

# **HAILY GROUP BERHAD**

Registration No. 202001006412 (1362732-T)

*(Incorporated in Malaysia)*

## **BOARD CHARTER**

### **INTRODUCTION**

HAILY GROUP BERHAD (“Haily” or “the Company”) was incorporated on 21 February 2020 as a private company and subsequently converted into a public company on 25 August 2020. The Company was listed on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 21 July 2021.

This Board Charter (“Charter”) should be read together with the following legislations/regulations and including any modification, amendment or re-enactment thereto that may be made from time to time:

- Companies Act 2016 (“CA 2016”);
- Capital Markets and Services Act 2007 (“CMSA 2007”); and
- ACE Market Listing Requirements (“ACE LR”) of Bursa Securities.

If there is any conflict between this Charter with the abovementioned legislations/regulations and the constitution of the Company (“Constitution”), the latter shall prevail. This Charter is in line with the Malaysian Code on Corporate Governance 2021 (“MCCG”).

The Company’s vision and mission are as follows: -

### **VISION**

We aspire to be the choice builder by delivering high quality construction products and services to our customers in a timely manner and seek to create sustainable returns to all our stakeholders.

### **MISSION**

- To create a conducive environment for satisfactory development of skills and knowledge among staffs and management to promote career advancement, trigger efficiency and effectiveness in work processes and motivate team cohesiveness.
- To uphold long term relationship with our valued customers without compromising in the highest standards in environmental, safety and health.
- To adopt best industrial practices and embrace innovation as the way we conduct our businesses.

#### **1. Purpose of this Board Charter**

- 1.1. This Charter establishes the key values, principles and ethos of the Company, and shall act as a driver for policies and strategy development of the Company and its subsidiaries (collectively referred to as “the Group”). This Charter sets out the governance structure, authority and terms of reference of the board of directors (“Board”), its committees and management, the respective roles and responsibilities of the Board, Board committees, individual directors and management and more importantly issues and decisions reserved for the Board and also to ensure that the Board’s practices are consistent with the abovementioned legislation, regulations and the MCCG.

## **HAILY GROUP BERHAD**

Registration No. 202001006412 (1362732-T)

### **- BOARD CHARTER**

---

- 1.2. The Board has primary responsibility for ensuring that the Group commits to and practices the highest standard of corporate governance, which is inculcated and embedded into the Group's organisational culture.

The Board is also responsible for ensuring the continuing success of the Group. The Board shall provide strategic leadership and business direction, management oversight as well as integration of sustainability consideration in the Group's corporate strategy, governance and decision-making, in order to achieve the Group's long-term objectives, add to shareholders' value and safeguard the interests of stakeholders.

The Board together with Management, takes responsibility for the Group's governance of sustainability, including setting the Group's sustainability strategies, priorities and targets.

- 1.3. This Charter shall be used as guidance to assist all Board members and outlines what is expected from them in terms of their commitment, roles and responsibilities in discharging their fiduciary duties and fulfilling their responsibilities as Board members. It shall serve as a reference source and primary induction literature to assist existing members and new members of the Board in the performance of their duties as directors of the Company ("Directors"). It also serves as a reference in the annual assessment of the Board's performance, performance of its committees, Chairman of Board committees, Independent Non-Executive Directors and of its individual Directors.

## **2. Meetings, Composition, Roles and Functions of the Board**

### **2.1. Board Meetings**

The Board shall conduct meetings at least four (4) times a year or more frequently as circumstances dictate. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Board no later than seven (7) days before the date of meeting. Reasonable time should be given for Board members and to other attendees as appropriate, to consider all relevant papers and materials prior to the Board meeting. The Board may meet on shorter notice and waive notice of any meetings as they deem necessary subject to the consent and agreement of all Board members.

The Chairman of the Board meeting shall be the Chairman to the Board and in the absence of the Chairman and/or an appointed deputy in any meeting, the remaining members present shall elect one (1) of themselves to chair the meeting in accordance with the provisions set out in the Constitution.

