible corporate citizen has been and shall continue to give donations to deserving cases on the condition that this is not corruptly given as defined under Section 17 A (1) of the MACC Act. However, HLGB has a general policy of not giving political contributions to any political parties or candidates. • HLGB does not prohibit the giving or receiving reasonable customary gifts and hospitality to or from third parties in the course of business dealings. • Directors and officers have been sent for training to familiarize themselves with Section 17A of the MACC Act. In-house anti-bribery training has been and will continue to be conducted in all operating units. Associated persons like contractors, agents, consultants, suppliers with bribery risk have been made aware and they have undertaken to comply with this Policy.
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	:		
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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 1.2

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	:	Dato Yong Piaw Soon was appointed as the Chairman of the Board on 25 May 2022. As provided under the Company's Board Charter, the Chairman is responsible for, amongst others: (a) Provide leadership and lead the Company to attain its vision and mission, to lead the Board effectively with the assistance of the Board Committees and management; (b) Ensure the Board plays a full and constructive part in developing and determining the Group's strategy and overall business and commercial objectives; (c) Ensure the Board annually reviews its performance and is balanced so as to achieve its effectiveness; (d) Review the performances of individual Directors; (e) Set vision and mission of the Group; (f) Setting the Board meeting agenda for consideration, giving emphasis on important issues challenged by the Group with emphasis on strategic, rather than operational issues; (g) Chairing of general meetings and Board meetings; (h) Act as the Group's representative in its dealing with external parties; (i) Help guide the Group on long term strategic opportunities and represent the Group with key industry, civic and philanthropic constituents; and (j) Promote the highest standards of integrity, probity and corporate governance in the Group. During the Board Meetings, the Chairman leads the discussion, allowing sufficient time for deliberations on key issues and complex matters. He also encourages active participation and allows views including dissent to be freely expressed.

	The Chairman plays a key role in the conduct of the General Meetings. Besides ensuring the proper flow of resolutions tabled at the meeting, he manages the communication of the floor. He further encourages active participation from shareholders and allows sufficient amount of time during the questions and answers session.	
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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Chairman and Group Managing Director is the major shareholder and founder of the Company. He knows the business industries very well and set good leadership. Although the positions of Chairman and Group Managing Director are held by the same individual, Chairman's independency is still maintained and Dato Yong Piau Soon is committed in leading the Board to meeting the objectives and goals of the Company. The Board is satisfied with the composition and good mix of Executive Directors and Independent Non-Executive Directors to carry out the Board's priorities objectively and impartially and to grow the Group effectively. Delegation of power to the Board Committees and Management ensure that objectives and goals of the Company is achieved.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will give careful consideration and take necessary measure to restructure and realign the whole Board progressively. It will carefully formulate a step-by-step framework to apply all applicable practices. This is an ongoing deliberation that will be decided in the near future.
Timeframe	:	Choose an item.

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>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Chairman of the Board, Dato Yong Piaw Soon is not a chairman/member of any of these Board committees. The Chairman of these Committees are: (a) Audit Committee – Bin Lay Thiam (b) Nomination committee - Datuk Pau Chiong Ung (c) Remuneration Committee – Datuk Pau Chiong Ung However, at the invitation of these Committees, the Chairman of the Board who is an executive Chairman and Managing Director and other appropriate officer(s) may be invited to attend these Committee meetings, where their presence are considered appropriate as determined by the Chairman of the respective Committees.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	The Board is supported by an external qualified Company Secretaries who are Fellow and Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”). The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters. The Company Secretary serves as central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company. The roles and responsibilities of the Company Secretary include, but are not limited to the following: Company Secretaries carry out the following tasks: • Attend and ensure proper conduct and procedures at all Board Meetings, Board Committee Meetings, Annual General Meeting (“AGM”) and Extraordinary General Meeting (“EGM”); • Ensure that the quarterly financial results, audited financial statements, annual reports, circulars, etc and all relevant announcements are announced to Bursa Malaysia on a timely basis; • Ensure that deliberations at the meetings are well captured and minuted, and subsequently communicated to the relevant Management personnel for necessary actions; • Ensure that the Company complies with the Main Market Listing Requirements (“MMLR”) and the requirements of the relevant authorities; • Inform and keep the Board updated of the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirements and best practices; • Keep the Directors and principal officers informed of the closed period for trading in the Company's shares; and • Ensure proper record and maintenance of the Company's proceedings, resolutions, statutory records, register books and documents.
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 1.6

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.

