

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0237  
**COMPANY NAME** : HAILY GROUP BERHAD  
**FINANCIAL YEAR** : December 31, 2021

## OUTLINE:

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

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("the Board") of Haily Group Berhad ("Haily" or "the Company") assumes ultimate accountability and responsibility for the stewardship of the Company and its subsidiaries (collectively referred to as "the Group") and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The powers and duties of the Directors are as set out in the Constitution of the Company and as prescribed under Sub-division 3 of Division 2 of the Companies Act 2016 including those expounded under Guidance 1.1 of the revised Malaysian Code on Corporate Governance issued by the Securities Commission of Malaysia ("SC") on 28 April 2021 ("MCCG").</p> <p>The Board's responsibilities in respect of the stewardship of the Group includes providing strategic leadership and business direction, development and control of the Group, management oversight, initiatives to embrace the responsibilities listed in the MCCG 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. While the Board sets the strategic plan and policies, the Chief Executive Officer ("CEO") who is supported by the Executive Directors ("EDs") and assisted by the Senior Management of the Group is responsible for making and implementing operational and corporate decisions while the Independent Non-Executive Directors ("INEDs") ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of the shareholders.</p> <p>The Board is also assisted by several Board Committees ("Committees"), namely Audit and Risk Management Committee ("ARMC"), Nominating Committee ("NC") and Remuneration Committee ("RC") to assist in the execution of Board functions. The</p>

ARMC and the Board are further assisted by the Sustainability and Risk Management Committee (a Management level Committee) playing a pivotal oversight function as delegated by the Board. These Committees ensure greater focus, objectivity and independence in the deliberation of specific Board agendas. All Committees have written Terms of Reference which are available for reference on the Company's website at [www.haily.my](http://www.haily.my). These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The respective Chairman of these Committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees.

Although the Board may delegate powers and responsibilities to these Committees, the Board retains ultimate accountability for discharging its duties.

The Board continuously upholds corporate governance ("CG") standards and values in the organisation and strives to lead by example in strengthening its competitiveness and instill investor confidence in the Group. For the discharge of its duties and responsibilities, the applicable CG Practices and guidances are embedded in the Terms of Reference of the respective Committee, the Board's Policies and the Board Charter which clearly delineate relevant matters including those reserved for the Board's approval, and those which the Board may delegate to the Committees, the CEO, the EDs and the Management.

In February 2022, the Board conducted a review on the Board Charter, Board's Policies and the Terms of Reference of all Committees in conjunction with the review of the Group's CG Practices with reference to the MCCG and the recent amendment to the ACE Market Listing Requirements ("ACE LR") by Bursa Malaysia Securities Berhad ("Bursa Securities") on 19 January 2022. Having conducted the review, the Board approved various changes to the Board Charter, Board's Policies and the Terms of Reference of all Committees to incorporate the applicable CG Practices of the MCCG and the recent amendments to the ACE LR in order to keep them up to date and consistent with the Board's objectives and responsibilities.

The Board also took into consideration the guidance provided under the 4th Edition of Bursa Securities Corporate Governance Guide issued on 15 December 2021.

The following updated Board Charter, Policies and Terms of References approved and adopted by the Board are available on the Company's website at [www.haily.my](http://www.haily.my): -

Policies

- Anti-Bribery and Anti-Corruption Policy
- Board Corporate Disclosure Policy

	<ul style="list-style-type: none"> <li>• Board Policy on Protocols and Procedures in respect of Response to Rumours or Reports/on Unusual Market Activity from Bursa Malaysia Securities Berhad</li> <li>• Board’s Procedures for Appointment of Directors</li> <li>• Code of Conduct and Business Ethics Policy</li> <li>• Continuing Education Policy</li> <li>• Diversity Policy</li> <li>• Remuneration Policy</li> <li>• Stakeholder’s Communications Policy</li> <li>• Whistle-Blowing Policy</li> <li>• Fit and Proper Person Policy</li> </ul> <p><u>Terms of Reference</u></p> <ul style="list-style-type: none"> <li>• Audit and Risk Management Committee</li> <li>• Nominating Committee</li> <li>• Remuneration Committee</li> </ul> <p>The Board has also established a Fit and Proper Person Policy (“FPP”), to ensure that the Board’s quality and integrity is maintained and up to expectations. The Board together with the NC has adopted the FPP to serve as guidance for the appointment, re-election of Directors and the appointment of key management personnel to carry out their responsibilities with full competence, character, diligence, integrity and judgement. The main objective of this Policy is to ensure that the Group is led by persons of integrity, credibility and competency as well as to enable the discharge of the responsibilities required of the position in the most effective manner.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Haji Mohd Jaffar Bin Awang (Ismail), is the Chairman of the Board. His profile can be viewed on page 8 of the Company's Annual Report 2021.</p> <p>The Chairman is responsible for leadership, governance, orderly conduct of the Board and ensuring the effectiveness of all aspects of its role. 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 opinions among Board members are forthcoming and decisions are arrived after due consideration.</p> <p>The detailed roles and responsibilities of the Chairman of the Board are clearly specified in the Board Charter, which is available on the Company's website at <a href="http://www.haily.my">www.haily.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Haily's Board is led by an Independent Non-Executive Chairman, Haji Mohd Jaffar Bin Awang (Ismail) and supported by three (3) EDs and three (3) INEDs.</p> <p>The CEO of the Company is Mr Yoong Woei Yeh.</p> <p>The position of Chairman of the Board and CEO are held by different individuals.</p> <p>The Chairman is responsible for leadership, governance, orderly conduct of the Board and ensuring the effectiveness of all aspects of its role. 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.</p> <p>The CEO has the executive responsibility for the day-to-day operations of the Group's business and is responsible to implement the Group's policies, strategies and decisions adopted by the Board. The CEO shall be the head of the Management of the Group and reports to the Board.</p> <p>The positions of the Chairman and the CEO are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Chairman and CEO. The details of these responsibilities are articulated in the Board Charter which is accessible from the Company's website at <a href="http://www.haily.my">www.haily.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: As at 31 December 2021, Haily is in compliance with Practice 1.4 of the MCGG whereby the Chairman of the Board, Haji Mohd Jaffar Bin Awang (Ismail) ("the Chairman") is not a member of the ARMC, NC and RC.  The Chairman of the Board was a member of ARMC, NC and RC from 2 September 2020 until 24 November 2021.  With the issuance of the MCGG by the SC on 28 April 2021, the Board at its meeting held on 24 November 2021, approved the re-organisation of the ARMC, NC and RC to be in line with Practice 1.4 of the MCGG. Accordingly, as an INED, Ms Poh Boon Huwi who was newly appointed to the Board was appointed as a member of the ARMC, NC and RC while Mr Tan Sui Huat was appointed as Chairman of the RC, in place of Haji Mohd Jaffar Bin Awang (Ismail) who resigned as a member of ARMC, NC and Chairman of RC in line with Practice 1.4 of the MCGG.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two (2) External Company Secretaries, both qualified to act as Company Secretary under Section 235 of the Companies Act 2016 and also registered as holders of the Practising Certificate issued by Suruhanjaya Syarikat Malaysia. Both the Company Secretaries are Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's Constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.</p> <p>All Directors also have full and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly updated on new guidelines, directives and new regulatory issues affecting the Group by the Company Secretaries as well as external consultants. The Company Secretaries together with the Executive Directors assist the Chairman of the Board and Chairman of Board Committees to deal with the Board agenda and to provide the relevant information and documents to Directors on a timely basis. The Board is satisfied with the support and performance rendered by the Company Secretaries in assisting the Board to discharge its duties.</p> <p>The Company Secretaries attend all Board and Committees meetings and ensure the meetings are properly convened, deliberations and decisions made by the Board are accurately minuted, recorded and kept. The Company Secretaries attended relevant development and training programmes to enhance their abilities in discharging their duties and responsibilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

### Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that the timeliness and quality of the information supplied affect the effectiveness of the Board to oversee the conduct of the business and to evaluate the management performance of the Group.</p> <p>A corporate calendar of all scheduled meetings and planned events for the coming financial year is furnished to all Directors and the Management by the Company Secretaries normally before the start of the financial year to aid and facilitate the Directors in scheduling and meeting their time commitments.</p> <p>In reviewing and analysing the quarterly interim financial results, the Board was provided with relevant supporting information and data on operational, financial and corporate issues as well as minutes of meetings of the various Board Committees prior to the meetings to enable Directors to obtain further explanations and/or clarifications, if necessary, in order to ensure the effectiveness of the proceeding of the meetings. This information was circulated to the Board members at least seven (7) days prior to the Board meetings so as to provide the Directors with relevant and timely information to enable them to deliberate issues raised during Board meetings more effectively whilst highly sensitive corporate proposals are circulated during the meeting. Additionally, the Management was also invited to brief and provide additional information or clarification in meetings of the Board and Board Committees.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>The Company Secretaries will circulate the draft minutes of meetings for the Board and Board Committee's review in a timely manner. The Company Secretaries will also follow up with the Management on status of actions taken with reference to the previous minutes of meetings for updating the Board. Action items would stay as matters arising in the minutes of meetings until they are resolved.</p>

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

## Intended Outcome

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

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

## Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter is a primary document, clearly set out the roles and responsibilities of the Board, Chairman of the Board, EDs, the Board Committees, CEO, the Individual Board members and management taking into consideration all applicable laws, rules and regulations as well as the best practices. It serves 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 serves as a reference and primary induction literature in providing Board members insight into the function of the Board of Directors of the Company. Board specific reserved matters covering areas such as strategy and business planning, finance and controls, people, compliance, support and assurance and others are entrenched in the Company's Board Charter. It also serves as a reference in the annual assessment of the Board's performance, performance of its committees, Chairman of Board committees, INEDs and of its individual Directors.</p> <p>On 23 February 2022, the annual review of the Board Charter was conducted in conjunction with the review of the Group's CG Practices with reference to the MCCG and the recent amendment to the ACE LR by Bursa Securities on 19 January 2022. Having conducted the review, the Board approved various changes to the Board Charter to incorporate the applicable CG Practices of the MCCG and the recent amendments to the ACE LR in order to keep it up to date and consistent with the Board's objectives and responsibilities.</p> <p>The Board also took into consideration the guidance provided under the 4th Edition of Bursa Securities Corporate Governance Guide issued on 15 December 2021.</p> <p>The Company's Board Charter is available on the Company's website at <a href="http://www.haily.my">www.haily.my</a>.</p>

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

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised a Code of Conduct and Business Ethics (“the Code”), setting out the standards of conduct expected from Directors and employees at executive level and above (referred as “employees”). The Code sets out the standards of ethical behaviour and values expected of Directors and employees and serves as a guide and reference in the course of the performance of their duties and responsibilities. The Board aims to ensure that all Directors and employees act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.</p> <p>The Board has implemented appropriate processes and systems to support, promote and ensure its compliance. The Board had reviewed the Code on 23 February 2022 and is available on Haily’s website at <a href="http://www.haily.my">www.haily.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Whistle-Blowing Policy (“WBP”) which sets out the disclosure procedures and protection for whistle blowers to meet the Group’s ethical obligations. Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them.</p> <p>The WBP was last reviewed and approved by the Board on 23 February 2022 and is available for reference on the Company’s website at <a href="http://www.haily.my">www.haily.my</a>.</p> <p>This Policy is administered by the ARMC with the assistance of the Management and overseen by the Board of Directors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>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, enhance shareholders' value and safeguard the interests of stakeholders.</p> <p>The Board together with Management, takes responsibility for the Group's governance of sustainability, including setting the Group's sustainability strategies, priorities and targets and ensuring that the current standing and the response of the sustainability matters of the Group remain relevant taking into consideration any changes to the Group's Sustainability Pillars including climate-related risks and opportunities.</p> <p>Accordingly, the Board had adopted a Sustainability Policy in November 2021. The objectives of the Sustainability Policy are to recognise sustainability as an integral component of the Company's corporate values. The Company is committed in meeting the sustainability goals with the view to achieve growth and profitability, improving the operational efficiencies and managing risks with regard to Economic, Environmental and Social performance.</p> <p>The Board had also established the Sustainability and Risk Management Committee ("SRMC"), a management level committee with its own Terms of Reference. In this respect, the CEO through the SRMC which he chairs, assisted by the heads from various departments, assisted the</p>

	<p>Board in overseeing the formulation, implementation and effective management of Haily’s sustainability strategies.</p> <p>The SRMC reports to the ARMC before matters are escalated to the Board.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

