

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5168
COMPANY NAME : Hartalega Holdings Berhad
FINANCIAL YEAR : March 31, 2023

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 understands its obligation to shareholders and other stakeholders and is collectively responsible in meeting the objectives and goals of the Group. In discharging these responsibilities, the Board puts in place the following frameworks and processes to meet its objectives and review Management's performance:</p> <ul style="list-style-type: none">• Board Charter and Schedule of Matter 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;• Board Committees, namely Audit, Risk Management and Sustainability, Nomination and Remuneration Committees to assist the Board in discharging its duties and responsibilities effectively. The Terms of Reference of each Board Committee are set out in Board Charter. 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, challenge Management's performance and proposals and monitor Management 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;

	<ul style="list-style-type: none"> • Review the appointment of Senior Management and ensure that they have the necessary skills and experience to assist the Board in managing the Group; • Review related party transactions, if any to ensure the compliance with Listing Requirements and that such transactions are not detrimental to the interest of minority shareholders; • Review and deliberate the internal audit findings and assess the effectiveness and adequacy of the systems of internal control in the Group; • Annual and half yearly reviews of the achievement of financial performance targets and aims in the annual budget by Chief Executives and Senior Management of the respective subsidiaries; • Observe the regulatory frameworks and requirements when disseminating information and disclosures in consultation with the Company Secretaries, External and Internal Auditors and Corporate Finance Advisors for corporate exercises, when necessary; • The Board together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour; • To ensure that the strategic plan of the Company supports long-term value creation including strategies on economic, environmental and social considerations underpinning sustainability; and • To ensure that the Company has in place procedures to enable effective communication with stakeholders. 	
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. 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 Group and industry developments;• Set the Board agenda in consultation with the Company Secretaries and ensured that Board members receive complete and accurate information on a timely manner;• Facilitated Board discussion to ensure proper exchange of information and deliberation of issues to enable proper decision making;• Chaired Board meetings, reviewed and approved together with the Board on the strategic issues of the Group; and• Chaired Annual and Extraordinary General Meetings and represented Board in communicating with shareholders during the general meetings.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The roles of Chairman and CEO are exercised by different individuals. A clear segregation of their responsibilities and powers are stated and defined in the Group's Board Charter. 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 decisions, strategies and key operations of 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

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	:	Applied
Explanation on application of the practice	:	The Chairman of the Board, Mr. Kuan Kam Hon, who is the Executive Chairman, is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>The Board is supported by qualified and competent Company Secretaries who provide advice and regularly update the Board, particularly with regards to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices. All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees can only be made by the Board.</p> <p>The Company Secretaries also ensure that the Board is kept well informed on any regulatory requirements and developments in corporate governance that affect the duties and responsibilities of the Directors as well as the Group being a public listed company. The Company Secretaries have attended trainings and seminars conducted by relevant regulators to keep abreast with the relevant updates on statutory and regulatory requirements and updates on the MMLR of Bursa Securities.</p> <p>The Company Secretaries serve 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 MMLR of Bursa Securities. The Company Secretaries also ensure 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>
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	:	<p>The Company Secretaries, in consultation with the Board and Board Committee Chairman identified the annual Board and Board Committee meeting agenda. Additional agenda item will be included from time to time at the request of the Chairman, the Board or the Management. 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, the Board ensures that each Director is provided with timely notices and Board papers issued prior to the Board meetings to enable Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations before the Board meeting. The notice of meeting was circulated at seven (7) days prior to the scheduled meeting and the meeting materials were disseminated to the Directors digitally within five (5) days prior to the meeting. The meeting materials are circulated digitally in advance to facilitate informed decision making. The Chief Executive Officer and/or Chief Financial Officer would lead the presentation of Board papers and provide comprehensive explanations of business plans, business performance, potential merger and acquisitions and other pertinent issues.</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. All Directors should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the board, including any dissenting views and if any director had abstained from voting or deliberating on a particular matter.</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	:	