Application	:	Applied
Explanation on application of the practice	:	The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports. The Chairman, together with Management and Company Secretary, are responsible for ensuring Directors receive adequate and timely information prior to Board or Board Committee meetings. The Board meets on a quarterly basis and additionally as and when required. All Directors are provided with an agenda and a set of board reports issued at a reasonable period from the date of Board Meetings so as to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary. To facilitate the Director's time planning, an annual meeting schedule is prepared and circulated at the beginning of the financial year. The Board reports include the followings: • Quarterly financial report and report on the Company's cash and borrowing positions; • Minutes of meetings of all Committees of the Board; • A current review of the operations of the Group; • Reports on Recurrent Related Party Transactions; • Directors' share-dealings; and • Sustainability reports. The deliberation and conclusions of issues discussed in the Board meetings are duly recorded in the Board minutes, the draft of which is circulated for the Board's review within a reasonable timeframe after the meeting. The meeting minutes capture the decisions made, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views. The decisions made at the Board meetings are also communicated to Management in a timely manner to ensure appropriate execution.
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board is guided by its Board Charter which clearly sets out the Board's duties and responsibilities in discharging its fiduciary and leadership functions. The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect and on behalf of the Company. The Board Charter addresses, among others, the following matters:- • Role and responsibilities of the Board; • Composition, Board balance and Board diversity; • The role of Chairman and Group Managing Director; • Supply of information and Board meetings; • Matters reserved for the Board; • Board effectiveness evaluation; • Board Committees; • Financial Reporting; • General Meetings; and • Communication with stakeholders. The Board Charter was last reviewed on 25 October 2024. The Board Charter is accessible for reference on the Group's website, http://www.harbour.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Group is committed to achieving and monitoring high standards pertaining to behaviour at work. The Company has formalised a set of ethical standards through a Code of Conduct, which is subject to periodical review, to ensure Directors practise ethical, business like and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. The Board would review the said Code of Conduct when necessary. The Code of Conduct is published on the Company's website at www.harbour.com.my. This Code of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with intention to achieving the following aims: 1. To establish a standard of ethical behaviour for directors based on trustworthiness and values that can be accepted, are held or upheld by any one person. 2. To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company. Along with good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures which full details of the policies and procedures are made available at the Company's website at www.harbour.com.my: - Board Charter - Code of ethics for Directors - Whistleblowing Policy - Director's Fit and Proper Policy - Sustainability Policy - Anti-bribery Policy and Corruption Policy - Diversity policy - Human Rights and Labour Standard Policy

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

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has a Whistleblowing Policy and it provides a structured channel for all employees of the Group and any other persons providing services to, or having a business relationship with, the Group, to report any concern on any improper conduct or wrongful act committed within the Group. The Whistleblowing Policy is published on the Company’s website: www.harbour.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The 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.

Application	:	Applied	
Explanation on application of the practice	:	Harbour-Link has put a sound and efficient governance structure in place to guide and manage sustainability-related matters as part of its existing corporate governance structure. The success of the governance structure is the result of sustainable leadership from our Board and Senior Management, which collectively forms our leadership team. Information on key sustainability matters and initiatives is disclosed in the Sustainability Statement page 19 of the Annual Report 2024.	
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 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.

Application	:	Applied	
Explanation on application of the practice	:	Harbour-Link's sustainability strategies, priorities and targets as well as performance towards these targets are communicated to its internal and external stakeholders regularly via: • Annual Report • Analyst and Investors Presentation updates • Media release • Corporate website • Trainings • AGM • CSR Event	
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 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.

Application	:	Applied	
Explanation on application of the practice	:	Sustainability issues has been an agenda in the notice of the Board meetings where the Board proactively discusses on the Group's ESG issue, progress and Performance. The Directors also continuously undertake professional trainings to keep abreast with sustainability issue relevant to the Group. The trainings attended by the Directors are set out on Page 80 of the Annual Report 2024.	
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 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.