### Practice 4.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The SRMC is established to be principally responsible for driving the sustainability governance of the Group and is comprised of our CEO and senior management personnel. The key roles of the SRMC are as follows:</p> <ul style="list-style-type: none"><li>• To ensure that the sustainability strategies, priorities and targets of the Group are aligned to the Group's vision and mission statement and are embedded in and function effectively throughout the Group;</li><li>• To develop strategies suited to the sustainability agendas and ensure that the current standing and the response of the sustainability matters of the Group remain relevant taking into consideration any changes to the Group's approach to sustainability;</li><li>• To conduct periodic review of the material sustainability matters of the Group and determine the adequacy of the response and the current status of the material sustainability matters and reporting the review results and recommendations to the ARMC for consideration;</li><li>• To provide appropriate advice and recommendations on the material risk issues, and ensure that risk management strategies, framework, policies, processes, tolerance and risk appetite are in place for the timely identification, mitigation and management of such key risks which may have material impact on the Group and provide overall direction and decisions on sustainability governance, strategy, initiatives, performance and processes; and</li><li>• To provide awareness and education on sustainability management to all levels of employees within the Group.</li></ul> <p>Based on the above, the Board has delegated the driving of the Group's sustainability governance to the SRMC, which is a sub-committee of the ARMC. The SRMC provides the ARMC with periodic updates based on the sustainability and risk assessment conducted together with recommendations on matters for improvement. In the event of material matters, the ARMC will then instruct the SRMC to escalate such matters to the Board.</p>

	<p>In discharging its responsibilities, the SRMC ensures that the Group’s strategies, priorities and targets on sustainability is communicated via the senior management personnel to the employees in their respective departments. In conjunction with the periodic updates provided to the ARMC as mentioned above, the senior management personnel are also to provide the relevant updates to their respective departments in relation to the performance in relation to the sustainability strategies, priorities and targets set.</p> <p>Our Group’s external stakeholders comprise mainly of our sub-contractors, suppliers and shareholders. Our main sustainable practice required by us of our sub-contractors and suppliers is to maintain the environmental sustainability and reduction of wastage at our construction sites. This is communicated and monitored by our project managers and site agents to the respective sub-contractors and suppliers. As for our shareholders, our Company is committed to ensure communication in relation to the Group’s sustainability strategies, priorities and targets are adequate and sufficient. In line with the listing requirements of Bursa Securities, we have prepared our Corporate Sustainability Statement included in our Annual Report 2021 together with this CG Report for the information of our shareholders. In addition, we also periodically update our website on social aspects undertaken by our Group for the information of our shareholders.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 4.3

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Our Board ensures that it is kept abreast and understands the Group’s sustainability issues through periodic updates by the SRMC and ARMC. During the periodic briefings, the Board is presented with the challenges, risks and opportunities faced in its sustainability issues which are highlighted by the respective departments. With the briefings, the Board is able to better assess and form the Group’s direction in relation to its sustainability strategies and policies. In addition, representatives of our Group have attended relevant training programmes related to environmental, social and governance during the financial year ended 2021 (“FYE 2021”), namely: -</p> <p>a) Trends, Developments and Best Practices in Financial and ESG Reporting organised by Malaysian Investor Relations Association; and</p> <p>b) Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, issued by SC and Revised Malaysian Code on Corporate Governance &amp; Corporate Disclosure Policy organised by Tricor Hive Sdn Bhd.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The review of the Board's performance is mainly the function of the NC. In evaluating the Board's size, composition and balance, the NC takes into consideration the contributions of each Board member and deliberates accordingly if such Board member continues to be suitable and the core competencies which the respective directors should bring to the Board are present. In addition, the NC is also tasked with the reviewing and recommending to the Board, the re-election of any Director as and when it becomes due in accordance with Clause 133 of the Company's Constitution "Retirement by Rotation". Amongst the criteria being considered by the NC in these processes are the contributions of the Board members in providing input, suggestions and action plans on the Group's material sustainability risks and opportunities.</p> <p>The review of senior management is mainly handled by the CEO while the CEO's performance is evaluated by the Board. In addition to operational performance, the senior management are also evaluated in term of their abilities to identify and provide mitigating actions for the Group's material sustainability risks and opportunities. Once the mitigating actions and the relevant timeframes are approved by the ARMC and acknowledged by the Board, the relevant senior management personnel will then be evaluated on the implementation of such mitigating actions of the Group's material sustainability risks and opportunities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board has established the SRMC whose main function is that of the driving of the sustainability governance for the Group. The SRMC is responsible for the development of strategies suited to the sustainability agendas of the Group as well as to monitor the progress of improving sustainability processes and performances. Our CEO has been identified as the key person in charge of the SRMC. His key role as the chairman of the SRMC is to promote the integration of sustainable practices in our Group's day-to-day operations while building long-term value to our stakeholders as mentioned in our Company's vision and mission statements.

## Intended Outcome

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

## Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><u>Refreshing the Board Composition</u></p> <p>The NC is responsible to assist the Board (among other things) in the development and implementation of the policies on the nominating and appointment of Directors and Committee members in Haily, to achieve long-term sustainability of the organisation in accordance with the Terms of Reference of the NC.</p> <p>In this respect, the Board is mindful that for it to be effective, its composition must include the right group of people, with an appropriate mix of skills, knowledge, experience and independence elements that fit the Company's objectives and strategic goals.</p> <p>Accordingly, the Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director, who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval.</p> <p><u>Re-election of Directors</u></p> <p>The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors.</p> <p>The Constitution of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM").</p> <p>The Director who is subject to re-election and/or re-appointment at the next AGM shall be assessed by the NC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The current Board of Directors consists of seven (7) members comprising:</p> <ul style="list-style-type: none"><li>• Three (3) Executive Directors (including the CEO); and</li><li>• Four (4) Independent Non-Executive Directors (including the Chairman but excluding the Alternate Director).</li></ul> <p>The present composition of the Board is in compliance with the ACE LR of Bursa Securities which require at least two (2) directors or one third (1/3) of the Board, whichever is higher to be independent directors as well as fulfilled the requirement of MCCG to comprise at least half of the Board members are independent directors. The Board currently includes one (1) Executive Director and one (1) Independent Non-Executive Director of the female gender.</p> <p>All the Directors of the Company do not hold more than five (5) directorships in listed issuers as required under Rule 15.06 of the ACE LR of Bursa Securities. The profile of each Director is presented in the Directors' Profiles section of the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Currently, the Board does not have independent director(s) serving beyond nine (9) years.</p> <p>The Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director, who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval.</p> <p>Currently, all four (4) Independent Directors satisfy the independence test under the ACE LR of Bursa Securities.</p> <p>In November 2021, the Board through the NC conducted the annual assessment of the Board and its Committees using the peer's assessment questionnaire, completed by the Directors. Through the assessment, the Board concluded that the independence of all four (4) Independent Directors have not been compromised or impaired in any way and were of the opinion that all four (4) Independent Directors will be in a position to continue to carry out their duties and responsibilities as an Independent Directors of the Company.</p> <p>The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company. The Independent Directors constitute at least half of the current Board structure.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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

