

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5095
COMPANY NAME : HEVEABOARD 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors' ("the Board") overall governance responsibilities is to lead, control and oversee the performance of the Group and the Company and to promote good corporate governance ("CG") culture within the organisation towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholders' value while taking into account the interest of other stakeholders.</p> <p>Overview of the Board's role and responsibilities</p> <p>The Board of HeveaBoard:-</p> <ul style="list-style-type: none">i) Establishes strategic goals, determines strategic direction and significant policies;ii) Reviews, adopts and approves the Group's key operational initiatives, major investments, annual budget and funding decisions;iii) Ensures that the Group's capabilities and resources sufficient for achievement of strategic goals and objectives, and manage uncertainties;iv) Oversees and monitors the Group's performance and achievement of strategic goals and objectives;v) Ensures good corporate governance practice and incorporates it as the Group's culture;vi) Oversees the business conduct and code of ethics of the Group;

	<p>vii) Oversees the system of risk management, internal control system and regulatory compliance;</p> <p>viii) Responsible for corporate sustainability;</p> <p>ix) Oversees succession plans within the Group; and</p> <p>x) Reports to, and communicates with shareholders and stakeholders.</p> <p>Delegation to Board Committees</p> <p>In discharging the Board's stewardship responsibilities, specific powers of the Board are entrusted and delegated to the following Board Committees to oversee the conduct of the Group's affair and to assist in the execution of the Board's duties and responsibilities:-</p> <ul style="list-style-type: none"> ▪ Audit Committee <ul style="list-style-type: none"> ▪ Assists the Board on overseeing the Group and Company's financial reporting, internal control and risk management system while ensuring checks and balances within the Group and the Company. ▪ Nomination Committee <ul style="list-style-type: none"> ▪ Assists the Board on recruitment exercise on Director appointment and election, and annual assessment of the effectiveness of Board Committees and the Board as a whole, and performance of individual Directors and Key Senior Management. ▪ Remuneration Committee <ul style="list-style-type: none"> ▪ Assists the Board on developing and implementing remuneration policy and procedures for Directors and Key Senior Management. ▪ Tender Board Committee <ul style="list-style-type: none"> ▪ Assists the Board on reviewing shortlisted tenders and proposals put forward by the Management. <p>Clear role and responsibilities</p> <p>The Board is led by an Independent Non-Executive Chairman, namely Mr Sundra Moorthi A/L V.M. Krishnasamy.</p> <p>The Group Managing Director, Mr Yoong Hau Chun assumes the primary responsibility for managing the Group's operations and resources. While the Executive Director and Management are responsible for the implementation of the operational and corporate</p>
--	--

	<p>decisions as well as day-to-day management of the business operation of the Group and the Company.</p> <p>The Independent Non-Executive Directors play an important role in corporate accountability by providing unbiased and independent views, advice and judgement focusing on performance monitoring and enhancement of corporate governance in safeguarding the interest of the shareholders and stakeholders.</p> <p>The Non-Independent Non-Executive Directors provide constructive challenge and contribution to the development of business strategy and provide checks and balances, focusing on stakeholders' interest and ensure high standards of corporate governance are applied.</p> <p>Directors commitment and attendance at meetings</p> <p>The Board meets at least once in every quarter with additional meetings to be convened as and when necessary. In addition to that, the Board members review and discuss ad hoc and urgent matters via electronic mail or through informal discussion and carry out their decision by way of circular resolution.</p> <p>During the financial year, the Board held five (5) meetings, and two (2) meeting were held during the period from 1 January 2022 to the date of approving this CG Report. The Board and Board Committee members demonstrated a high level of commitment in discharging their duties. They had full meeting attendance during this period. They had actively participated in discussions on subject matters which required their review and consideration.</p> <p>As guided by the Board Charter, none of the Directors holds directorships in more than five (5) public listed companies to ensure that Directors have sufficient time to focus and fulfill their duties effectively in the Company. Directors should notify the Chairman of the Board before accepting any new directorship, including an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.</p>
--	---

The Directors' attendance at Board and Board Committee meetings are laid out below:

Director	No. of Meetings Attended/ No. of Meetings Held in 2021 (between 1/1/2021 and 31/12/2021)			
	Board meeting	AC meeting	NC meeting	RC meeting
Mr Sundra Moorthi A/L V.M. Krishnasamy	5/5	5/5	-	2/2
Mr Yoong Hau Chun (Alternate Director, Mr Yoong Tein Seng @ Yong Kian Seng)	5/5	-	-	-
Ms Yoong Li Yen	5/5	-	-	-
Mr Lim Kah Poon	5/5	5/5	1/1	2/2
Mr Bailey Policarpio	5/5	-	1/1	1/2
Mr Yoong Yan Pin	5/5	5/5	1/1	-
Mr Thye Heng Ong @ Teh Heng Ong	5/5	-**	-	-
Mr Loo Chin Meng	5/5	-	-	-