Application	:	Applied	
Explanation on application of the practice	:	The Company has incorporated sustainability as one of the evaluation criteria in the annual assessment on the performance of the Board and Senior Management, who are also the MD and Executive Directors of the Company, in respect to environmental, social and governance (ESG) and their performance in addressing the Company's material sustainability risks and opportunities for the financial year ended 30 June 2024 ("FYE 2024").	
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	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:		

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.

Application	:	Adopted
Explanation on adoption of the practice	:	Harbour-Link has established a Sustainability Committee under Mr Wong Siong Seh as designated person, to responsible on sustainability strategies formulation, embed sustainability principles into the business operation, manage and address the Groups' sustainability risk.

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.

Application	:	Applied
Explanation on application of the practice	:	Harbour-Link's Board composition is continuously reviewed by Nomination Committee ("NC"). This is to ensure that the composition of the Board of Harbour-Link consist of an appropriate balance and mix of skills, knowledge, experiences, backgrounds and gender that will contributes to the effectiveness of the Board. Appointment of a new Director is subject to any vacancy due to retirement, resignation or completion of Directorship tenure. Re-appointment and re-election of Directors are contingent on a satisfactory evaluation of the Director's performance and contribution to the Board. Directors' performance is reviewed based on the outcome of the Board Evaluation Exercise annually. The proposal of Directors' appointment, re-appointment and list of Directors' standing for re-election at the next AGM is tabled to NC for recommendation and thereafter to the Board for approval, and shareholders' approval (for re-election). Currently, the Board comprises members from diverse backgrounds which provide the Group with diverse views and a wealth of expertise, experiences and networks to draw upon. The Board Charter provides that in the event that the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, the Board should justify and seek annual shareholders' approval through the two-tier voting process.
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 5.2

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	:	The Board comprises six (6) members, three (3) of which are Independent Non-Executive Directors as follows: • Datuk Pau Chiong Ung • Bin Lay Thiam • Khoi Hoay Ling With half of the Board comprising of independent directors, it allows for more effective oversight of management as well as to support objective and independent deliberation, review and decision-making. The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations. The Independent Directors help to ensure that, the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration of the Board. The NC has assessed the Board composition and is satisfied that the current size and composition of Directors is adequate to provide a balanced mix of skills and experience, as well as the objectivity required in the boardroom.
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 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.

Application	:	Applied									
Explanation on application of the practice	:	Currently, two (2) out of three (3) of the independent director has exceed a cumulative term limit of nine years and the Board will justify and seek shareholders’ approval through a two-tier voting process at the AGM in the event the Director is to be retained as an Independent Director.									
		As at 30 June 2024, the tenure of the Independent Directors is summarised below:									
		<table><tr><th>Years of Service</th><th>No. of Independent Directors</th></tr><tr><td>2 to less than 5</td><td>-</td></tr><tr><td>5 to less than 9</td><td>1</td></tr><tr><td>More than 9</td><td>2</td></tr></table>	Years of Service	No. of Independent Directors	2 to less than 5	-	5 to less than 9	1	More than 9	2	
	Years of Service	No. of Independent Directors									
2 to less than 5	-										
5 to less than 9	1										
More than 9	2										
		We intend to retain two (2) of the independent directors that has served the Board for more than 9 years tenure because over a span of 9 years, they have develop a deep understanding of the company's specific challenges, opportunities, and intricacies. They have specialized knowledge about the company's operations, markets, competitors, and regulatory landscape. Their expertise has enhanced their ability to make informed decisions, ask critical questions, and provide valuable guidance that aligns with the company's unique context.									
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

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	If the independent directors is retained after the ninth year, the Board is to provide justification and seek annual members' approval through a two-tier voting process.

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.