The Chairman should ensure that the Board committee meetings are not combined with the main Board meeting. Board committee meetings should be conducted separately from the Board meeting to enable objective and independent discussion during the respective committee meetings.

A duly convened meeting of a Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion vested in or exercisable by the Board.

## **HAILY GROUP BERHAD**

Registration No. 202001006412 (1362732-T)

### **- BOARD CHARTER**

---

The Board may invite other parties such as the Management, auditors, solicitors or consultants to make presentations, brief the Board members and clarify and explain any matters or areas of concern which the Directors' may have, as and when the need arises. External parties invited may attend part or all of the Board meeting at the discretion of the Board.

The Company Secretary(s) of the Company shall record minutes of the Board meetings for circulation to the Board members, which will be confirmed and signed by the Chairman of the meeting as correct proceedings thereat in the next scheduled Board meeting unless otherwise determined. All Directors should ensure that the minutes of meetings accurately reflect the deliberations of the Board, including any dissenting views and if any Director has abstained from voting or deliberating on a particular matter.

All Directors must comply with the minimum attendance at Board meetings as stipulated by Bursa Securities.

#### **2.2. Quorum at Board Meetings**

In accordance with Clause 139 of the Constitution, the quorum necessary for the transaction of the business of the Directors shall be of two (2) Directors for the time being of the Company.

#### **2.3. Composition**

##### **2.3.1. Size of the Board**

In accordance with Clause 115 of the Constitution, until otherwise recommended by the Board and confirmed by the Company in a general meeting, the number of Directors shall not be less than two (2), not more than nine (9), all of whom shall be natural persons.

In compliance with Rule 3.08 and Rule 15.02 of the ACE LR of Bursa Securities, the Company will ensure that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent Directors and one (1) Director of the Board is a woman. If the number of Directors is not three (3) or multiple of three (3), then the number nearest one-third shall be used for purposes of determining the requisite number of independent Directors.

The Board should consist of suitably qualified individuals with differing range of knowledge, skills, experiences, backgrounds and diversity. Further the size of the Board should be such that it facilitates the making of informed and critical decisions for the Group.

The Board shall determine its optimum size such that it is able to discharge its responsibilities effectively and efficiently. The evaluation of the potential candidate for new directorship and Directors due for re-election are delegated to the Nominating Committee ("NC") with recommendation being made to the Board for decision.

All members of the Board are expected to devote sufficient time and effort to discharge their individual responsibilities with reasonable due care, skills and diligence. Individual members of the Board are required to inform the Chairman before accepting any new appointment of directorship in other listed companies and to communicate the time he/she expects to spend for the new appointment.

Independent Non-Executive Directors should be persons of calibre, be credible and have the necessary skills, competencies, commitment and experience to bring independent judgement and objectivity to Board discussions and decisions.

#### 2.4. Appointments

The Board's fit and proper person policy and procedures for appointments to the Board are viewed as a vital component of the governance process in determining the composition, size, balance, competencies and ultimately the quality and integrity of the Board.

The Company has a formal and transparent procedure established for the appointment of new director to the Board.

The nomination, selection and recommendation of any new director to the Board is performed by the NC under the NC's terms of reference and is governed by a structured nomination and selection process.

New appointments to the Board are only made after consultation with the NC. The NC is responsible for assessing the candidate(s) for proposed directorship and proposed Board Committee membership and thereupon, submitting their recommendation to the Board for decision. In making their recommendation, the NC will consider the Company's requirements, diversity policy and other qualities, where appropriate.

Newly appointed Directors shall be inducted and briefed on the business of the Group and the industry, organisation structure, tour of the Group's operations and meeting with the management team.

#### 2.5. Separation of Position of Chairman and Chief Executive Officer

In line with Practice 1.3 of the MCCG, it is the Board's policy to keep the positions of chairman of the Board ("Chairman of the Board") and Chief Executive Officer ("CEO") distinct and held by separate individuals to ensure a balance of power and authority in the Board.