## Intended Outcome

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

## Practice 5.5

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p><u>Board's Diversity</u></p> <p>The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship. The Board had adopted a Diversity Policy which acknowledges the importance of Board and Senior Management diversity which includes, but is not limited to, business experience, nationality, age, gender and ethnicity. The Diversity Policy is available for reference on the Company's website at <a href="http://www.haily.my">www.haily.my</a>.</p> <p><u>Appointment to the Board</u></p> <p>The Board is committed to upholding high standards of governance in respect of new appointments to the Board to ensure that the Directors of the Company ("Directors") conform with the Company's Fit and Proper Person Policy and comprised of those, who have the necessary skills, competencies, commitment, character, integrity and experience to complement the efficiency and effectiveness of the Board as a whole.</p> <p>The Board had established and adopted a Fit and Proper Person Policy in February 2022, to ensure that the Board's quality and integrity is maintained and up to expectations. It also serves as guidance for the appointment, re-election of Directors and the appointment of key management personnel to carry out their responsibilities with full competence, character, diligence, integrity and judgement. The main objective of this Policy is to ensure that the Group is led by persons of integrity, credibility and competency as well as to enable the discharge of the responsibilities required of the position in the most effective manner.</p> <p>The Company's Fit and Proper Person Policy is available on the Company's website at <a href="http://www.haily.my">www.haily.my</a>.</p>

	<p>The Company has a formal and transparent procedure established for the appointment of new director to the Board. The procedures for the appointment of new Directors were adopted by the Board on 2 September 2020 and were last reviewed and approved by the Board on 23 February 2022 which are made available for reference on the Company's website at <a href="http://www.haily.my">www.haily.my</a>.</p> <p>The NC is responsible for assessing and recommending suitable candidate for directorship to the Board, leveraging on several sources such as recommendation from existing Board Members, Senior Management, substantial shareholders, business associates and referrals from third party consultants and independent sources such as professional bodies and organisation to gain access to wide pool of potential candidates, based on the profile and background of the candidates.</p> <p>The NC is mindful of the importance of succession planning for the members of the Board and Senior Management including formalising its stand and approach to boardroom diversity. NC will where practicable, maintain a database of suitable and potential candidates for meeting the roles identified.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board delegates to the NC the responsibility of making recommendations on any potential candidate for the appointment as a new Director. The NC is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits.</p> <p>The process for the appointment of a new Director is summarised in the sequence as follows:-</p> <ul style="list-style-type: none"><li>a) The NC will identify suitable candidates from its available database or sources maintained taking into consideration the required skills, competencies, experience, Company's Fit and Proper Person Policy and such other parameters as may be determined by the Board.</li><li>b) The chairman of the NC, CEO and/or EDs will meet with the identified candidates to assess/reassess their suitability for appointment.</li><li>c) The identified candidate if cleared by the NC will then be recommended to the Board for an appointment.</li><li>d) Prior to their appointment, the identified candidates will be invited to an introductory meeting with the Board, for the Board to assess and evaluate such candidates.</li><li>e) Subsequent or further meetings with the candidates may be arranged to the satisfaction of the Board, should the need arise.</li><li>f) The discretion to accept or reject a candidate rest with the Board.</li></ul> <p>In line with the Board's commitment in respect of Practices 1.4 and 5.9 of the MCCG, two (2) suitable women candidates were recommended by existing Independent Non-Executive Directors of the Company to the NC for appointment to the Board for consideration. The NC took into cognizance, that they were required to review the candidates taking</p>

	<p>into consideration the candidates required mix of skills, the level of independence, character, experience, integrity, competencies, time commitment and such other parameters as determined by the Board.</p> <p>A preliminary introductory meeting with the candidates had been conducted with the attendance of the NC, CEO together with the other members of the Board to allow for interaction on a personal level to assess the suitability of the candidates for appointment as an Independent Non-Executive Director.</p> <p>The NC after due consideration, deliberation and taking into consideration the qualification, character, experience, integrity, competencies, time commitment and the declaration of independence by the candidates was of the opinion that Ms Poh Boon Huwi who is a Chartered Accountant was a more suitable candidate to be appointed to the Board as an Independent Non-Executive Director.</p> <p>In compliance with Practices 1.4 and 5.9 of the MCCG and to fulfil the commitment to uphold the recommended Practices, the Board after due consideration, deliberation and after taking into consideration the recommendation of the NC, approved the appointment of Ms Poh Boon Huwi as an additional Independent Non-Executive Director on 24 November 2021 as well as a member of ARMC, NC and RC.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

## Intended Outcome

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

## Practice 5.7

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The profiles of Directors are published in the Annual Report 2021 and on the Company's website. These include their age, gender, date of appointment, directorate, details of any board committee, directorships in other public companies and listed companies, qualification, working experience, and any conflict of interest as well as their shareholdings in the Company.</p> <p>The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors.</p> <p>The following Directors will be due for retirement at the Second Annual General Meeting ("2<sup>nd</sup> AGM"):-</p> <ol style="list-style-type: none"><li>1. Haji Mohd Jaffar Bin Awang (Ismail), retiring under Clause 133;</li><li>2. Ms See Swee Ling, retiring under Clause 133; and</li><li>3. Ms Poh Boon Huwi, retiring under Clause 118.</li></ol> <p>Clause 133 of the Company's Constitution provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the AGM. Whereas Clause 118 of the Company's Constitution provides that any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next AGM and shall then be eligible for re-election.</p> <p>With regards to the re-election of Haji Mohd Jaffar Bin Awang (Ismail), Ms See Swee Ling and Ms Poh Boon Huwi, the following observations were shared by the NC: -</p> <ol style="list-style-type: none"><li>1. Haji Mohd Jaffar Bin Awang (Ismail) has a 100% attendance record for the Board meetings convened during the financial year ended 31 December 2021. Based on the evaluation of the performance of individual Directors carried out by the NC on 24 November 2021, the NC was of the opinion that Haji Mohd Jaffar Bin Awang (Ismail) has performed and discharged his responsibilities as Director of the</li></ol>