Application	:	Applied																																								
Explanation on application of the practice	:	The Board has adopted a board diversity policy to formalising its approach to boardroom diversity. The diversity policy has defined that diversity includes and is not limited to gender, age and ethnicity. The NC is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations. In this respect, the role of the NC is detailed in its Terms of Reference, which is accessible for reference on the Group’s website at www.harbour.com.my. In making its recommendations to the Board, the NC considers and assess the suitability of a new appointment based on the profile and background of candidate(s) in the making of informed and critical decisions. The diversity in the race/ethnicity (cultural background), nationality, age and gender of the Board and Senior Management as at 30 June 2024 are as follows: <table><tr><td></td><td colspan="4">Race / Ethnicity</td></tr><tr><td></td><td>Bumiputera</td><td>Chinese</td><td>Indian</td><td>Others</td></tr><tr><td>Directors</td><td>-</td><td>6</td><td>-</td><td>-</td></tr><tr><td>Senior Management</td><td>-</td><td>9</td><td>-</td><td>-</td></tr></table> <table><tr><td></td><td colspan="4">Age / Years</td></tr><tr><td></td><td>< 41</td><td>41 – 50</td><td>51 – 60</td><td>> 60</td></tr><tr><td>Directors</td><td>-</td><td>-</td><td>2</td><td>4</td></tr><tr><td>Senior Management</td><td>-</td><td>1</td><td>4</td><td>5</td></tr></table>		Race / Ethnicity					Bumiputera	Chinese	Indian	Others	Directors	-	6	-	-	Senior Management	-	9	-	-		Age / Years					< 41	41 – 50	51 – 60	> 60	Directors	-	-	2	4	Senior Management	-	1	4	5
	Race / Ethnicity																																									
	Bumiputera	Chinese	Indian	Others																																						
Directors	-	6	-	-																																						
Senior Management	-	9	-	-																																						
	Age / Years																																									
	< 41	41 – 50	51 – 60	> 60																																						
Directors	-	-	2	4																																						
Senior Management	-	1	4	5																																						

		Gender	
		Male	Female
	Directors	5	1
	Senior Management	8	1
	The current composition of the Board include individuals from various ethnic groups across various age bands and expertise, with female directors constituting 17% of the Board. Please refer to the Board of Directors' Profiles in the Annual Report ("IAR") 2024 for further information. The Board is satisfied with the level of time commitment given by the Directors in carrying out their duties and responsibilities.		
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 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.

Application	:	Applied	
Explanation on application of the practice	:	The primary responsibility on screening, evaluating and nominating new Board Member(s) for appointment is delegated to the NC. The nomination process for the appointment of Directors and the criteria used by the NC in the selection process are provided in the Board Charter. Apart from candidates for directorships or Key Senior Management proposed by any Director or shareholder of the Company, the Board will also source for new Directors via different directors' recruitment agencies or referrals from internal and external parties. The NC ensures candidates possess the appropriate mix of skills, experience, qualifications and core competencies to ensure the effectiveness of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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.

Application	:	Applied	
Explanation on application of the practice	:	In order to assist the shareholders in their decision on appointment and/or reappointment of a director, the information of the Directors such as their personal profile, record of attendance of meetings and the shareholdings of each Director (where applicable) are disclosed in the Annual Report 2024. During the financial year under review, the assessment relating to reappointment of directors was reviewed by NC and recommended to the Board for approval. The Board approved the proposal, based on the performance and calibre of the directors before recommended the resolution to shareholders at the 22nd AGM.	
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

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.

Application	:	Applied	
Explanation on application of the practice	:	The NC comprises Independent Non-Executive Directors. The NC is chaired by Datuk Pau Chiong Ung, an Independent Non-Executive Director. Datuk Pau Chiong Ung’s profile can be found on page 7 of the Annual Report 2024.	
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

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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has adopted a Diversity Policy which describes the Company's commitment in inducing workplace diversity in terms of gender, age, ethnicity and cultural background. The Diversity Policy is published on the Company's website at www.harbour.com.my. Currently, 17% or one out of six (6) of the Board members is a woman. The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience to strengthen the Board, should remain a priority. The Board is satisfied with the current Board composition and is of the opinion that the current Board is well-balanced with appropriate size and right mix of skills and experience. The Board acknowledged the merits of gender diversity in strengthening the performance of the Board. The Board through the NC will consider the gender diversity and considering the appointing more women directors, when the need arises.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	The Company has adopted a Diversity Policy which describes the Company's commitment in inducing workplace diversity in terms of gender, age, ethnicity and cultural background. The Diversity Policy is published on the Company's website at www.harbour.com.my. The Board recognises the benefits arising from employee and board diversity in terms of gender, age, ethnicity and cultural background. Nevertheless, the normal selection criteria based on an effective blend of competencies, skills, characteristics, extensive experience and knowledge to strengthen the Board will remain a priority. As such, the Board has not set specific gender diversity targets but is committed to ensuring diversity and inclusiveness in its composition and deliberations. However, females have always been included in the shortlisting process of candidates for vacancies within the Group. Currently, 17% or one out of six (6) of the Board members is a woman.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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>		
Application	:	Applied
Explanation on application of the practice	:	The NC will conduct annual assessment on the Board and the Board Committees. The evaluation comprises a Board and Board Committees Assessment, an Individual (Self & Peer) Assessment. The assessment of the Board is based on specific criteria, covering areas such as the Board operations, stakeholder relationship, and roles and responsibilities of the Board and the Board Committees. The evaluation was conducted internally, facilitated by the Company Secretary.
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 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.