The Chairman of the Board shall be appointed by the Board and shall be an independent and non-executive director who is responsible for the governance, orderly conduct and effectiveness of the Board while the CEO is responsible to ensure proper execution of the strategic plans and effective day to day operations of the Group. The Chairman represents the Board to the shareholders and acts as facilitator at the meetings of the Board and ensure that no board member dominates the discussion, appropriate discussion takes place, relevant opinion among Board members is forthcoming and decisions are arrived after due consideration. The responsibilities of the Chairman are set out under Section 3 of this Charter.

## **HAILY GROUP BERHAD**

Registration No. 202001006412 (1362732-T)

### **- BOARD CHARTER**

---

In line with Practice 1.4 of the MCCG, the Chairman of the Board should not be a member of the Audit Committee, Nominating Committee or Remuneration Committee. To ensure check and balance and the objective review by the Board, the Chairman of the Board should not be involved in these committees.

The CEO is accountable to the Board for the implementation of the Group's strategies and the achievement of the corporate objectives. The CEO shall be the head of the Management of the Group and reports to the Board. The responsibilities of the CEO are set out under Section 4 of this Charter.

#### **2.6. Retirement, Re-Election and Re-Appointment**

An election of Directors shall take place each year. At the annual general meeting of the Company where one-third (1/3) of the Directors for the time being or if the number is not three (3) or a multiple of three (3) then the number nearest one-third (1/3), shall retire from office provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

#### **2.7. Disqualification or Vacation of Office**

The office of a Director shall be vacated in the event, the Director: -

- (a) becomes bankrupt and a receiving order in bankruptcy is made against him during his term of office or he makes any arrangement or composition with his creditors;
- (b) resigns his office by giving a written notice to the Company at the office;
- (c) has retired in accordance with the CA 2016 or the Constitution but is not re-elected;
- (d) is removed from office in accordance with the CA 2016 or the Constitution;
- (e) becomes disqualified from being a director under the CA 2016 or the ACE LR of Bursa Securities;
- (f) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act 2001;
- (g) dies; or
- (h) is absent from more than 50% of the total Board meetings held during a financial year.

#### **2.8. Diversity**

The Board has adopted a Diversity Policy as the Board views diversity in the boardroom as an essential factor in ensuring an effective and well-functioning Board. The Diversity Policy is set out as a separate document and is accessible on the Company's website.

As part of the NC's terms of reference, the NC will review and oversee the diversity needs of the Board during the selection, recruitment and/or appointment of new Directors by taking into consideration the Board's diversity in skills, experience, age, cultural background and gender, of its directors.

## **HAILY GROUP BERHAD**

Registration No. 202001006412 (1362732-T)

### **- BOARD CHARTER**

---

The Board has set a policy that at least one (1) member of the Board and Senior Management will be of the female gender.

#### **2.9. Roles and Responsibilities of the Board**

2.9.1. The powers and duties of the Directors are as set out in the Constitution and as prescribed under Sub-division 3 of Division 2 of the CA 2016.

2.9.2. Pursuant to Section 211 of the CA 2016:

##### Section 211(1)

The business and affairs of a company shall be managed by, or under the direction of the Board.

##### Section 211(2)

The Board has all the powers necessary for managing and for directing and supervising the management of the business and affairs of the company subject to any modification, exception or limitation contained in the CA 2016 or in the Constitution.

2.9.3. Pursuant to Section 213 of the CA 2016:

##### Section 213(1)

A director of a company shall at all times exercise his powers in accordance with the CA 2016, for a proper purpose and in good faith in the best interest of the Company.

##### Section 213(2)

A director of a Company shall exercise reasonable care, skill and diligence with:

- (a) the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and
- (b) any additional knowledge, skill and experience which the director in fact has.

##### Section 213(3)

A director who contravenes this section commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding five (5) years or to a fine not exceeding three million ringgit or to both.