	<p>Company adequately and satisfactory as well as contributed positively to the effective functioning and processes of the Board. The NC was also satisfied with his performance as the Chairman of the Board and had concluded that Haji Mohd Jaffar Bin Awang (Ismail)'s independence has not been compromised or impaired in any way and was of the opinion that Haji Mohd Jaffar Bin Awang (Ismail) will be in a position to continue to carry out his duties and responsibilities as an Independent Director of the Company.</p> <p>2. Ms See Swee Ling has a 100% attendance record for the Board meetings convened during the financial year ended 31 December 2021. Based on the evaluation of the performance of individual Directors carried out by the NC on 24 November 2021, the NC was of the opinion that Ms See Swee Ling has performed and discharged her responsibilities as Director of the Company adequately and satisfactory as well as contributed positively to the effective functioning and processes of the Board.</p> <p>3. The NC noted that Ms Poh Boon Huwi who was appointed to the Board as an additional Director on 24 November 2021 shall hold office only until the next 2nd AGM and shall then be eligible for re-election. The appointment of Ms Poh Boon Huwi was based on the NC's assessment which took into consideration the qualification, character, experience, integrity, competencies, time commitment and independence. The NC had concluded that Ms Poh Boon Huwi's independence has not been compromised or impaired in any way and was of the opinion that Ms Poh Boon Huwi will be in a position to continue to carry out her duties and responsibilities as an Independent Director of the Company and would further strengthen the Board's composition and dynamics.</p> <p>The Board taking into consideration of the NC's recommendation, approved to recommend to the shareholders to endorse the re-election of Haji Mohd Jaffar Bin Awang (Ismail), Ms See Swee Ling and Ms Poh Boon Huwi at the forthcoming 2nd AGM of the Company.</p>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

### Intended Outcome

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

### Practice 5.8

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC of the Company is chaired by the Senior Independent Non-Executive Director (“SID”), Mr Tan Sui Huat and comprised exclusively of Independent Non-Executive Directors as follows:-</p> <p><b>Chairman</b> TAN SUI HUAT <i>Senior Independent Non-Executive Director</i></p> <p><b>Members</b> ONG KHENG SWEE <i>Independent Non-Executive Director</i></p> <p>HAJI MOHD JAFFAR BIN AWANG (ISMAIL) <i>Independent Non-Executive Chairman</i> <i>Resigned on 24 November 2021</i></p> <p>POH BOON HUWI <i>Independent Non-Executive Director</i> <i>Appointed on 24 November 2021</i></p> <p>The specific responsibilities of the SID are as set out in Section 6 of the Board Charter and the primary responsibilities of the NC are set out in detail in its Terms of Reference both of which are available on Haily’s website at <a href="http://www.haily.my">www.haily.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship. The Board had adopted a Diversity Policy which acknowledges the importance of Board and Senior Management diversity which includes, but is not limited to, business experience, nationality, age, gender and ethnicity.</p> <p>The Board took note on the Company's commitment to comply with Practices 1.4 and 5.9 of the MCGG as stated in the Prospectus and had on 24 November 2021 appointed Ms Poh Boon Huwi as an additional Independent Non-Executive Director of the Company.</p> <p>Currently, the Board has two (2) female Directors and five (5) male Directors that constitutes 28.6% female representation on the Board.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board shall use all their best endeavour to seek, observe and identify suitable women candidate to the Board and ensure that the composition of the Board comprises at least 30% women directors within one (1) year from the listing of the Company to fulfil the Company's commitment as stated in the Company's Prospectus issued on 30 June 2021.	
<b>Timeframe</b>	:	Others	By July 2022

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board had adopted a Diversity Policy on 2 September 2020. The Diversity Policy was last reviewed and approved by the Board in February 2022 which is made available on the Company's website at <a href="http://www.haily.my">www.haily.my</a> . The Board currently includes two (2) Directors of the female gender.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Board had adopted a formal and objective process for assessing the effectiveness of the Board as a whole, the Board Committees, contribution of each individual Directors and the independence of the Independent Directors on an annual basis. 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 were tabled to the Board.</p> <p>The NC reviews the Board Composition in terms of appropriate size, required mix of skills, experiences and other qualities, including core competencies and adequacy of balance between Executive Directors and Independent Non-Executive Directors. As part of the annual assessment of the individual Directors, the NC will review the professionalism, integrity, honesty, competency, time commitment, contribution and performance and ensure no conflict of interest arises that would impair their ability to represent the interest of the Company's Shareholders and stakeholders and to fulfil the responsibilities of a director.</p> <p>The evaluation of the Performance of Chairman of the Board, the Chairman of the ARMC, NC, RC and the Senior Independent Non-Executive Director was also conducted during the scheduled meeting of NC. Each Director had abstained in the deliberation of their own evaluation.</p> <p>During the year, the NC also carried out the following activities:-</p> <p>i. reviewed the profile of the Board candidates taking into consideration the qualification, character, experience, integrity, competencies, time commitment and the declaration of independence before recommending to the Board for appointment.</p>

	<p>ii. reviewed the Board’s size, composition and balance is of the view that the current mix of skills, competence, knowledge and experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively.</p> <p>iii. evaluated and assessed the performance and effectiveness of the Board as a whole and Board’s Committees. Based on the results of the assessment, the NC was of the opinion that the Board’s dynamics are healthy and effective and satisfied that each of the members of the respective Committees and the respective Committees as a whole had carried out their duties in accordance with their respective Terms of Reference.</p> <p>iv. the evaluation of the performance of the Chairman of the Board, the Chairman of the ARMC, NC and RC were also conducted during the scheduled meeting of NC. Each Director had abstained in the deliberation of their own evaluation.</p> <p>v. proposed the re-election of Directors in accordance to the Company’s Constitution. Information of the directors standing for re-election is outlined in the Profile of Directors covering their age, gender, date of appointment, directorate, details any board committee, directorships in other public companies and listed companies, qualification, working experience, and any conflict of interest as well as their shareholdings in the Company. Their attendance of the Board meetings is set forth on page 40 in the Company’s Annual Report 2021.</p> <p>vi. evaluated and assessed the independence of the Independent Directors in accordance with the process approved and adopted by the Board. The NC concluded that the independence of all four (4) Independent Directors have not been compromised or impaired in any way and were of the opinion that all four (4) Independent Directors will be in a position to continue to carry out their duties and responsibilities as an Independent Directors of the Company.</p> <p>vii. reviewed of the following Policies and Terms of Reference in conjunction with the review of the CG Practices with reference to the MCCG and amendment to the ACE LR by Bursa Securities before recommending to the Board for approval:</p> <ul style="list-style-type: none"> <li>• Board’s Procedure for Appointment of Directors;</li> <li>• Diversity Policy;</li> <li>• Continuing Education Policy; and</li> <li>• Terms of Reference for the Nominating Committee</li> </ul> <p>viii. reviewed the Fit and Proper Person Policy, to ensure that the Board’s quality and integrity is maintained and up to expectations in line with Rule 15.01A of the ACE LR of Bursa Securities before recommending to the Board for approval and adoption.</p>
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	The Board had concurred and agreed with the above recommendations made by the NC.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RC and Board are mindful of the need to remunerate and retain its Directors and Senior Management to ensure that their commitment remains intact and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.</p> <p>The RC is responsible to establish, recommend and constantly review a formal and transparent remuneration policy framework and terms of employment for the Board to attract and retain directors and Senior Management which is aligned with the business strategy and long term objectives of the Group taking into consideration that the remuneration of the Directors and Senior Management should reflect the responsibilities, expertise and complexity of the Company's activities.</p> <p>The Board had formalised and adopted a Remuneration Policy for the Board and Senior Management to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of EDs and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities.</p> <p>The Remuneration Policy Framework on Remuneration of Directors and Senior Management is available on Haily's website at <a href="http://www.haily.my">www.haily.my</a>.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RC comprised exclusively of Independent Non-Executive Directors as follows:-</p> <p><b>Chairman</b> TAN SUI HUAT <i>Senior Independent Non-Executive Director</i> <i>Member since 2 September 2020</i> <i>Appointed as Chairman on 24 November 2021</i></p> <p>HAJI MOHD JAFFAR BIN AWANG (ISMAIL) <i>Independent Non-Executive Chairman</i> <i>Resigned on 24 November 2021</i></p> <p><b>Members</b> ONG KHENG SWEE <i>Independent Non-Executive Director</i></p> <p>POH BOON HUWI <i>Independent Non-Executive Director</i> <i>Appointed on 24 November 2021</i></p> <p>The primary responsibilities of the RC are set out in details in its Terms of Reference which is available for reference on the Company's website at <a href="http://www.haily.my">www.haily.my</a>.</p> <p>The Board is satisfied that the RC has effectively and efficiently discharged its roles and responsibilities in accordance with its Terms of Reference.</p>
<b>Explanation for departure</b>	:	