Application	:	Applied
Explanation on application of the practice	:	We have in place a remuneration framework (which covers all aspects of remuneration) for our directors and our key senior management personnel. The objective of our Group's remuneration policies is to provide fair and competitive remuneration to its Board and senior management personnel in order for the Company to benefit by attracting and retaining a high-quality team. Based on the remuneration framework, the remuneration packages for our directors and key senior management personnel comprise a fixed component (in the form of a base salary and, where applicable, meeting attendance allowances determined by the Group's policies) and variable components (which would normally comprise bonuses or performance based incentives) together with benefits-in-kind, if any, determined by Harbour Group's overall financial performance in each financial year which are designed to reward performance that supports our strategy and creates sustainable long term value for shareholders. Our Company provides Directors' and Officers' Liability Insurance and may provide an indemnity to the fullest extent permitted by the Companies Act 2016, the cost of such liability insurance is set out in the Directors' Report of the Audited Financial Statements for FYE2024. The Remuneration Policy and Procedures for Directors and Senior Management was adopted on 24 February 2021 and is published on our website at https://www.harbour.com.my
Explanation for departure	:	

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

Intended Outcome

The 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.

Application	:	Applied
Explanation on application of the practice	:	The Board has in place a Remuneration Committee ("RC") which comprises a majority of Independent Non-Executive Directors. The membership of the RC is outlined as below: 1) Datuk Pau Chiong Ung (Independent Non-Executive Director and Chairman of Remuneration Committee) 2) Bin Lay Thiam (Independent Non-Executive Director) 3) Khoi Hoay Ling (Independent Non-Executive Director) The RC's responsibilities include reviewing the remuneration packages, reward structure and fringe benefits applicable to Board and Senior Management, and making the appropriate recommendations to the Board. The Terms of Refence of the RC is accessible for reference on the Group's website at http://www.harbour.com.my
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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.

Application	:	Applied
Explanation on application of the practice	:	The remuneration breakdown of individual Directors which includes fee, allowance, salary, bonus, benefits-in-kind and other emoluments for the FYE2024 is set out in the table below:

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	Dato Yong Piau Soon	Executive Director	11	6	806	99	-	37	959	-	-	3,674	-	-	-	4,633
2	Wong Siong Seh	Executive Director	-	4	-	-	-	-	4	-	-	4,180	62	10	23	4,279
3	Dato' Toh Guan Seng	Executive Director	-	4	-	-	-	-	4	-	-	431	18	17	19	489
4	Bin Lay Thiam	Independent Director	60	11	-	-	-	-	71	-	-	-	-	-	-	71
5	Datuk Pau Chiong Ung	Independent Director	58	11	-	-	-	-	69	-	-	-	-	-	-	69
6	Khoi Hoay Ling	Independent Director	55	11	-	-	-	-	66	-	-	-	-	-	-	66
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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.