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

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has defined its Board Charter and Schedule of Matter setting out the 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.</p> <p>The Board has also established the Audit, Risk Management and Sustainability, Nomination and Remuneration Committees to assist the Board in discharging its duties and responsibilities effectively. The Terms of Reference of each Board Committee are set out in Board Charter. 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>These Board Charter and Schedule of Matter were reviewed, published and be accessed under the Corporate Governance segment of the Company's website at https://hartalega.com.my/sustainability/corporate-governance/.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established and published its Code of Conducts and Ethics, Whistleblowing Policy and Procedure and Anti-Bribery and Anti-Corruption Policy which can be accessed under the Corporate Governance segment of the Company's website at https://hartalega.com.my/sustainability/corporate-governance/.</p> <p>Internally, the Board will communicate the Code of Conducts 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 Group engaged an independent third-party service provider to manage the whistleblowing platform, which is made available in various languages including English, Bahasa Malaysia, Burmese, Bengali and Nepali.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	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 communicated to staff members through the Human Resource 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. An independent third-party service provider is engaged to manage the whistleblowing platform, which is made available in various languages including English, Bahasa Malaysia, Burmese, Bengali and Nepali.
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	:	<p>The Board is ultimately responsible for overall governance of the Group's sustainability strategies and performance. The Board ensures that the Group's business strategy considers sustainability.</p> <p>To further strengthen the governance of sustainability within Hartalega, a Board Committee, namely Risk Management and Sustainability Committee ("RMSC") was formed in place from the Risk Management Committee ("RMC"). The RMSC is responsible to assist the Board in fulfilling its oversight responsibilities on the governance of sustainability in the Group including setting the strategies, priorities and targets relating to Environmental, Social and Governance ("ESG") and ensure that sustainability considerations are embedded into business decisions. Sustainability or ESG is embedded as the Group's strategic pillar in guiding the implementation of the Group's strategic initiatives.</p> <p>In tandem, Hartalega's Sustainability Policy was established and approved by the Board, which acts as a guiding principle on sustainability practices which are embedded throughout the Group.</p> <p>The Chief Executive Officer ("CEO") provides leadership and direction on setting the strategies, priorities and targets, as well as drives implementation of sustainability strategies within the Group and works with the Sustainability Working Committee ("SWC") to drive business conduct and management processes to ensure that impact to the environmental, social and governance ("ESG") aspects are managed in a responsible manner.</p> <p>The SWC reports directly to the CEO and comprising of representatives from relevant departments and/ or functions across the Group. The SWC primarily drives management's implementation, operation of policies and standards to ensure alignment with the Group's sustainability strategies and goals. The</p>

	CEO, through the SWC is responsible for the strategic management of the Group's material sustainability risks and opportunities.	
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	:	Hartalega publishes its Sustainability Report in its inaugural Integrated Annual Report where the Group's sustainability strategies, priorities and targets are disclosed. The Group's sustainability disclosures including a comprehensive description on materiality, engagements with key internal and external stakeholders and sustainability strategies of key material sustainability matters are guided by globally recognised reporting frameworks of Global Reporting Initiatives ("GRI") and United Nations Sustainable Development Goals ("UN SDGs"). The information of the Group's sustainability practices, and relevant policies are included in the Group's Integrated Annual Report, which is accessible from the corporate website in https://hartalega.com.my/investor-relations/reports .	
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	:	<p>During the financial year, the Board took several initiatives to stay abreast on sustainability issues relevant to the Group and the industry. Directors continuously undertake professional trainings related to sustainability and governance issues, as follows:</p> <ul style="list-style-type: none">i. An Effective Holistic Approach to Establishing Effective ESG Culture and Successful Implementationii. SEC's Climate Proposaliii. Successful Implementation of the 4 ESG Pillars, Metrics and Disclosuresiv. Steward Leadership for Sustainabilityv. EU-Malaysia Dialogue: Fighting Climate Change with Market Mechanismsvi. PwC Quarterly ESG Webcastvii. Corporate Governance & Remuneration Practices for the ESG Worldviii. Bursa Malaysia Advocacy Dialogue: Enhanced Sustainability Reporting Frameworkix. Briefing by EY Consulting Sdn Bhd on recent developments on ESGx. Navigating ESG Data into Decisionsxi. Global Green Finance Leadership Forum <p>The full list of trainings attended by members of the Board are set out in the Corporate Governance Overview Statement.</p> <p>The RMSC and CEO who provide oversight and oversee the Group's sustainability risks and opportunities is furnished with latest updates on the company-wide sustainability initiatives and progress. In addition, updates on the Group's development and sustainability related initiatives are presented at the RMSC and Board meetings held during the year.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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	:	<p>The annual evaluation to determine the effectiveness of the Board includes assessment on role of Board including the CEO in ensuring proper governance and management of sustainability matters and considering sustainability aspects when overseeing the planning, performance and long-term strategy of the Group.</p> <p>The Senior Management guides the Group's sustainability strategic decisions to achieve constant and sustainable business growth and the review of their performance is based on the Group's achievement of the strategic direction for the Group. The Group's corporate Key Performance Indicators (KPIs) was developed to ensure alignment and effective implementation of the Group's strategic initiatives in pursuing its business goals of which sustainability aspects are considered. The corporate KPIs takes into consideration of the achievement of balanced scorecard in the aspects of sustainable income and revenue stream, customers, employees and safety. These KPIs form part of the individual Senior Management's KPIs and scorecards to ensure greater accountability to drive sustainability as a key collective agenda. Further, appropriate targets in respect to sustainability initiatives are embedded in the KPIs of respective departments and 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