Director	No. of Meetings Attended/ No. of Meetings Held between 1/1/2022 and the date of approving this CG Report			
	Board meeting	AC meeting	NC meeting	RC meeting
Mr Sundra Moorthi A/L V.M. Krishnasamy	2/2	-*	-	-
Mr Yoong Hau Chun (Alternate Director, Mr Yoong Tein Seng @ Yong Kian Seng)	2/2	-	-	-
Ms Yoong Li Yen	2/2	-	-	-

	Mr Lim Kah Poon	2/2	2/2	-	-
	Mr Bailey Policarpio	2/2	-	-	-
	Mr Yoong Yan Pin	2/2	2/2	-	-
	Mr Thye Heng Ong @ Teh Heng Ong	2/2	2/2**	-	-
	Mr Loo Chin Meng	2/2	-	-	-
<p><i>*Resigned as AC member on 25 November 2021.</i></p> <p><i>**Appointed as AC member on 25 November 2021.</i></p> <p>Provided there is no conflict of interest and for the purpose of efficient and effective discussion and reporting, the Senior Management and Directors who are not members of the Audit Committee were also invited to the Audit Committee meetings except during private discussion between the Audit Committee members and the External Auditors.</p> <p>Discharging of the Board's role and responsibilities</p> <p>1) In ensuring the strategic goals and direction of the Group is aligned with the changing business environment, a constant review is conducted by the Board to ensure the Group is in the right path and the Group is always in the right direction in achieving the goals and objectives.</p> <p>In this respect, the Board conducts a yearly review of the Business Plan of the Company and the Group as a whole, which includes performance forecast, production plan, costing and budget that is presented by the Management. The Board focuses its review and deliberation from the perspective of the Board and provides guidance and feedback to Management to ensure that the Business Plan is in line with the overall strategic goals and direction of the Group and to support long-term sustainability plan taking into consideration the current and future economic environment.</p> <p>2) In overseeing the conduct and performance of the Group's business, the Board keeps itself in pace with the development of the Group and the Company through periodic reporting from the Group Managing Director, Board Committees, Executive Committees and Management. The Board discusses and makes decision at Board meetings. Other than that, electronic means such as electronic mail will also be used by the Board as a platform</p>					

	<p>for Management’s reporting and information sharing on urgent matters that require Board’s decision.</p> <p>Key matter reserved for the Board’s deliberation and approval include but limited to strategic plans and corporate plans proposed by Management, annual and quarterly financial results, dividend policy, major acquisitions and disposals, investments and new businesses, material agreements, major capital expenditures, budgets, corporate proposals, succession planning for top management and changes to management and control structure, including key policies, procedures, and authority limits.</p> <p>3) While ensuring sufficient resources are available, the Board reviews annually the performance of the Board, Board Committees, individual Directors and Key Senior Management through its Nomination Committee, whilst the effectiveness of management process, risk management and internal control are reviewed periodically through its Audit Committee to ensure that the Group remains efficient and capable of achieving its strategic goals and objectives.</p> <p>4) In ensuring good corporate governance culture and business conduct of code and ethics within the Group, the Board is always mindful to set a right tone at the top through the way it conducts itself. The Board will continue to observe the market development on corporate governance and enhance its corporate governance (“CG”) practices and implement the CG practices in the manners which are appropriate to the Group and Company.</p> <p>5) Through the Audit Committee (“AC”), the Board oversees and ensures a sound risk management and internal control framework are in place within the Group. During the financial year, the AC assisted the Board in overseeing financial reporting, assessing the risk and control environment, evaluating the internal and external audit process and reviewing conflict of interest situation and related party transactions within the Group, and reported the outcome of its review and made relevant recommendations to the Board. The composition, responsibilities and the summary of activities of the AC are outlined in the Annual Report under the section of Audit Committee Report.</p> <p>6) The Board has always been committed to the Group’s sustainability in evolving global environment, social and governance (ESG) aspect of business which underpins sustainability. Over the years, the Group has been adopted</p>
--	---