Application	:	Departure																																	
Explanation on application of the practice	:																																		
Explanation for departure	:	It is not in the interest of the Group to disclose detailed remuneration components of the top five (5) Senior Management in bands of RM50,000 on a named basis in view of confidentiality and security reasons. In addition, the Group is operating in a very competitive environment where talent retention is a challenge Remuneration paid to the top five (5) Senior Management of HLGB for the financial year ended 30 June 2024 are as follow: <table border="1"> <thead> <tr> <th></th><th colspan="2">Number of Key Senior Management</th></tr> <tr> <th>Amount</th><th>Subsidiary</th><th>Company</th></tr> </thead> <tbody> <tr> <td>Above RM350,001 to RM400,000</td><td>1</td><td>-</td></tr> <tr> <td>Above RM450,001 to RM500,000</td><td>-</td><td>-</td></tr> <tr> <td>Above RM500,001 to RM550,000</td><td>1</td><td>-</td></tr> <tr> <td>Above RM550,001 to RM600,000</td><td>-</td><td>-</td></tr> <tr> <td>Above RM600,001 to RM650,000</td><td>-</td><td>-</td></tr> <tr> <td>Above RM650,001 to RM700,000</td><td>2</td><td>-</td></tr> <tr> <td>Above RM700,001 to RM750,000</td><td>-</td><td>-</td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td>Above RM2,000,001 to RM6,000,000</td><td>1</td><td></td></tr> </tbody> </table> The remuneration of the top five (5) Senior Management of the Company disclosed above is on an aggregate basis. At this particular juncture, the Board is of the view that such disclosures may affect talent retention issues as employee poaching is a common phenomenon in the shipping and logistic industry and hence, it is not in the best interest of the Group.		Number of Key Senior Management		Amount	Subsidiary	Company	Above RM350,001 to RM400,000	1	-	Above RM450,001 to RM500,000	-	-	Above RM500,001 to RM550,000	1	-	Above RM550,001 to RM600,000	-	-	Above RM600,001 to RM650,000	-	-	Above RM650,001 to RM700,000	2	-	Above RM700,001 to RM750,000	-	-				Above RM2,000,001 to RM6,000,000	1	
	Number of Key Senior Management																																		
Amount	Subsidiary	Company																																	
Above RM350,001 to RM400,000	1	-																																	
Above RM450,001 to RM500,000	-	-																																	
Above RM500,001 to RM550,000	1	-																																	
Above RM550,001 to RM600,000	-	-																																	
Above RM600,001 to RM650,000	-	-																																	
Above RM650,001 to RM700,000	2	-																																	
Above RM700,001 to RM750,000	-	-																																	
Above RM2,000,001 to RM6,000,000	1																																		

	The Board ensures that the remuneration of Senior Management commensurate with the performance of the Company, with due consideration to attracting, retaining and motivating Senior Management to lead and run the Company successfully. Excessive remuneration pay-outs are not made to Senior Management personnel in any instance.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

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.

Application	:	Applied	
Explanation on application of the practice	:	The Audit and Risk Management Committee ("ARMC") comprised of wholly Independent Non-Executive Directors, with Mr Bin Lay Thiam as the Committee Chairman while the position of Chairman of the Board is currently Dato Yong Piaw Soon. The Chairman of the ARMC is a member of the Malaysia Institute of Accountants ("MIA"). The possession of sound financial understanding and experience equips the Chairman of the ARMC with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the ARMC. His full profile can be viewed on page 6 of the Company's Annual Report. The duties and responsibilities of the Chairman of the ARMC are outlined in the Terms of Reference of the ARMC, which is available on the Company's website at http://www.harbour.com.my.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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.

Application	:	Applied	
Explanation on application of the practice	:	Conflict of interest is a primary concern of our Company in ensuring external auditors' independence. Objectivity and independence of the external auditors may be threatened when a former key audit partner is appointed to the Board or employed by the Company to a position which may have direct and significant influence over the preparation of the Group's financial statements. Our ARMC has addressed these concerns by requiring at least a three (3) year "cooling-off" period before any former key audit engagement partner of the Group's external auditors is appointed as a member of the Committee. Such restriction is stated in the ARMC Terms of Reference on assessing the suitability of candidate for the ARMC which is available on the Company's website http://www.harbour.com.my None of the members of our ARMC were former audit partner of the Group's external auditors.	
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 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.

Application	:	Applied
Explanation on application of the practice	:	The ARMC is responsible to assess, evaluate and recommend the external auditors to ensure they are of the right calibre with professional ethics and integrity. In 2024, the ARMC also reviewed the types of non-audit services permitted to be provided by the external auditors of the Company so as not to compromise their independence and objectivity. During the financial year, the ARMC met once with the external auditor, namely Ernst & Young PLT, in the absence of Management. The ARMC has assessed which included calibre of the external audit firm, its quality control processes/ performance, competency of the audit partner and the scope audit team members assigned to the engagement, audit scope and planning as well as maintaining active communication with the ARMC and Management during the audit process and their responsiveness in attending to issue. ARMC has also assessed the independence of Ernst & Young PLT and is satisfied that the external auditor has been independent throughout the conduct of the audit process. For the audit of the FYE2024, the ARMC was further assured by Ernst & Young PLT by way of written confirmation that its personnel were and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Pursuant to the assessment on the suitability and independence of the external auditor, the ARMC made its recommendation to the Board on the re-appointment of the external auditor alongside the accompanying audit fees.
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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The ARMC for the FYE2024 comprised solely of Independent Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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.