2.9.4. All Directors must act with integrity, lead by example, keep abreast of his responsibilities as a director and of the conduct, business activities and development of the Company. The Board assumes ultimate accountability and responsibility for the stewardship of the Company including those expounded under Guidance 1.1 of the MCCG as follows:

- Promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;

## **HAILY GROUP BERHAD**

Registration No. 202001006412 (1362732-T)

### **- BOARD CHARTER**

---

- Review capital expenditure budget and annual budget (including major changes to such budgets) and monitor the implementation of the Group's strategic plans as proposed by the management;
- Review and approve strategic initiatives including, material sustainability matter, restructuring or streamlining corporate business and strategic alliances to support long-term value creation and taking into account, the economic, environmental and social considerations underpinning sustainability;
- Supervise and oversee the Group's management performance to assess whether the Group's businesses are being properly managed;
- Assess and identify the principal risks of the Group's businesses and recognise that business decisions involve the taking of appropriate risks;
- Ensure sound framework for internal control and risk management are implemented;
- Set the risk appetite within which the Board expects the management to operate, and ensuring appropriate risk management framework is implemented to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- Approve the nomination, selection, succession policies, remuneration packages for the Board members and Board Committee members including managing succession planning, appointing, training, fixing the compensation of, and where appropriate replacing senior management or key management personnel;
- Approve the appointment, resignation or removal of company secretaries;
- Develop and implement "Stakeholder Communications Policy" for the Group;
- Review the adequacy and integrity of the Group's internal control systems, management information systems and antibribery management system, including systems for compliance with applicable laws, regulations, rules, directives and guidelines (including the securities laws, CA 2016 and ACE LR);
- Ensure that all the Directors are able to understand financial statements and form a view on the information presented;
- Ensure the integrity of the Company's financial and non-financial reporting.
- Review and approve the financial statements encompassing, annual audited accounts and quarterly results reports and the annual report;
- Review and approve the appointment of external auditors and their related audit fees; and
- Review, through the Audit and Risk Management Committee, the appointment, re-appointment, resignation and termination of external auditor and to recommend the same to the shareholders for approval and approve their related audit fees;
- Carry out or perform such other functions necessary for the discharge of its fiduciary duties under the relevant laws, rules and regulations;

## **HAILY GROUP BERHAD**

Registration No. 202001006412 (1362732-T)

### **- BOARD CHARTER**

---

- Review and recommend Directors' fee and to review and approve Executive Directors/ Key Management Personnel and where applicable, Senior Management remunerations and benefits and in accordance with the Remuneration policy and relevant laws and regulations;
- Review and approve any proposed employee's share option scheme and /or amendments to the scheme, subject to approvals that may be required by applicable laws and regulations; and
- Establish an independent internal audit function that reports directly to Audit and Risk Management Committee. Review the internal audit plan and the internal audit function and reports from such internal audit function through the Audit and Risk Management Committee.

#### **2.10. Matters reserved for the Board**

The Board has specifically reserved the following matters for decision by the Board:

- Approve any major changes to the corporate organisation structure and delegation of authority to the Management;
- Acquisitions of business/investments;
- Divestments and disposals of business/investments;
- Overseas equity venture;
- Corporate finance and proposals;
- Terms of key/main agreements not within the ordinary course of business;
- Acquisition and disposal of properties (not in the ordinary course of business);
- Acquisition and disposal of fixed assets, other than properties, for amounts RM400,000 and above;
- Impairment and write offs of assets, for amounts RM400,000 and above;
- Material expenditure other than capital expenditure not within the ordinary course of business, for amounts RM400,000 and above;
- Bank borrowings and bank credit facilities arrangements;
- All related party transactions;
- Contra of properties against work billings for amounts RM400,000 and above; and
- Matters/ issues involving Conflict of Interest ("COI") of Directors and Key Senior Management escalated by the ARMC to the Board.