	<p>various measures and good practices to promote sustainability. The details are disclosed in the Annual Report under the section of Sustainability Statement.</p> <p>7) The Board is responsible for ensuring effective and orderly succession planning is in place within the Group. Succession planning is an ongoing exercise and is important to ensure Board and Management's continuity. The Nomination Committee is entrusted with the responsibility for formulating selection policies for the Group's key management personnel and members of the Board and Board Committees. The identification, selection, assessment and appointment process is performed based on the current and future needs of the Group, the aspirations of the Group, the evolving business environment, the regulatory requirements, the Boardroom diversity and the existing Board's strengths and weaknesses.</p> <p>8) Besides promoting business prosperity, corporate accountability and realising shareholders' value, the Board is committed to provide accurate, timely, consistent and credible public disclosure and dissemination of material and non-material information of the Group and the Company in accordance with the applicable laws and regulatory requirements to the investment community, media and other relevant stakeholders, to enable an informed and orderly decision by the investing public. The initiatives taken by the Board to ensure effective, transparent and regular communication with its stakeholders is further explained under Practice 12.1 of this CG Report.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors of HeveaBoard is led by an Independent Non-Executive Chairman, namely Mr Sundra Moorthi A/L V.M. Krishnasamy.</p> <p>The key responsibilities of the Chairman include:</p> <ol style="list-style-type: none">1) Providing leadership for the Board to ensure smooth functioning of the Board so that the Board can perform its responsibility effectively;2) Ensuring positive culture and good corporate governance practices are inculcated in the Board, Group and Company;3) Setting the Board agenda and ensuring timely and necessary information is provided to the Board members;4) Leading the Board meetings and acting as facilitator at Board meetings to ensure that no directors, whether executive or non-executive, dominate discussion, that appropriate discussion takes place and relevant opinion among directors is forthcoming;5) Facilitating effective and productive working relationships between Executive Directors and Non-Executive Directors and manage the interface between the Board and Management;6) Assisting with concerns regarding the Company where it could be inappropriate for these to be dealt with by the Group Managing Director;7) Leading and chair general meetings of shareholders and ensuring open communication between shareholders and the Board members; and8) Ensuring appropriate steps are taken to provide effective communication with shareholders and stakeholders and that their views are communicated to the Board as a whole.
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board, Mr Sundra Moorthi A/L V.M. Krishnasamy is an Independent Non-Executive Chairman, and the Group Managing Director is Mr Yoong Hau Chun.</p> <p>The Chairman is responsible for leading the Board in its duties, ensuring the Board's effectiveness as well as facilitating effective discussion of Board meetings, whilst the Group Managing Director has the overall responsibilities over the Group's overall operational, business and financial performance. He manages the Group in according with the strategy, plans and policies approved by the Board.</p> <p>The key roles of the Group Managing Director, amongst others, include the following:-</p> <ol style="list-style-type: none">1) Managing the Group and Company's operation and resources;2) Ensuring that Board decisions are implemented and Board directions are responded to;3) Providing directions in the implementation of short and long-term business plans;4) Providing strong leadership; i.e. effectively communicating the Group and Company's vision, management philosophy and business strategy to the employees;5) Keeping the Board fully informed of all important aspects of the Group and Company's operations and ensuring sufficient information is distributed to Board members; and6) Ensuring day-to-day business affairs of the Group and Company are effectively managed.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In observing the development of good corporate governance, the Chairman of the Board, Mr Sundra Moorthi A/L V.M. Krishnasamy had resigned as a member of the Audit Committee on 25 November 2021.</p> <p>However, Mr Sundra Moorthi remains as Chairman of the Remuneration Committee as the Board would still require Mr Sundra Moorthi to lead and guide the Remuneration Committee.</p> <p>Mr Sundra Moorthi, as the Chairman of the Remuneration Committee, mainly plays a leadership role to guide and ensure the smooth functioning of the committee. For good corporate governance, he has abstained from all deliberation and decisions concerning his own Directors' remuneration.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary of the Group is qualified to act as Company Secretary under section 235 of the Companies Act, 2016. The Company Secretary and her team had continuously kept themselves abreast of the changing capital environment and regulatory as well as development in corporate governance through attendance at relevant professional development programme and conferences.</p> <p>The Directors have full access to the professional advice and services of the Company Secretaries, who:</p> <ol style="list-style-type: none">1. play an advisory role to advise the Board on corporate disclosure, to ensure that the Board procedures, applicable governance practices, company laws, securities regulations and listing requirements are complied with, and assists the Board in applying the MCCG Practices to meet the Board's needs and stakeholders' expectations;2. provide effective support to the Board and Board Committees to facilitate their discussion and proceedings of the Board and Board Committees meetings and ensures that deliberations are well documented in minutes;3. ensure proper processes and proceedings are in place at general meeting and annual general meeting and ensures that the proceedings in particular the questions raised by shareholders and the response of the Board and Management are correctly minuted;4. facilitate annual assessment and evaluation on the effectiveness of the Board as a whole, the Committees of the Board and the performance of individual Directors;5. facilitate the selection and recruitment process on appointment of new Director by ensuring that the necessary information are properly compiled to ease the Nomination Committee and Board's review; and