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.

<i>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.</i>	
Application	: Adopted
Explanation on adoption of the practice	: The sustainability related matters are headed by the CEO, chairing the Sustainability Working Committee ("SWC") alongside with the Strategy, Sustainability & Corporate Management Department, which was formed from the Governance, Risk and Compliance – Sustainability Department ("GRC – Sustainability") to provide stewardship and drive sustainability agendas and matters within the Group. The key responsibilities of SWC includes monitoring the key performance indicators, targets and execution of sustainability strategy based on the Group's objectives and compliance with the governance framework provided by the Board Charter and respective Board Committees' Terms of Reference.

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	:	<p>The Nomination Committee's Terms of Reference and Fit and Proper policy act as a guide to ensure the composition of the board is refreshed periodically.</p> <p>The Nomination Committee shall have the following responsibilities:</p> <ul style="list-style-type: none">• Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Nomination Committee should consider the candidates' skills, knowledge, expertise and experience, professionalism, integrity and in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from Independent Non-Executive Directors.• Consider in making its recommendations, candidates for directorship proposed by the Chief Executive Officer and, within the bounds of practicability, by any other Senior Executive or any Director or shareholder.• Recommend to the Board, Directors to fill seats on Board Committees.• Assess the effectiveness of the Board as a whole by engaging experts periodically to facilitate objective and candid board evaluations.• Assess the effectiveness of the committees of the Board by engaging experts periodically to facilitate objective and candid board evaluations.• Assess the contribution of each individual Director.• Review and recommend to the Board the required mix of skills and experience and other qualities the Board requires to function completely and efficiently.• Assess the performance and contribution of Directors who stand for re-election whether they meet established performance evaluation criteria.• To develop criteria to assess independence of Directors.
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	:	<p>The Board composition consists of nine (9) members:</p> <ul style="list-style-type: none"> • One (1) Executive Chairman • One (1) Chief Executive Officer • One (1) Senior Independent Non-Executive Director • Four (4) Independent Non-Executive Directors • One (1) Non-Independent Non-Executive Director • One (1) Non-Independent Executive Director <p>The number of Independent Directors make up more than half of the Board, exceeding the minimum number as prescribed by the Malaysian Code on Corporate Governance 2021 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR). Presently, the Board consists of Executive and Non-Executive Directors with a mixture of suitably qualified and experienced professionals.</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 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	:	<p>The Board Charter specifies that the maximum tenure of an Independent Non-Executive Director shall not exceed the cumulative term of nine years from the date of first appointment as Director or upon the expiry of the on-going term of appointment as Director, whichever later.</p> <p>Any extension beyond nine years will require Board justification and approval through a two-tier voting system unless the said Director wishes to be re-designated as Non-Independent Non-Executive Director which shall be a consideration for the Board to decide.</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 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	:	