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

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	In line with CG best practice, the details of the remuneration and benefits paid to the Directors of the Company and the Group for services rendered in all capacities for the FYE 2021 on a named basis are tabulated as follows.

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	Haji Mohd Jaffar Bin Awang (Ismail)	Independent Director	48.00	8.00	0	0	0	0	56.00	48.00	8.00	0	0	0	0	56.00
2	See Tin Hai	Executive Director	50.00	0	0	0	0	0	50.00	50.00	96.00	264.00	0	15.50	34.31	459.81
3	Yoong Woei Yeh	Executive Director	50.00	0	0	0	0	0	50.00	50.00	96.00	264.00	0	23.95	44.12	478.07
4	See Swee Ling	Executive Director	50.00	0	0	0	0	0	50.00	50.00	0	216.00	0	23.95	26.84	316.79
5	Tan Sui Huat	Independent Director	45.60	8.00	0	0	0	0	53.60	45.60	8.00	0	0	0	0	53.60
6	Ong Kheng Swee	Independent Director	45.60	8.00	0	0	0	0	53.60	45.60	8.00	0	0	0	0	53.60
7	Poh Boon Huwi	Independent Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	See Cul Wei (Alternate Director to See Tin Hai)	Non-Executive Non-Independent Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				

**Intended Outcome**

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

**Practice 8.2**

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

<b>Application</b>	:	Not applicable – adopted Step Up 8.3	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

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

### Intended Outcome

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

### Practice 8.3 - Step Up

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

<b>Application</b>	:	Adopted																		
<b>Explanation on adoption of the practice</b>	:	<p>In line with CG best practice, the details of the remuneration and benefits paid to the Key Senior Management for services rendered to the Group in all capacities for the FYE 2021 on a named basis is as follows:</p> <table border="1"><thead><tr><th>Name</th><th>Position</th><th>Salary RM'000</th><th>Benefits- in-kind RM'000</th><th>Other emoluments* RM'000</th><th>Total RM'000</th></tr></thead><tbody><tr><td>Long Cheow Siong</td><td>Chief Financial Officer ("CFO")</td><td>240.00</td><td>15.00</td><td>29.72</td><td>284.72</td></tr><tr><td>Lim Kok Siang</td><td>Chief Operating Officer ("COO")</td><td>216.00</td><td>8.80</td><td>26.84</td><td>251.64</td></tr></tbody></table> <p>* Other emoluments comprised of EPF, SOCSO and SIP.</p>	Name	Position	Salary RM'000	Benefits- in-kind RM'000	Other emoluments* RM'000	Total RM'000	Long Cheow Siong	Chief Financial Officer ("CFO")	240.00	15.00	29.72	284.72	Lim Kok Siang	Chief Operating Officer ("COO")	216.00	8.80	26.84	251.64
Name	Position	Salary RM'000	Benefits- in-kind RM'000	Other emoluments* RM'000	Total RM'000															
Long Cheow Siong	Chief Financial Officer ("CFO")	240.00	15.00	29.72	284.72															
Lim Kok Siang	Chief Operating Officer ("COO")	216.00	8.80	26.84	251.64															

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Long Cheow Siong	CFO	0	0	0	0	0	0
2	Lim Kok Siang	COO	0	0	0	0	0	0
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company's ARMC is chaired by Mr Ong Kheng Swee who is a member of Malaysian Institute of Accountants.</p> <p>The Chairman of the Board is Haji Mohd Jaffar Bin Awang (Ismail). As such, the Chairman of the ARMC is distinct from the Chairman of the Board. Having the positions of Board Chairman and Chairman of the ARMC assumed by different individuals allows the Board to objectively review the ARMC's findings and recommendations.</p> <p>The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC are published and available on Company's website at <a href="http://www.haily.my">www.haily.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The independence, objectivity and integrity of the members of the ARMC are the key requirements which the Board of Haily recognises as essential for an effective and independent ARMC. None of the members of the Board were former key audit partners.</p> <p>As a measure to safeguard the independence and objectivity of the audit process, the ARMC’s Terms of Reference incorporated a policy stipulation that governs the appointment of a former key audit partner to the ARMC.</p> <p>The policy, which is codified in the ARMC’s Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least three (3) years before he can be considered for appointment as a member of ARMC.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC has adopted a procedure to assess the suitability, objectivity and independence of the External Auditors. In assessing the suitability, objectivity, and independence of the external auditors, the ARMC would consider the information presented in the Annual Transparency Report of the audit firm.</p> <p>The ARMC carried out the assessment of the performance, suitability, objectivity and independence of Baker Tilly Monteiro Heng PLT ("BTMH"), based on an assessment questionnaire which took into consideration assessment criteria such as the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit. BTMH also declared their independence to the ARMC as part of these procedures.</p> <p>The ARMC has been generally satisfied with the independence, performance and suitability of BTMH based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of BTMH as Auditors of the Company for the financial year ending 31 December 2022 ("FYE 2022").</p> <p>The Board at its meeting held on 30 March 2022 had approved the ARMC's recommendation, to re-appoint BTMH as Auditors of the Company for the FYE 2022, subject to the shareholders' approval to be sought at the forthcoming 2nd AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The ARMC comprised exclusively of Independent Non-Executive Directors as follows: -</p> <p><b>Chairman</b> ONG KHENG SWEE <i>Independent Non-Executive Director</i></p> <p><b>Members</b> TAN SUI HUAT <i>Senior Independent Non-Executive Director</i></p> <p>HAJI MOHD JAFFAR BIN AWANG (ISMAIL) <i>Independent Non-Executive Chairman</i> <i>Resigned on 24 November 2021</i></p> <p>POH BOON HUWI <i>Independent Non-Executive Director</i> <i>Appointed on 24 November 2021</i></p>