	6. facilitate the orientation of new Directors and Director training and development.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>To ensure the Board and Board Committees' meetings are respectively attended by all Directors and Board Committees' members, all meetings are scheduled in advance.</p> <p>The formal Notice of Board and Board Committees' meetings are sent to the Directors and Board Committees' members via electronic mail at least seven (7) days prior to a meeting. Where appropriate the same Notice is sent to invitees including Internal Auditors and External Auditors.</p> <p>In order to ensure effective and efficient Board and Board Committees' discussion and decision-making as well as smooth flow of meetings, the discussion papers of certain subject matters such as financial results, reports and proposals are circulated via electronic means to the respective Board and Board Committees for their review and comment in advance of the meetings.</p> <p>Upon finalisation, the Company Secretary compiles the final meeting materials containing discussion papers and others in "book-format". With a view to encourage a paperless environment, meeting materials are circulated to the respective Board and Board Committees via electronic mail at least five (5) days prior to the meeting. However, hard copy of meeting materials will be circulated upon request by the Board and Board Committee members. Urgent proposals can be presented or circulated to the Board Members in less than five (5) days or during the Board meeting subject to the approval of the Chairman.</p> <p>The meeting proceedings, subject matters presented and reported at the Board and Board Committees' meetings, the discussions carried out, comments, pertinent objections and reservations, and how a decision is reached are minuted accordingly. The Company Secretary circulates the draft minutes via electronic means to the respective Board and Board Committees' members for their perusal and comments to ensure the minutes accurately reflect the deliberations and decisions of the Board and Board Committees. The minutes are tabled and confirmed at the next meeting.</p> <p>The Company Secretary ensures that all minutes and meeting materials are properly kept to ease future reference.</p>

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

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Apart from being governed by the Company’s Constitution, provisions of the Companies Act 2016 and Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Listing Requirements, and guided by the Malaysian Code on Corporate Governance (MCCG), the Board is also guided by the Board Charter in discharging its duties and fiduciary obligation to the Group and the Company.</p> <p>The Board Charter has been in place since 2012 and it has been periodically reviewed and revised to align with the development of the corporate governance and changing regulatory requirements.</p> <p>The Board Charter is published on HeveaBoard’s corporate website at www.heveaboard.com.my</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises its leadership role in setting and articulating good business conduct and healthy corporate culture.</p> <p>The Board had on 28 August 2015 adopted a Code of Conduct to formalise the standards of responsibility, obligations, integrity and ethical conduct amongst the Board members in fulfilling their fiduciary obligations to the Group and the Company.</p> <p>The Board adopted a revised Code of Conduct in 2018 and renamed it as Code of Conduct and Ethics ("Code") to extend the application and implementation of the Code at all levels within the Group and the Company to align with the best practice of the MCCG.</p> <p>By having the Code, the Board sets the tone for the Group through the way it conducts itself, its attitude to ethical matters, its definition of success and risk. It defines the atmosphere within which the Executive Team works.</p> <p>The Code of Conduct and Ethics is published on HeveaBoard's corporate website at www.heveaboard.com.my</p> <p>The Board is also committed in ensuring that the Group and the Company meets its legal obligations and prevents, detects, minimises and eliminates all forms of corrupt practices. The Board had in 2021 put in place the Anti-Bribery and Corruption Policy ("Policy") for the Group and the Company in accordance to subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The Policy is supplemental to the Company's internal policies and procedures, Whistleblowing Policy and Code of Ethics and Conduct.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board in its effort to enhance corporate governance has put in place a Whistleblowing Policy on 28 August 2015. The Policy formalises HeveaBoard's commitment towards providing a safe and ethical work environment within the Group.</p> <p>With the Whistleblowing Policy:</p> <ol style="list-style-type: none">The Board seeks to encourage reporting from Directors, employees, clients, suppliers, contractors, sub-contractors and other stakeholders including members of the public who have dealings with the Group ("whistle-blower") about unethical or fraudulent practices within the Group so that damage control or remedial action can be taken promptly.It provides a reporting channel and procedures to enable whistle-blowers to raise matters that affect the integrity of the Group or disclose genuine concerns about malpractices, misconduct, unethical conduct, non-compliant or suspicion to enable wrongdoings at all levels of the Group to be reported.It provides the manner the whistle-blower's identity is protected and to protect whistle-blower from reprisal or being put in a disadvantageous position.It provides procedures to deal with complaints and matters reported, and it offers a reporting and investigative mechanism that is objective, transparent, confidential and independent.All whistle-blowing reports could be addressed to the Investigative Office who is the Senior Independent Non-Executive Chairman of the Company namely, Mr Sundra Moorthi A/L V.M. Krishnasamy via e-mail address at sundra@heveaboard.com.my. <p>Details of the Whistleblowing Policy can be viewed on HeveaBoard's corporate website at www.heveaboard.com.my</p>

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

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of understanding stakeholders' concerns and incorporating the principles of sustainability in the Group's business strategies for shared value creation.</p> <p>The Board is responsible for the Group's sustainability in the evolving global environment, social and governance (ESG) aspect of business which underpins sustainability.</p> <p>The Board is not just supportive of corporate sustainability efforts but is an active partner in orienting the Company around sustainability. The sustainability agenda has started with the Board. The Board has established a purpose-driven culture that looks at the Company's strategies, plan of action, operations, targets and risk management through a sustainability lens. A sustainability mind set has been implanted throughout the Group from strategy planning down to day-to-day operations.</p> <p>When it comes to the governance of sustainability in the Company, a collaborative relationship between management and the Board is essential for long-term success. The Board believes that when this partnership works well, the sustainability initiatives will become thoughtful and productive for integration into the business over the long term.</p> <p>Over the years, the Group had embarked on various sustainability initiatives in realising sustainability commitment. Sustainability initiatives are under the purview of the Sustainability Committee led by the Group Managing Director and are supported by senior management members. The roles of the Sustainability Committee include identifying key sustainability matters as well as integrating long-term sustainability strategies into day-to-day business decisions.</p>