### **3. Chairman of the Board**

The Chairman of the Board is primarily responsible for:

- To lead the Board in the adoption and implementation of good corporate governance practices and sustainability practices in the Company;
- To oversee the Board in the effective discharge of its responsibilities;



## **HAILY GROUP BERHAD**

Registration No. 202001006412 (1362732-T)

### **- BOARD CHARTER**

---

- To lead the Board in the oversight of the Management and ensure its effectiveness of all aspects of its role;
- To ensure the efficient organisation and conduct of the Board's function and meetings and that board committee meetings are separately conducted from the main board meeting;
- The leadership of the Board and facilitating the effective contribution of all Directors at Board meetings, ensuring that no member dominates discussions and that appropriate discussions and opinions amongst members are forthcoming;
- Representing the Board to shareholders and chairing general meetings of shareholders.
- The efficient organisation and conduct of the Board's functioning, including establishing the agenda for Board meetings in consultation with the Executive Directors, chairing Board meetings and ensuring that the Board's conducts are in accordance with the Code of Ethics for Directors and executives;
- Ensuring the Board's decisions have been implemented;
- Ensuring that the Directors receive accurate, timely and clear information in a form and of a quality appropriate to enable it to discharge their duties. Directors are entitled to request additional information where they consider such information necessary, to make informed decisions;
- Ensuring new Directors receive a full, formal and tailored induction on joining the Board. The letter of appointment should set out the Director's expected time commitment;
- Ensuring that the Directors continually update their skills, knowledge and familiarity with the Company to fulfill their role both on the Board and Board's Committees;
- The promotion of constructive and respectful relations between Directors, and between the Board and management including, promoting a culture of openness and debate without any one Director dominating the discussion;
- Overseeing that adequate time is available for thorough deliberation of key matters and that decisions are taken on a sound and well-informed basis, including the consideration of all strategic and critical issues;
- Ensuring shareholders' views are communicated to the Board, and governance and strategy issues are discussed with major shareholders;
- Providing guidance and mentoring to the Executive Directors as well as maintaining regular dialogue with the Executive Directors and senior management to ensure awareness of all major issues and matters affecting the Group; and
- To maintain effective professional relationships with external parties, investing public, regulatory bodies and stakeholders.

#### **4. Chief Executive Officer**

- 4.1. The CEO is appointed by the Board and is subject to the control of the Board. The CEO is responsible for the day to day management of the Group with all powers, discretions and delegations authorised from time to time by the Board.
- 4.2. The CEO's primary responsibilities include:

## **HAILY GROUP BERHAD**

Registration No. 202001006412 (1362732-T)

### **- BOARD CHARTER**

---

- To develop corporate strategies and strategic plans for the Group for the Board's approval and to implement the approved corporate strategies and plans;
- To carry out and implement the Board's decisions effectively and efficiently;
- To oversee the day-to-day operations of the Group in accordance with authority and delegation authorised by the Board;
- Overall responsibility over the business units and day to day management of the Group, organisational effectiveness
- Providing leadership in the achievement of the Group's vision, mission and business objectives;
- Ensuring that the Group has the appropriate risk management practices and policies are implemented;
- Seek, evaluate and propose business opportunities which are of potential benefits to the Group and to recommend to the Board major business opportunities for the Board's consideration;
- Communicating significant material and relevant matters affecting the Group to the attention of the Board in an accurate and timely manner;
- Establish, implement and ensures that the objectives and standards of performance are understood by the management and employees;
- To safeguard the assets of the Group;
- To ensure effective internal and external reporting of the Group;
- Ensuring operational planning and control systems are implemented;
- Monitoring performance results against plan and taking remedial actions, where necessary;
- Directing and monitoring all aspects of the business operations in a cost-effective manner;
- Effectively oversees the Group's human resource to ensure that key positions in the management structures, including succession planning and talent retention are adequately addressed;
- Ensuring the Group's corporate identity, products and services are of acceptable standards and reflective of the market environment, in which the Group operates in;
- Assists the Chairman of the Board in ensuring that accurate, clear and timely information flows to the Board for establishing the agenda for Board and Committee meetings;
- To ensure compliance with applicable laws and regulations; and
- To discharge the responsibilities delegated by the Board.

In discharging his/her responsibilities, the CEO may delegate and assign appropriate functions and responsibilities to the executive directors and or senior management personnel while retaining overall control and responsibility.