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The composition of the ARMC is as stated under Practice 9.4 above. Collectively, the ARMC possesses a wide range of necessary skills to discharge its duties. All ARMC members are financially literate, whilst the Chairman of the ARMC and a member of the ARMC are Chartered Accountant by profession and a member of the Malaysian Institute of Accountants (MIA) and thus, fulfilling Rule 15.09(1)(c) of ACE LR of Bursa Securities, which requires at least one member of the ARMC to be a member of a professional accountancy body.</p> <p>The profiles of all the members of the ARMC are set out on pages 12 to 14 of the Annual Report 2021.</p> <p>All members of the ARMC have undertaken continuous professional development. During the reporting year, the ARMC members had attended training courses. Details of their training is set out on page 41 of the Annual Report 2021.</p> <p>During the ARMC Meetings, the members were briefed by the External Auditor, Messrs Baker Tilly Monteiro Heng PLT on the Accounting Standard Update covering new Malaysian Financial Reporting Standards ("MFRS") adopted and amendments/improvements to MFRSs that have been issued, but yet to be effective.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The risk management and internal control framework with policies to identify, evaluate and manage the principal risk of the Group’s business is overseen by the Sustainability and Risk Management Committee (“SRMC”) which is chaired and led by the CEO. The members of the SRMC comprises of the head from various departments. The SRMC reports to the ARMC before matters are escalated to the Board.</p> <p>During the financial year under review, the Management conducted a review and assessment on the Registry of Risk and Risk Matrix, thereafter presented to the ARMC with the revised Registry of Risk for ARMC’s consideration and deliberation. The existing strategic, governance and key operational risks as well as opportunities were reviewed with emerging risks and opportunities assessed and incorporated into the Registry of Risk for ongoing risk and opportunities monitoring and assessment, after taken into consideration of the internal audit findings and recommendation. The areas covered by the outsourced internal audit function were summarised in the Audit and Risk Management Committee Report on pages 46 to 50 of the Annual Report 2021</p> <p>The Group’s internal control and risk management framework is discussed in more detail in the Statement on Risk Management and Internal Control on pages 51 to 57 of the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board delegates the duty of identification, assessment and management of key business risks and opportunities to the SRMC, led by the CEO while the ARMC, through its Terms of Reference approved by the Board, is delegated with the duty to review the adequacy and effectiveness of risk management and internal control system of the Group and to provide assurance to the Board on the adequacy and effectiveness of such risk management and internal control system. Through the ARMC, the Board is kept informed on all significant risks and control issues brought to the attention of the ARMC by the SRMC, Management, the outsourced internal audit function and the External Auditors.</p> <p>The Board had put in place a formal Risk Management Handbook, as the governance structure, framework and processes for the enterprise-wide risk management, in order to embed the risk management practice into all level of the Group and to manage key business risks faced by the Group as well as to optimise key business opportunities available to the Group adequately and effectively as second-line-of-defence. The duties for the identification, evaluation and management of the key business risks and opportunities are delegated to the SRMC which consist of CEO, CFO, COO and Assistant Contract Managers and SRMC is further supported by Sustainability and Risk Management Working Group ("SRMWG") which comprises representatives from the various departments.</p> <p>The principles, practices and process of Risk Management Handbook established by the Board are, in all material aspects, guided by the updated Enterprise Risk Management-Integrated Framework (2017) by Committee of Sponsoring Organizations of the Treadway Commission ("COSO").</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

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

### Practice 10.3 - Step Up

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board had opted to combine the roles of a Risk Management Committee with the Audit Committee in view of the current size and level of operation of the Group.</p> <p>The ARMC comprised exclusively of Independent Non-Executive Directors as follows:-</p> <p><b>Chairman</b> ONG KHENG SWEE <i>Independent Non-Executive Director</i></p> <p><b>Members</b> TAN SUI HUAT <i>Senior Independent Non-Executive Director</i></p> <p>HAJI MOHD JAFFAR BIN AWANG (ISMAIL) <i>Independent Non-Executive Chairman</i> <i>Resigned on 24 November 2021</i></p> <p>POH BOON HUWI <i>Independent Non-Executive Director</i> <i>Appointed on 24 November 2021</i></p>

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Haily's internal audit function is outsourced to an independent professional services firm, NeedsBridge Advisory Sdn Bhd, to assist the Board and ARMC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's system on risk management and internal control.</p> <p>During the FYE 2021, the outsourced internal audit function carried out audits in accordance with the internal audit plan approved by the Board. The internal audit plan was developed taking into consideration the Group's Registry of Risk and other risk events identified by the internal audit function relevant to the audit objectives with the input from the Management.</p> <p>To support the ARMC in discharging their responsibilities and to uphold the professional firm's independence and objectivity, the outsourced internal audit function is reporting directly to the ARMC.</p> <p>The Management will also update the ARMC on the implementation status of the recommendations under the previous Internal Audit Report at the ARMC meetings.</p> <p>The ARMC carried out an assessment of the performance of the outsourced internal audit function by considering and reviewing the internal audit function's qualifications and experience, resources availability and competency, independence, scopes and functions of the internal audit function and collaboration with External Auditors.</p> <p>Further details of the internal audit activities are set out in the ARMC Report and Statement on Risk Management and Internal Control of the Company's Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