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	:	<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, culture, knowledge, experience and skillsets, 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 Group.</p> <p>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>
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	:	<p>In its selection of Board members, the Board provides equal opportunity to all candidates. The Nomination Committee considers recommendations from existing Board members, Management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary, before recommending to the Board for further deliberation.</p> <p>Candidates for directorship are nominated based on their skills, knowledge, professionalism, character and experience in line with the needs of the Group and based on the Fit and Proper Policy. The detailed profiles of nominated Directors are presented to the Board by the Nomination Committee to assist the Board in making their selection decision.</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 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	:	The details of the Directors' interest, position and experience are set out in the Directors' profile in the Annual Report. The performance of the retiring directors is assessed by the Nomination Committee and Board before recommendation is made to the shareholders for approval. For Independent Directors, the Nomination Committee also assesses their relationship with the executives that might influence, or reasonably be perceived to influence their capacity to bring an independent judgement and to act in the best interests of the listed company as a whole.	
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 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by Tan Sri Datuk Dr Rebecca Sta. Maria who is a Senior Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Applied
Explanation on application of the practice	:	There are three (3) female Directors representing 33% of the total Board members. The Gender Diversity Policy is accessible on Company's website at https://hartalega.com.my/sustainability/corporate-governance/
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 5.10

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	:	There are three (3) female Directors representing 33.3% of the total Board members. The Group's Gender Diversity Policy is accessible on Company's website at https://hartalega.com.my/sustainability/corporate-governance/ .	
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	: <p>The Nomination Committee annually performs Board self-evaluation to evaluate the performance of the Board, Board Committees and individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. An external consultant is engaged once every three years to assist the Nomination Committee to facilitate an objective and candid Board Effectiveness Evaluation (BEE). As such, our Company engaged Tricor Axcelasia Sdn Bhd ("Tricor Axceasia"), an external consultant to conduct the BEE for the period from 1 April 2022 to 31 March 2023.</p> <p>The BEE questionnaires which comprised the Board and Board Committee effectiveness assessments, Directors and Board Committee members' self and peer assessment, were issued to the Board and Board Committee members, and the questionnaires were also issued to the Senior Management respectively.</p> <p>The analysis of the BEE results and feedback from the external consultant were presented for the Nomination Committee's consideration in developing action plans for enhancing the Board's overall effectiveness. The overall results of BEE indicated that the Board is cohesive and functioning effectively, has a good mix of skills and experience especially with majority Independent Non-Executive Directors. There is good chemistry amongst the Board members and the Board's Executive Chairman. Overall, all categories were rated three (3) and above on a 5-point scale, with an average score of 4.34 points. The consultants were of the view that the Company's Board effectiveness rating is moderate with room for improvements. The Nomination Committee's recommendation was subsequently presented to the Board for consideration.</p>

	Based on the BEE carried out during the financial year, the Nomination Committee concluded that continuous improvement is essential for the Board succession 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

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	:	<p>The Board's Charter which is published in the Company's website provides the following policies and procedures on remunerations of Directors and Senior Management:</p> <ul style="list-style-type: none">• Competitive and realistic remunerations of Directors are formulated with the aims to attract, motivate, and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Company and the Board effectively.• For Executive Directors and Senior Management, the remuneration packages link rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken.• The level of remuneration for the Executive Directors and Senior Management is assessed by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.• The remuneration of the Executive Directors is linked to sustainability-related key performance indicators (KPIs), including aspects of sustainable income and revenue stream, customers, employees and safety.• The determination of Directors' remuneration is subject to Board's approval. The Director concerned should abstain from discussing his/her own remuneration. <p>Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.</p>

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

Intended Outcome

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	:	<p>The Board has established its Remuneration Committee and has defined the Terms of Reference of this Committee. These Terms of Reference are disclosed in the Company's website.</p> <p>The members of the Remuneration Committee are as follows:</p> <p><u>Chairman:</u> Tan Sri Datuk Dr Rebecca Fatima Sta. Maria, Senior Independent Non-Executive Director (<i>Re-designated on 5 July 2022</i>)</p> <p><u>Members:</u> Dato' Razman Hafidz bin Abu Zarim, Independent Non-Executive Director (<i>Re-designated on 5 July 2022</i>) Datuk Seri Nurmala binti Abd Rahim, Independent Non-Executive Director Dato' Tan Guan Cheong, Non-Independent Non-Executive Director</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