**5. Executive Directors**

5.1. The Executive Directors are appointed by the Board and are subject to the control of the Board.

5.2. The Executive Directors' primary responsibilities include:

- Discharge all duties and responsibilities in conformity with policies adopted by the Board, as amended from time to time, and any special duties assigned or delegated by the Board;
- Collaborate with the CEO to set the overall direction and lead the Company ensuring the Company is managed efficiently and effectively, maximising the utilisation of resources according to the budgeted plan and support policies, procedures and practice of the Company;
- Establish policies that promote the Company's vision and core values;
- Coordinate and oversee the daily business operation of the Company especially supporting functions ie. finance/accounts, costing, human resources/administration and information technology through the managers and thereafter, advise and guide them in the right direction so as to ensure the Company's strategic and business plan is executed;
- Optimise the Company's performance by providing sound leadership and training to the management and staff;
- Strengthen relationship with business partners, customers and government regulatory authorities, agencies and others;
- Devote requisite time and undivided attention to the service of the Company and faithfully and diligently discharge duties which will promote and advance interest of the Company at all times; and
- Ensure that the welfare of the employees are taken care of and mutual interaction and communication are established between the management, general staff and amongst themselves through activities such as sports, family programmes, recreational and annual dinner get-together.

**6. Senior Independent Non-Executive Director ("SINED")**

The Board will identify an Independent Non-Executive Director to be the SINED and the SINED is expected to carry out the following roles and responsibilities:

- Act as a point of contact for shareholders and other stakeholders to address concerns;
- Act as a sounding board for the Chairman of the Board (e.g. offer counsel on matters such as board dynamics and concerns of stakeholders);
- Serve as an intermediary for other Directors, when necessary (e.g. facilitate confidential discussions with Directors, (1) who may have concerns which they believe have not been properly considered by the Board or (2) which they feel may not be appropriate to raise in open forum or with the Chairman of the Board directly); and Provide leadership support and advice to the Board in the event, the Board is undergoing a period of stress (e.g. conflict between the Chairman and CEO or Executive Directors).

## **HAILY GROUP BERHAD**

Registration No. 202001006412 (1362732-T)

### **- BOARD CHARTER**

---

#### **7. Members of the Board**

The roles and responsibilities of each Board's members include:

- Strictly observe the provisions, regulations, guidelines and other relevant requirements under the Constitution, CA 2016, ACE LR, CMSA 2007 and such other applicable statutes, and to maintain strict confidentiality on the use of Company's information;
- Responsibility to notify and obtain approval (when applicable) with the Board before accepting any other directorships in listed companies/subsidiaries of listed issuers;
- Attending continuing education program(s), which are relevant to the Company's operations and business;
- Act in good faith and carry out their fiduciary duty as a director of the company;
- Ensure sufficient time commitment is devoted in carrying out their roles and responsibilities; and
- Participate actively in all Board and where applicable Board committees' meetings, and ensure that the minutes of meetings accurately reflect the deliberations and decisions, including any dissenting views.

#### **8. Company Secretary**

The Board shall be supported by suitably qualified and competent company secretary(ies) ("Company Secretary"), who shall be qualified to act as Company Secretary under Section 235 of the CA 2016.

The Company Secretary is responsible for the compliance of ACE LR and related statutory and regulatory requirements, attendance at all Board and Board Committee meetings, maintaining comprehensive and proper minutes of meetings, and provide advices to the Board and relevant Board Committees on issues relating to corporate secretarial matters, meeting procedures and compliance with laws, rules, procedures and regulations that may affect the Group.

The Company Secretary assists the Board in carrying out the following:

- Comply with the statutory requirements of the CA 2016, ACE LR, CMSA 2007, and such other relevant legislation within their agreed scope of responsibilities;
- Prepare for meetings of the Board, Board committees, shareholders and other stakeholders (where requested) and advise on matters relating to company secretarial matters relating thereto as and when required; and
- Updating and maintaining all statutory registers and books and maintaining record keeping of all important company documents such as the certificate of incorporation, share certificates, meeting minutes, constitutions, etc.