Application	:	Applied
Explanation on application of the practice	:	According to the ARMC's terms of reference, the Board is to review the term of office and performance of the ARMC and each of its members at least once in every three (3) years to determine whether the ARMC and its members have carried out their duties in accordance with their terms of reference. It is also provided in the ARMC's terms of reference that all the ARMC members should be financially literate with at least one of whom must be a member of the MIA or possesses such other qualifications and/or experience as prescribed and approved by Bursa Malaysia Securities Berhad. Currently, the ARMC comprises three (3) members as follows: 1. Bin Lay Thiam (Chairman) – Independent Non-Executive Director 2. Datuk Pau Chiong Ung (Member) – Independent Non-Executive Director 3. Khoi Hoay Ling (Member)- Independent Non-Executive Director. During the ARMC Meetings, the members were briefed by the external auditor, Ernst & Young PLT on the following key areas: • Financial Reporting Developments; • Adoption of Malaysia Financial Reporting Standards; • Section 17A MACC Act, and • Transfer Pricing updates

	All ARMC members are aware of the need to undertake professional development from time to time to keep abreast of industry developments. The seminar/training programmes attended by the ARMC members during the FYE2024 are disclosed in the Corporate Governance Overview Statement of the Company's page 80 Annual Report 2024.	
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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board undertakes the responsibility for evaluating, reviewing and monitoring the vital enterprise risks that affect the business and operations. The management has the on-going process to manage and mitigate key businesses risk with the intent to strengthen the risk management and internal control system as a whole. A formal risk management framework has been established to ensure that structured and consistent approach and methods are practised in the ongoing process of identifying and assessing various critical risks that are considered likely to affect the profitable operation of the business units in the Group. These include operational risk, regulatory risk, financial risk and strategic risk. Details of the Group's Risk Management and Internal Control Framework are set out in its Statement on Risk Management and Internal Control, which is on page 87 to page 91 of the Company's Annual Report 2024.
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 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	Details of the features of risk management and internal control framework, and the adequacy and effectiveness of this framework are contained in the Statement of Risk Management and Internal Control which is on page 87 to page 91 of the Company's Annual Report 2024.	
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 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.

Application	:	Adopted
Explanation on adoption of the practice	:	The size of the Company's Board is small with only three (3) Independent Directors, thus the Company does not have a separate committee for risk management. The function of risk management is absorbed by the ARMC.

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.

Application	:	Applied	
Explanation on application of the practice	:	The Company outsourced its internal audit function to a professional service firm, which reports independently and directly to the ARMC. The professional service firm carries out regular internal audit reviews in accordance with the approved risk based internal audit plan. The results of internal audit review was discussed with the respective unit head and subsequently, the audit findings including recommendations for improvements were presented to the ARMC at their scheduled meeting. In addition, follow up reviews were conducted to ensure that corrective actions had been implemented in a timely manner. The professional service firm’s performance and independence are assessed annually by the ARMC.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Companies 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–

- 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	:	The Company outsourced its internal audit function to a professional service firm namely Tricor Axcelasia Sdn Bhd, to undertake the Internal Audit function based on the audit plan that is reviewed and approved by the ARMC. The audit plan covers review of adequacy of operational controls, and management efficiency amongst others. Tricor Axcelasia does not have any relationships or conflict of interest, which could impair their objectivity and independence in conducting the internal audit review. The number of staff deployed for the internal audit review is ranging from three (3) to four (4) staff per visit including the Engagement Director. The staff involved in the internal audit review possesses professional qualifications and/or relevant university degree. Certain staff are members of the Institute of Internal Auditors Malaysia. The internal audit adopts a risk-based approach with focus on effective risk management practices and is guided under International Professional Practices Framework.
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 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	Our Board recognises the importance of being transparent and accountable to the Company’s investors and, as such, has various channels to maintain communication with them. The Company’s website provides corporate information and it is accessible by the public. Information on the Group’s activities are also provided in the Annual Report and Financial Statements, which are dispatched to shareholders. Dialogues are also held when necessary with investment analysts and fund managers to keep them abreast of corporate and financial developments. The Company also encourages all shareholders and investors to access online the Company’s Annual Report and up to date announcements, which are made available at Bursa Malaysia Securities Berhad’s website and the Company’s website at http://www.harbour.com.my. Through the Company’s website, the stakeholders are able to direct queries to the Company. Harbour-Link is also of the view that the AGM is an important opportunity to meet shareholders and address their concerns. At the AGM, shareholders are allowed to pose questions to the Board for clarification and to participate in deliberating resolutions being proposed or the Group’s operations in general.	
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 12.2