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 fees, salaries and other emoluments, bonus, employer's Employees Provident Fund ("EPF"), benefits-in-kind and Employees' Share Option Scheme ("ESOS") for financial year ended 31 March 2023 are disclosed as 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	Kuan Kam Hon @ Kwan Kam Onn	Executive Director	192	-	-	-	-	-	192	216	-	1,200	1200	25	109	2750
2	Kuan Mun Leong	Executive Director	144	-	-	-	-	-	144	168	-	1,200	1200	25	301	2894
3	Kuan Mun Keng	Executive Director	144	-	-	-	-	-	144	168	-	911	511	22	181	1793
4	Dato' Tan Guan Cheong	Non-Executive Non-Independent Director	180	8	-	-	-	-	188	180	8	-	-	-	-	188
5	Dato' Razman Hafidz Bin Abu Zarim	Independent Director	180	8	-	-	-	-	188	180	8	-	-	-	-	188
6	Tan Sri Datuk Dr Rebecca Fatima	Independent Director	144	8	-	-	-	-	152	144	8	-	-	-	-	152
7	Datuk Seri Nurmala Binti Abd Rahim	Independent Director	144	8	-	-	-	-	152	144	8	-	-	-	-	152
8	Datuk Loo Took Gee	Independent Director	144	5	-	-	-	-	149	144	5	-	-	-	-	149
9	Yap Seng Chong	Independent Director	108	5	-	-	-	-	113	108	5	-	-	-	-	113

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	:	<p>The details of 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.</p> <p>The Group has a competitive remuneration policy in place and has taken steps to ensure that Senior Management's remuneration packages reflect the experience, skills, roles and responsibilities undertaken by the Senior Management. To ensure competitive remuneration, the Senior Management's remuneration packages are reviewed annually based on their individual performance as well as the Group's performance.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will continue to monitor the market practice and development in respect of such disclosure.
Timeframe	:	Others

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1								
2								
3								
4								
5								

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								
2								
3								
4								
5								

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 Chairman of the Audit Committee is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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	:	<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 three (3) years cooling off period best practice under the MCCG before appointing this partner as a member of the Audit Committee. The External Auditor Policy was established and published in the Company's website under Corporate Governance segment at https://hartalega.com.my/sustainability/corporate-governance/.</p> <p>Presently, none of the present members of the Audit Committee were former audit partners of the Company's auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>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 scepticism.</p> <p>In evaluation on the suitability and effectiveness of External Auditors, the Audit Committee reviewed the overall comprehensive external audit plan, the audit approaches, the timelines and quality of deliverables and the competency, capability, and adequacy of the resources to achieve the scope outlined in the audit plan. The Audit Committee reviewed and assessed the independence of the External Auditors, including but not limited to any relationships with the Company or any other person or entity that may impair or compromise, or appear to impair or compromise, the External Auditors' independence.</p> <p>The External Auditor Policy was established and published in Company's website under the Corporate Governance segment at https://hartalega.com.my/sustainability/corporate-governance/</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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

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 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	:	<p>The Audit Committee (AC) consists of the following members:</p> <ul style="list-style-type: none">a. Dato' Razman Hafidz bin Abu Zarim (Chairman) (Re-designated on 5 July 2022)b. Tan Sri Datuk Dr Rebecca Fatima Sta. Maria (Member)c. Datuk Seri Nurmala binti Abd Rahim (Member)d. Mr. Yap Seng Chong (Member) (Appointed on 5 July 2022)e. Dato' Tan Guan Cheong (Member) (Re-designated on 5 July 2022) <p>The Chairman of the Audit Committee is not the Chairman of the Board. In addition, the Audit Committee comprises majority Non-Executive Directors which complied with the paragraph 15.09(1)(a) and (b) of Bursa Malaysia Securities Berhad's MMLR. The Audit Committee Report is set out separately in this Annual Report.</p> <p>The AC is chaired by Dato' Razman Hafidz bin Abu Zarim who is a qualified accountant and has wide working experiences in the financial services industry. The academic and professional background of the rest of the AC members varies and are equipped with knowledge and working experiences from various industries to provide sound advice to the Board. The full list of trainings attended by AC members are set out in the Corporate Governance Overview Statement.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.1

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 and Sustainability Committee ("RMSC"), 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 Chief Executive Officer and the Chief Financial 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>

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	:	The details of the risk management and internal control features as well as the Board's 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.	
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	:	<p>The Risk Management and Sustainability Committee comprises four (4) committee members, whom majority are Independent Non-Executive Directors:</p> <ol style="list-style-type: none">1) Dato' Razman Hafidz bin Abu Zarim (Chairman)2) Dato' Tan Guan Cheong (Member)3) Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria (Member)4) Datuk Seri Nurmala binti Abd Rahim (Member)