The appointment and removal of the Company Secretary is a matter for the Board's decision.

**9. Board Committees**

The Board delegates certain responsibilities to the various Board committees (“Board Committees”) with clearly defined terms of reference to assist the Board in discharging its responsibilities. The Board Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.

9.1. Audit and Risk Management Committee (“ARMC”)

The ARMC was established to provide assistance to the Board in relation to fulfillment of the Board’s statutory as well as fiduciary responsibilities and ensure that the internal and external audits of the Group are being carried out adequately and effectively. The functions and responsibilities of the ARMC are set out in its Terms of Reference.

9.2. Nominating Committee (“NC”)

The NC was established to provide assistance to the Board in relation to fulfillment of the Board’s statutory and fiduciary responsibilities in respect of its nomination responsibilities. The functions and responsibilities of the NC are set out in its Terms of Reference.

9.3. Remuneration Committee (“RC”)

The RC was established to provide assistance to the Board in relation to fulfillment of the Board’s statutory and fiduciary responsibilities in respect of its remuneration responsibilities. The functions and responsibilities of the RC are set out in its Terms of Reference.

**10. Independence of Directors**

10.1. Definition under ACE LR of Bursa Securities

The definition of an independent Director is as set out in Rule 1.01 of Chapter 1 of the ACE LR and further clarified and discussed under Guidance Note 9 issued by Bursa Securities.

The Board shall ensure that Independent Directors are guided by the above rules of Bursa Securities in regard to their independence status and each Independent Director shall undertake an annual Independence self-assessment review to be submitted to the NC and Board of Directors for their review and confirmation of the independence status.

An Independent Director(s) shall inform the Nominating Committee and the Board immediately if such Director(s) believes they may no longer be independent for the Nominating Committee and Board’s decision.

Where an Independent Director is deemed no longer independent after the assessment by the NC and the Board (with the affected director abstaining from all deliberations), the Board may retain the director as a non-independent director or the affected director may resign from the Board. The Board shall ensure the decision is disclosed immediately by way of an announcement to Bursa Securities and where required, a search for a new Independent Director be undertaken to ensure the vacancy is filled within 3 months in line with the ACE LR.

#### 10.2. Tenure of Independent Directors

Practice 5.3 of the MCCG prescribes that the tenure of an Independent Director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent Director.

If the Board intends to retain the Independent Director beyond nine (9) years, it should provide justification and seek shareholders' approval annually through a two-tier voting process.

Rule 1.01 of the ACE LR further limits the tenure of an independent Director to not more than a cumulative period of twelve (12) years from the date of first appointment as an independent Director of the Company or in any one or more of its related corporations.

### 11. Access to Information, Independent Advice and Continuing Development

11.1. The Board and Board Committees have access to all information pertaining to the Company. All Board members have direct access to the advices and services of the Company Secretary.

The Board and Board Committee papers providing accurate, timely and complete information, review and analysis of matters and issues to be considered and deliberated are furnished to all Board/Committee members at the earliest practicable time prior to meetings.

Key senior management personnel may be invited to attend Board and Committee meetings to brief and present reports and provide clarifications to queries and matters raised at these meetings.

11.2. Board members are entitled to request and receive any such additional information as they consider necessary to support informed decision making. Any Board member has the authority to seek any information he/she requires from any employee of the Group and all employees must comply with such requests.

Any significant issues raised by a Director are to be communicated to the Chairman of the Board or the SINED.

11.3. Any Board member may seek independent legal, financial or other professional advice as they may consider necessary, at the Company's cost and expense.

Any Director seeking such independent advice must first discuss the request with the Chairman of the Board, who must then agree and approve of this course of action and will facilitate obtaining such advice and, where appropriate, disseminate the advice to all Directors.

11.4. The Board has the authority to conduct or direct any investigation required to fulfill its responsibilities and has the authority to retain at the Company's expense, such legal, accounting or other services, consultants, advisers or experts as it considers necessary from time to time in the performance of its duties.