## Intended Outcome

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Haily's internal audit function is outsourced to an independent professional firm, NeedsBridge Advisory Sdn Bhd, who, through the ARMC, provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's system on the risk management and internal control. To uphold the professional firm's independence and objectivity, the outsourced internal audit function reports directly to the ARMC.</p> <p>The audit engagement of the outsourced internal audit function is governed by the engagement letter and Internal Audit Charter approved by the Board during the financial year under review. Key terms of the engagement include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the Management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team.</p> <p>The internal audits are carried out, in all material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. The engagement director, Mr. Pang Nam Ming, is a Certified Internal Auditor and Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. As a Certified Internal Auditor accredited by Institute of Internal Auditors, the engagement director is required to declare the compliance of the Standards to Institute of Internal Auditors during his renewal as Certified Internal Auditor.</p> <p>During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were one (1) senior manager, assisted by at least one (1) senior</p>

	consultant and one (1) consultant per one (1) engagement with oversight performed by the director.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of communications with its stakeholders and is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.</p> <p>The Board had in place the Stakeholders Communication Policy which sets out the aims and practices of the Company in respect of communicating with its shareholders (both current and prospective) and the Board Corporate Disclosure Policy which the Board adopted:</p> <ul style="list-style-type: none"><li>• To promote and elevate a high standard of integrity and transparency through timely comprehensive, accurate, quality and full disclosure.</li><li>• To promote and maintain market integrity and investor confidence.</li><li>• To exercise due diligence to ensure the veracity of the information being disseminated is factual, accurate, clear, timely and comprehensive.</li><li>• To build good relationship with all stakeholders based on transparency, openness, trust and confidence.</li><li>• To have in place efficient procedures for management of information, which promotes accountability for the disclosure of material information.</li></ul> <p>The detailed Stakeholders Communication Policy and Board Corporate Disclosure Policy are available for reference on the Company's website at <a href="http://www.haily.my">www.haily.my</a>.</p> <p>Shareholders will receive regular communication from the Company through the release of quarterly reports to Bursa Securities and Annual Reports. In addition, the Company will communicate other information to the shareholders by way of announcement to Bursa Securities as and when necessary. Furthermore, the Company has established its corporate website as a channel of communication with its stakeholders, where relevant information such as Directors' profiles, Policies,</p>

	<p>Financial Highlights and Bursa announcement are accessible by the public at all times. Information on the corporate website is being updated from time to time.</p> <p>The Annual General Meeting (“AGM”) is the principal forum for dialogue and interaction with shareholders. The forthcoming AGM will be the first AGM of the Company as a public listed company. The Company will be holding its AGM on 25 May 2022 to encourage dialogue and interaction between the Board and shareholders.</p> <p>The contact information of the investor relation can be found on the Company’s corporate website at <a href="http://www.haily.my">www.haily.my</a>.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

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

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

### Practice 12.2

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

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company is not categorised as “Large Company” under the Malaysian Code on Corporate Governance and hence, the Company has not adopted the integrated reporting based on globally recognised framework.	
		In addition, the annual report presently contains financial and non-financial information which provides a fairly comprehensive overview of the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Notice convening the 2<sup>nd</sup> AGM scheduled to be held on 25 May 2022 was issued on 25 April 2022, giving the shareholders at least 28 clear days notice (exclude the day of sending the notice and the day of the meeting), well in advance of the 21 days requirement under the Companies Act 2016 and the ACE LR of Bursa Securities, which allows sufficient time for the shareholders to consider the proposed resolutions to be tabled at the AGM.</p> <p>In addition, the notice outline the resolutions to be tabled during the meeting is accompanied with relevant explanatory notes to provide clarity on the matters that will be decided at the AGM.</p> <p>Notification will be sent to all members either by way of an e-mail or letter to inform members that the Notice of 2<sup>nd</sup> AGM, Administrative Guide and Form of Proxy for the 2<sup>nd</sup> AGM which is scheduled to be held on 25 May 2022 are published on Haily's website at <a href="http://www.haily.my">www.haily.my</a> together with the Annual Report 2021 and Corporate Governance Report.</p> <p>Further, the Company will also announce the Notice of the 2<sup>nd</sup> AGM via Bursa Link and publish it in a national newspaper.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company's first (1st) AGM was held on 21 April 2021. All six (6) Directors including the Chairman of the ARMC, NC and RC attended the 1st AGM.</p> <p>All the seven (7) Directors will also endeavour to attend the forthcoming 2<sup>nd</sup> AGM and engage directly with the shareholders and will be accountable for their stewardship of the Company. Amongst them will be the Chairman of the ARMC, NC and RC.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Haily currently has 1,680 shareholders as at 21 March 2022 and its forthcoming 2nd AGM will be held at Maharani 1, Level 1, Impiana Hotel Senai, Jalan Impian Senai Utama 2, Taman Impian Senai, 81400 Senai, Johor.</p> <p>As the number of shareholders are not overly large and the venue of the meeting place is easily accessible to all shareholders, the need to leverage and adopt the latest technology is not necessary at this juncture.</p> <p>In the event the shareholders are unable to attend the general meetings, the shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.</p> <p>The Company may consider leveraging on technology to facilitate more shareholders' participation at general meetings when it is necessary at an appropriate time in the future.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

## 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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Board had in place the Stakeholders Communication Policy ("SCP") which sets out the aims and practices of the Company in respect of communicating with its shareholders (both current and prospective).</p> <p>The SCP was last reviewed and approved by the Board in February 2022 taking into consideration of the new and enhanced practices and guidance recommended in the MCCG. The detailed SCP is available on the Company's website at <a href="http://www.haily.my">www.haily.my</a>.</p> <p>During the AGM, Shareholders are encouraged to participate and ask questions or comment on the Company's management and performance, conduct of the audit and the External Auditors Report and/or any subject matter which is being tabled for Shareholders' considerations and/or approval.</p> <p>During other General Meetings, shareholders are encouraged to participate and ask questions or comment on the subject matter which is being tabled for shareholders information, consideration and/or approval.</p> <p>During the commencement of all General Meetings, the Chairman will inform Shareholders that all resolutions set out in the Notice at such meetings, are to be voted by poll in accordance with Rule 8.31A of the ACE LR of Bursa Securities.</p> <p>At General Meetings, the Chairman should encourage meaningful engagement between the Board of Directors, Senior Management and Shareholders. The engagement should be interactive and include robust discussion on the matters on hand. Shareholders will be provided with reasonable time and opportunity to pose for questions during the General Meeting and all the questions should receive a meaningful response or via subsequent email responses if time does not permit.</p>

	Shareholders may also send in their questions and comments in advance either through e-mail, facsimile or post to be raised and answered at the General Meetings.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.5

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

<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>	
<b>Application</b> :	Not applicable – only physical general meetings were conducted in the financial year
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	Haily's first Annual General Meeting was held physically on 21 April 2021 with the attendance of the corporate representative from the holding company prior to the listing of Haily on the ACE Market of Bursa Securities.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has a policy that the minutes of the AGM and other general meetings will be posted on the Company's website no later than 30 business days after the respective meeting as the case may be.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

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

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