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	:	<p>The Internal Audit Department (IAD) is governed by the Internal Audit Charter approved by the Audit Committee and Board which sets out the purpose, objectives, authority, scope of work and responsibilities of the Internal Audit Department.</p> <p>To reflect the independence, the IAD reports functionally to the Board through the Audit Committee. In this regard, the Audit Committee approves the appointment, replacement and dismissal of the head of Internal Audit as well as to evaluate the performance and review the remuneration and/or bonus payable to head of Internal Audit, if any.</p> <p>The Audit Committee oversees the performance and effectiveness of the IAD based on the approved key performance indicators, assesses the competency and experience of the Internal Audit staff as well as the adequacy of resources for the IAD to carry out its work effectively. The Audit Committee also ensures that the IAD has the authority to carry out its work objectively and independently, free from any relationship or conflicts of interest as governed by the Internal Audit Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>The acting head of Internal Audit Department, Mr. Liew Kin Mun is supported by four (4) Internal Audit Executives. He holds a Bachelor's Degree in Accountancy and is a qualified accountant, member of Association of Chartered Certified Accountants and Chartered Member of the Institute of Internal Auditors Malaysia. The rest of the Internal Audit staff are accounting graduates from universities, member of Institute of Internal Auditors, Certified Public Accountants and/or Association of Chartered Certified Accountants.</p> <p>The IAD reports functionally to the Audit Committee. All the internal audit staff were free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of their work.</p> <p>The Internal Auditors have performed its work with reference to the principles of the Institute of Internal Auditors' International Professional Practices Framework (IPPF).</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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board 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">i. The Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on AC, RMSC and Board of Directors;ii. Various announcements made to Bursa Securities, which include announcements on quarterly results;iii. The Company website at www.hartailega.com.my;iv. 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; andv. Participation in surveys and research conducted by professional organisations as and when such requests arise. <p>Shareholders and investors are also encouraged to interact and feedback to the Chairman for opinions or concerns.</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 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	During the year, the Group has adopted integrated reporting based on a globally recognised reporting frameworks.	
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 Annual General Meeting (“AGM”) serves as an important means for shareholders’ communication. In order to encourage shareholders’ participation and engagement with the Board and Senior Management effectively in the AGM, notice of the AGM and Annual Reports are sent to shareholders 28 days prior to the meeting in accordance with 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 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	:	<p>At each Annual General Meeting (“AGM”), the Board presents the progress and performance of the Group’s business and encourages participation of shareholders during the questions and answers session. The Chairman and the Board responded to all questions raised by the shareholders during the AGM.</p> <p>All Directors attended the last AGM of the Company held on 1 September 2022. All issues of concern raised by the shareholders were fully answered and responded to.</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 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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board will consider the convenience of shareholders in selecting a suitable and appropriate location to hold its AGM. The last AGM was held in Ballrooms 2&3, 1st Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur.</p> <p>Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.</p> <p>Explanation for each proposed resolution set out in the Notice of AGM were provided during AGM to assist shareholders in making their decisions and exercising their voting rights. All resolutions set out in the Notice of AGM were put to vote by poll. The Company had appointed an independent scrutineer to validate the vote cast in the last AGM. The outcome of the AGM was then announced to Bursa Securities on the same meeting day while the summary of key matters discussed during the AGM were posted on the Company website.</p>
<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 13.4

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.

<i>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.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>The AGM is a platform to facilitate interaction between the Board, Senior Management and shareholders of the Company. The Board ensures that shareholders are given the opportunity to participate in the AGM.</p> <ul style="list-style-type: none">• Shareholders are given sufficient information on the resolutions put forth for voting at the AGM via the explanatory notes to the notice of AGM and/or Annual Report.• There is a dedicated question and answer (Q&A) session during the AGM to allow shareholders sufficient opportunity to pose questions relating to the financial performance, future outlook and strategies of the Company and resolutions tabled at the AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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.

<i>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.</i>		
Application	:	Not applicable – only physical general meetings were conducted in the financial year
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

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 general meeting held on 1 September 2022 was circulated to shareholders within 30 business days after the general 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	:	

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.