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

Application	:	Departure	
Explanation on application of the practice	:	The Company does not fall under the category of "Large Companies" as defined by the Malaysian Code on Corporate Governance. The Company has yet to adopt integrated reporting based on the globally recognised framework as it is not a statutory requirement in Malaysia to adopt integrated reporting. The Board strives to provide true, fair and comprehensive financial reporting of the Group's performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes to accounts, in accordance with the Malaysia Financial Reporting Standards ("MFRS") and the MMLR of Bursa Malaysia. The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Hence, this enables stakeholders of the Company to make informed decisions.	
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 13.1

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 Company despatches its notice of Twenty-First AGM to shareholders at least 28 days before the AGM to enable them to consider the resolutions and make an informed decision in exercising their voting rights at the Twenty-First AGM. The Group’s forthcoming Twenty-Second AGM is scheduled on 26 November 2024, and the notice of Twenty-Second AGM will be issued on 28 October 2024. The Annual Report 2024 and the Notice of the forthcoming Twenty-Second AGM will also be published on Bursa Securities’ website for shareholders’ attention.	
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

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.

Application	:	Applied	
Explanation on application of the practice	:	During the last Twenty-First AGM, the Chairman of the respective Board Committees were present to facilitate discussions and address any questions shareholders may have on matters that fall under the purview of the Board Committees. For the upcoming Twenty-Second AGM, the Board will continue its past practice to have the full Board present at the Twenty-Second AGM which included the following directors who are Chairman of the Board Committees.	
		Board Committees	Chairman
		Audit and Risk Management Committee	Bin Lay Thiam
		Nomination Committee	Datuk Pau Chiong Ung
		Remuneration Committee	Datuk Pau Chiong Ung
		The Chairman of the respective Committees were present to facilitate discussions and address any questions shareholders may have on matters that fall under the purview of the Committees.	
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

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.

Application	:	Applied	
Explanation on application of the practice	:	The Twenty-First AGM of the Company held on 27 November 2023 was conducted in full virtual manner through live streaming and online voting using Remote Participation and Electronic Voting (“RPEV”) facilities. All Directors, the Chairman and Group Managing Director and Financial Controller attended the AGM virtually to engage with shareholders and address issues of concern raised by the shareholders. With the RPEV facilities, shareholders were able to exercise their right as members of the Company to participate (including posing questions to the Board and/or Management of the Company before or during the AGM) and vote at the Twenty-First AGM. For members who were unable to attend the Twenty-First AGM, they were able to appoint their respective proxies or the Chairman of the meeting to vote on their behalf via RPEV facilities.	
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

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.

Application	:	Applied
Explanation on application of the practice	:	The Board encourage shareholders to participate in general meeting by raising queries or providing feedbacks. The Board and management teams strive to answer queries raised during meeting.
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 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.

Application	:	Applied
Explanation on application of the practice	:	Cygnus Technology Solutions Sdn. Bhd. was engaged to provide the support services for the Twenty-First AGM of the Company conducted fully online. The shareholders were encouraged to participate at the AGM by submitting questions in real time via typed texts in the chat box during the Question-and-Answer session. The Chairman and Group Managing Director, who have good understanding of the Company's business, managed the Q&A session smoothly and efficiently. All questions were answered adequately.
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 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>		
Application	:	Applied
Explanation on application of the practice	:	The Minutes of the Twenty-First AGM of the Company were made available on the Company's website at www.harbour.com.my within 30 business days from the Twenty-First AGM on 8 December 2023.
Explanation for departure	:	Please provide an explanation for the departure.
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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

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

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