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

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has constantly embeded sustainability into all discussions amongst the Board members, with the senior management and executive team.</p> <p>The Board and management have also proactively engaged with external stakeholders about sustainability. So that investors, regulators, customers, suppliers, business partners and others know that the Board is not just supportive of corporate sustainability efforts but is an active partner in orienting the Company around sustainability. The engagement is important as investors and customers are increasingly prioritize ESG metrics in their capital allocation and business decisions, having a Board that can speak authentically to the objectives and results of their sustainability activities goes a long way in establishing the credibility and maturity of the Company's sustainability efforts.</p> <p>The Annual Report has been one of the avenue to communicate the Company's sustainability strategies and progress to its shareholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has been receiving updates from the Group Managing Director on the progress of the Group's sustainability initiatives relevant to its business and operations.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	Sustainability has always been an integral part of HeveaBoard's corporate culture. The Board has included a sustainability agenda as part of their responsibility in overseeing the Group's business. This has also applied to the management team where sustainability practices have already been a routine of management in the Group's daily operations and form part of their key performance indicator (KPI).	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee ("NC") had performed the following assessments on an annual basis:</p> <ol style="list-style-type: none">1) The composition of the Board and Board Committees.2) The tenure of the Independent Directors.3) The performance of the Board, Board Committees and individual Directors. <p>The NC will re-assess the composition of the Board and Board Committee whenever there are new developments on corporate governance or update in MCCG and changes in the Bursa Securities Listing Requirements. Where appropriate, the NC will recommend the necessary changes on the Board and Board Committee's composition to ensure their structure is in line with the good corporate governance and in compliance with the Listing Requirements.</p> <p>Before making a recommendation to the Board for the re-election of the retiring Directors, the NC has based on the outcome of the above assessments to justify its recommendation.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The current Board composition is in line with the MCCG. Half of the Board members comprise independent Directors. The composition of the Board is as follows:</p> <ol style="list-style-type: none">1. Mr Sundra Moorthi A/L V.M. Krishnasamy <i>(Independent Non-Executive Chairman)</i>2. Mr Yoong Hau Chun <i>(Group Managing Director)</i>3. Ms Yoong Li Yen <i>(Executive Director)</i>4. Mr Lim Kah Poon <i>(Independent Non-Executive Director)</i>5. Mr Bailey Policarpio <i>(Non-Independent Non-Executive Director)</i>6. Mr Yoong Yan Pin <i>(Independent Non-Executive Director)</i>7. Mr Thye Heng Ong @ Teh Heng Ong <i>(Independent Non-Executive Director)</i>8. Mr Loo Chin Meng <i>(Non-Independent Non-Executive Director)</i> <p>The Board consists of one (1) Alternate Director:</p> <ol style="list-style-type: none">1. Mr Yoong Tein Seng @ Yong Kian Seng (Tenson Yoong) <i>(Alternate Director to Mr Yoong Hau Chun)</i>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has been seeking shareholders' approval in the Annual General Meeting for retention of its Independent Non-Executive Director, namely Mr Lim Kah Poon who had served the Board for a cumulative term of more than nine (9) years since 1 October 2004. The shareholders' approval has been obtained through a Two-Tier Voting Process according to the MCCG Practice.</p> <p>The continue retention of Mr Lim Kah Poon as an Independent Director was based on the following justifications:</p> <ol style="list-style-type: none">1. Mr Lim Kah Poon has fulfilled the criteria stated under the definition of Independent Director as defined in the Listing Requirements of Bursa Securities.2. His length of service on the Board of more than nine (9) years does not in any way interfere with the exercise of objective judgement or his ability to act in the best interest of the Group and the Company. In fact, he is familiar with the Group's business operations and has always actively participated in Board and Board Committee discussions and has continuously provided an independent and constructive view to the Board.3. He has exercised due care during his tenure as an Independent Director of the Company and has discharged his duties with skill and competence, bringing independent judgement into the decision making of the Board and in the best interest of the Company and its shareholders. <p>In each financial year, the Nomination Committee ("NC") conducts an annual assessment to determine whether the long serving Independent Director remains independent.</p> <p>At the NC meeting held on 25 November 2021, Mr Lim Kah Poon had been assessed as remaining independent. The NC recommended to the Board an extension of tenure of him as an Independent Director.</p>