11.5. The Board has adopted a Continuing Education Policy to ensure that Board members maintain and update their skills and knowledge necessary to meet their obligations as Directors.

The Continuing Education Policy is set out as a separate document and is accessible on the Company's website.

## **12. Procedures for Appointment of Directors**

The Board's procedures for appointments to the Board are viewed as a vital component of the governance process in determining the composition, size, balance, competencies and ultimately the quality of the Board.

Haily has a formal and transparent procedure established for the appointment of new Directors to the Board.

The NC is responsible for reviewing, proposing and recommending potential new Directors taking into consideration the current and future needs of the Company.

## **13. Induction**

The objective of the induction process is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.

Induction of Directors may include, but not limited to, the following:

- Furnishing of a copy of the previous board minutes for at least the past six (6) months; the business/strategic plan, pertinent management reports; profile of key competitors and significant reports by management consultants on areas of Board responsibilities;
- Visits to key sites; and
- A formal one (1) to two (2) day induction programme, including the elements above, and also presentations from various divisions on their strengths, weaknesses and ambitions.

## **14. Evaluation of Board Performance**

The Board through the NC evaluates the performance of the Board as a whole, the Board Committees, the individual Directors and the Independence of the Independent Directors on an annual basis.

The evaluation criteria and processes are in accordance with the procedure that has been established, endorsed and approved by the Board following the recommendation made by the NC.

The Board evaluation process is carried out by way of peer assessment, in the form of evaluation questionnaires completed, reviewed and deliberated by the NC before its findings and recommendations tabled to the Board.

The evaluation process in respect of the independence of the Independent Directors is carried out by way of peer assessment in the form of evaluation questionnaires and supported by an annual declaration by the respective independent Director on his/her independence.

The Board's evaluation process also includes the evaluation of the performance of the Chairman of the Board, chairman of the ARMC, NC, RC, the Independent Non-Executive Directors and the Executive Directors.

The NC will review and deliberate the completed evaluation questionnaires (with the affected director abstaining from all deliberations and reviews) and thereafter, table its findings and recommendations to the Board for a decision.

The evaluation criteria and process shall be reviewed at least once every three (3) years or as and when there are new regulatory provisions in place to ensure those criteria remain relevant and appropriate.

**15. Corporate Disclosure Policy**

The Board has adopted a Corporate Disclosure Policy which takes into consideration the Guidance set out under Bursa Securities' Corporate Disclosure Guide issued in September 2011.

The Corporate Disclosure Policy aims to strengthen the Board's commitments to good corporate governance and ensure that all stakeholders are provided with comprehensive, accurate and quality information on a timely and even basis.

The Corporate Disclosure Policy is set out as a separate document and is accessible on the Company's website.

**16. Stakeholders Communication Policy**

The Board has adopted a Stakeholders Communication Policy in respect of communicating with its shareholders.

The Stakeholders Communication Policy is set out as a separate document and is accessible on the Company's website.

**17. Code of Conduct and Business Ethics Policy and Whistle Blowing Policy**

The Board has adopted a Code of Conduct and Business Ethics Policy and Whistle Blowing Policy to enhance the standards of corporate governance and conducts as a guide for Directors and employees from the executive level upwards.

The Code of Conduct and Business Ethics Policy and Whistle Blowing Policy are set out as a separate document and is accessible on the Company's website.



**HAILY GROUP BERHAD**

Registration No. 202001006412 (1362732-T)

**- BOARD CHARTER**

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**18. Remuneration Policy**

The Board has adopted a Remuneration Policy to formalise its approach to determine the remuneration package which takes into account the demands, complexities and performance as well as skills and experience of the directors and key senior management.

The Remuneration Policy is set out as a separate document and is accessible on the Company's website.

**19. Review**

The Board will review this Charter on an annual basis or more often as and when the need arises to ensure it remains consistent with the Board's objectives and responsibilities and keep it current and relevant, at all times.

**20. Publication/Availability**

A copy of this Charter is available at the Company's website, <https://haily.my>.

*This Board Charter was last reviewed and approved by the Board on 28 February 2024.*