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

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In evaluating the suitability of candidates for Board and Senior Management appointment, the Nomination Committee ("NC") has always considered the following criteria:-</p> <ul style="list-style-type: none">(a) Age, gender;(b) Qualification, skills, business and industry knowledge, expertise, working experience and track records;(c) Personal and cultural background such as character, personal integrity, reputation, race/ethnicity;(d) Competencies;(e) Potential conflict of interest with the Group and Company;(f) The current diversity of the existing Board and Senior Management;(g) Willingness to devote time to effectively discharge his/her duties as Director and number of directorship held (applicable to candidate for director only);(h) In the case of candidates for the position of Independent Non-Executive Director, the independence of the candidates and the candidate's ability to discharge such responsibilities/functions as are expected from an Independent Non-Executive Director (applicable to candidate for director only); and(i) The Board composition on the basis to meet the Group and the Company's goals and objectives (applicable to candidates for director only). <p><u>Board of Directors</u></p> <p>There was no new Director appointed during the financial year as the current composition and size of the Board with high calibre individuals from diverse background, experiences and knowledge which range from industry-specific knowledge, engineering, finance, legal, management and marketing has functioned adequately. The details of the Directors' profile are disclosed in the Annual Report under the section of Board of Directors.</p>

	<p><u>Key Senior Management</u></p> <p>The Group believes workplace greater gender diversity contributes to business success. Thus, it has been making continuous efforts to ensure workplace gender diversity in its recruitment and promotion process across the Group, particularly for line management and senior roles. The top five (5) Key Senior Management of the Group is represented by two (2) female Executive Officers who respectively hold the position of Chief Financial Officer and General Manager – Corporate Services. The position and profile of the Key Senior Management are disclosed in the Annual Report under the section of Profile of Key Senior Management.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied	
Explanation on application of the practice	:	Appointment of a new Director is undertaken by the Board as a whole after considering the recommendation of the Nomination Committee ("NC"). In the selection and recruitment exercise to appoint additional Directors, the NC considers the profile of the potential candidates which some of them are identified by the NC members and some of them could be recommended by the Board members. The NC would also consider potential candidates by utilising independent sources such as recruitment firms and through industry associations when the need arises. Despite the sources of which the potential candidates are identified, the NC performs an objective review on the candidates' profile and their level of independence based on the pre-set criteria and Bursa Securities' Listing Requirements. Arrangement would also be made to meet up with the selected candidates to assess their suitability for appointment as additional members to the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>With a view to ease shareholders' decision on the resolution in relation to the re-election of the retiring Directors, the profile of the retiring Directors who stand for re-election at the Annual General Meeting ("AGM") has been stated in the Annual Report under the section of "Board of Directors". The Board has endeavoured to ensure the disclosure in the directors' profile is as comprehensive as possible according to Bursa Securities' Listing Requirements.</p> <p>Apart from that, at the forthcoming 2022 AGM, the Board had also included a statement in the "Explanatory Notes" accompanying the Notice of AGM on their justification as to why they had accepted and supported the Nomination Committee's assessment and recommendation for tabling the resolutions on the re-election of the retiring Directors to the shareholders for approval.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The Nominating Committee is chaired by an Independent Non-Executive Director, namely Mr Yoong Yan Pin. The Nomination Committee lead the recruitment, selection, evaluation process and annual review of Board effectiveness to ensure objective assessments are performed.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The current Board comprises a woman Director, namely Ms Yoong Li Yen, who is an Executive Director of the Group.	
		The current composition of the Board with high calibre individuals from diverse backgrounds, experiences and knowledge, which range from industry-specific knowledge, engineering, finance, legal, management and marketing, has functioned adequately. The Board has considered the Board consists of 8 Board members and 1 alternate director is sizable enough at present. However, the Board will endeavour to recruit woman candidates to replace future Board vacancies to meet the gender diversity requirements.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges the benefit of diversity which includes gender equality for the good mix of composition for Board and Senior Management.</p> <p>However, the Board has not formalised the Company's policy on gender diversity for the Board and Senior Management.</p> <p>Although the written gender diversity has not been in place, the Company has no gender discrimination on its Board and workplace.</p> <p>The current Board comprises a woman Director, namely Ms Yoong Li Yen who is an Executive Director of the Group. The top five (5) Key Senior Management of the Group is represented by two (2) female Executive Officers who respectively holds the position of Chief Financial Officer and General Manager – Corporate Services.</p> <p>The Board appreciates the spirit of the MCCG and has continuously taken various measures to achieve sufficient gender diversity which include amongst others:</p> <ol style="list-style-type: none">1) Ensuring that the Company does not practise any form of gender discrimination or restrict the number of woman participation on the Board and Senior Management.2) The selection and recruitment exercise should also emphasise on female candidates and both genders are given equal treatment.3) Grooming up female talents within the Group in its succession planning.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	<p>The Board has delegated to the Nomination Committee (“NC”) the duty on assessing performance and effectiveness of the Board, Board Committees and each individual Director.</p> <p>In order to ensure that the recruitment and evaluation of Board members are done objectively, the NC comprises three (3) members, exclusively of Non-Executive Directors with a majority of Independent Directors, and the NC is chaired by an Independent Non-Executive Director, namely Mr Yoong Yan Pin. The members of the NC are as follows:-</p> <ol style="list-style-type: none">1. Mr Yoong Yan Pin – Chairman (Independent Non-Executive Director)2. Mr Lim Kah Poon – Member (Independent Non-Executive Director)3. Mr Bailey Policarpio – Member (Non-Independent Non-Executive Director) <p>The process of assessment are as follows:</p> <ul style="list-style-type: none">▪ The assessment is performed annually and internally facilitated.▪ The annual internal evaluation is undertaken by the NC by using Performance Appraisal Forms containing questionnaires. The questionnaires are tailor-made to the Company’s needs with reference to the criteria as recommended in the Corporate Governance Guide. The evaluation process is facilitated by the Company Secretary.▪ Prior to the NC meeting, the respective questionnaires are circulated to the NC members and individual Board members via electronic-mail.

	<ul style="list-style-type: none"> ▪ The Company Secretary compiles and summarises the performance ratings and then circulates to the NC members via electronic-mail for their review before the NC meeting. ▪ At the NC meeting, the NC assesses and discusses the performance of the Board and Board Committees, and each individual Director. ▪ The NC then recommends the outcome of the assessments to the Board for its review. <p>The criteria of assessments are as follows:</p> <p>1) The performance of individual Directors were assessed based on the following criteria:-</p> <ul style="list-style-type: none"> ▪ Integrity; ▪ Professionalism (provides logical honest opinions and unique insight on issues presented, provides realism and practical advice for Board's deliberations, applies analytical and conceptual skills to the decision-making process); ▪ Business knowledge; ▪ Industry knowledge; ▪ Availability, meeting attendance and preparation; ▪ Director's participation (participates actively in Board's activities and works constructively with peers). ▪ Business planning contribution; and ▪ Relationship with Board Members and team work. <p>2) The performance and effectiveness of the Board are assessed based on the criteria set on the following areas:-</p> <ul style="list-style-type: none"> ▪ Board structure and composition; ▪ Board Chairman's role and responsibilities; ▪ Board operations; ▪ Board dynamics; ▪ Strategy and planning; ▪ Risk Management and Internal Control; ▪ Measuring and monitoring performances; ▪ Management performance evaluation, compensation and succession planning; and ▪ Shareholders communication and investor relation. <p>3) The performance and effectiveness of Board Committees are assessed based on the following factors:-</p> <ul style="list-style-type: none"> ▪ The composition of the Board Committees; ▪ The criteria used on appointment of Board Committees' Chairman; ▪ The expertise of the members of the Board Committees in fulfilling their roles;
--	---

	<ul style="list-style-type: none"> ▪ The value and quality of the Board Committees' recommendations in assisting the Board for better decision-making, and making the Board meetings more efficient/effective; ▪ The ability of the Board Committees to effectively discharging their responsibilities conferred by the Board based on their Terms of Reference; ▪ The ability of the Board Committees' Chairman to properly discharging their responsibilities, deploying resources and expertise, and providing appropriate reporting and recommendations to the Board; and ▪ Whether the Board is well informed on a sufficiently timely basis regarding the Board Committee's deliberations. <p>During the financial year, the NC at its meeting held on 25 November 2021 conducted an annual assessment on the performance and effectiveness of the Board, Board Committees and each individual Director.</p> <p>The outcome of the assessment during the financial year are as follows:</p> <ol style="list-style-type: none"> i. The Board had discharged its fiduciary duties and leadership functions effectively in managing the various challenges faced by the Group and the Company during the Coronavirus (Covid-19) pandemic. The Independent Directors had continuously fulfilled the independence criteria as set out in Practice Note 13 of the Main Market Listing Requirements. ii. The Board Committees, i.e., Audit Committee, Nomination Committee and Remuneration Committee had discharged their duties efficiently and effectively. iii. Each Director had sufficiently contributed his/her skills, experience, business and industry knowledge and time in discharging their duties and responsibilities. <p>The outcomes of the annual assessment were also used as a basis of the NC on its recommendation to the Board for re-election of Directors and, where appropriate, as justification for retention of Independent Director at the forthcoming AGM.</p> <p>Directors' Training</p> <p>In terms of training needs of the Directors, the NC reviewed the training and development needs of each of the Directors based on the results of the annual assessments. The NC acknowledged that most of the Board members had previously attended the relevant training/briefing on corporate governance. The Board members had already have sufficient management skills and experience. In terms of industry knowledge, the Non-Executive Directors had constantly received updates from Management during the financial year. However, the Board members,</p>
--	---

	<p>especially the Non-Executive Directors, who were not involved in the Company's operation, would need regular updates on industry knowledge relating to the Company, the development of the business environment as well as the relevant regulatory requirements.</p> <p>The Directors recognised the need to undertake continuous professional development to keep themselves abreast with the developments in compliance with paragraph 15.08 of the Listing requirements of Bursa Securities. The event/session/training programme attended by Directors during the financial year are listed below:-</p> <table border="1" data-bbox="560 584 1406 1330"> <thead> <tr> <th data-bbox="560 584 895 696">Director</th><th data-bbox="895 584 1406 696">Event/Session/Training Programme attended</th></tr> </thead> <tbody> <tr> <td data-bbox="560 696 895 808">Mr Sundra Moorthi A/L V.M. Krishnasamy</td><td data-bbox="895 696 1406 808">▪ Risk Management Workshop</td></tr> <tr> <td data-bbox="560 808 895 875">Mr Yoong Hau Chun</td><td data-bbox="895 808 1406 875">▪ Risk Management Workshop</td></tr> <tr> <td data-bbox="560 875 895 943">Ms Yoong Li Yen</td><td data-bbox="895 875 1406 943">▪ Risk Management Workshop</td></tr> <tr> <td data-bbox="560 943 895 1010">Mr Lim Kah Poon</td><td data-bbox="895 943 1406 1010">▪ Risk Management Workshop</td></tr> <tr> <td data-bbox="560 1010 895 1077">Mr Bailey Policarpio</td><td data-bbox="895 1010 1406 1077">▪ Risk Management Workshop</td></tr> <tr> <td data-bbox="560 1077 895 1144">Mr Yoong Yan Pin</td><td data-bbox="895 1077 1406 1144">▪ Risk Management Workshop</td></tr> <tr> <td data-bbox="560 1144 895 1256">Mr Thye Heng Ong @ Teh Heng Ong</td><td data-bbox="895 1144 1406 1256">▪ Risk Management Workshop</td></tr> <tr> <td data-bbox="560 1256 895 1330">Mr Loo Chin Meng</td><td data-bbox="895 1256 1406 1330">▪ Risk Management Workshop</td></tr> </tbody> </table>	Director	Event/Session/Training Programme attended	Mr Sundra Moorthi A/L V.M. Krishnasamy	▪ Risk Management Workshop	Mr Yoong Hau Chun	▪ Risk Management Workshop	Ms Yoong Li Yen	▪ Risk Management Workshop	Mr Lim Kah Poon	▪ Risk Management Workshop	Mr Bailey Policarpio	▪ Risk Management Workshop	Mr Yoong Yan Pin	▪ Risk Management Workshop	Mr Thye Heng Ong @ Teh Heng Ong	▪ Risk Management Workshop	Mr Loo Chin Meng	▪ Risk Management Workshop
Director	Event/Session/Training Programme attended																		
Mr Sundra Moorthi A/L V.M. Krishnasamy	▪ Risk Management Workshop																		
Mr Yoong Hau Chun	▪ Risk Management Workshop																		
Ms Yoong Li Yen	▪ Risk Management Workshop																		
Mr Lim Kah Poon	▪ Risk Management Workshop																		
Mr Bailey Policarpio	▪ Risk Management Workshop																		
Mr Yoong Yan Pin	▪ Risk Management Workshop																		
Mr Thye Heng Ong @ Teh Heng Ong	▪ Risk Management Workshop																		
Mr Loo Chin Meng	▪ Risk Management Workshop																		
Explanation for departure :																			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																			
Measure :																			
Timeframe :																			

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") assists the Board to establish a formal and transparent framework for developing policy and procedures on remuneration packages for Directors and Senior Management, and implements the policy and procedures accordingly.</p> <p>The Remuneration Policy and Procedures of the Company are set out below:</p> <ol style="list-style-type: none">1. Remuneration should be set at levels which are sufficient to attract and retain Directors and Senior Management that need to run the Group and the Company successfully, but without more than is necessary to achieve this goal.2. The remuneration packages for Director and Senior Management are reviewed annually and shall be recommended by the RC and determined by the Board as a whole based on the following policy: A. <u>DIRECTOR</u> (i) Managing Director and Executive Director<ul style="list-style-type: none">▪ In accordance with the Company's Constitution;▪ All Executive Directors are paid monthly salaries, bonuses, EPF, retirement benefits, benefits-in-kind and other allowances which are commensurate with the level of responsibilities, functions and workload;▪ Salaries payable may not include a commission on or a percentage of turnover;

	<ul style="list-style-type: none"> ▪ The component parts of remuneration package is structured so as to link corporate performance to individual performance and contribution; ▪ Executive Directors are not entitled to Directors' fees; ▪ They may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general meetings/annual general meetings of the Company or in connection with the business of the Company; ▪ Based on the Company's performance; and ▪ The compensation levels for comparable positions among other similar industry. <p>(ii) Non-Executive Director</p> <ul style="list-style-type: none"> ▪ In accordance with the Company's Constitution; ▪ Non-Executive Directors are entitled to Directors' Fees as ordinary remuneration and shall be a fixed sum and not payable by a commission or percentage of profits or turnover; ▪ The remuneration should reflect the contribution and level of responsibilities undertaken by them; ▪ They will also be paid a sum based on their responsibilities in Board Committees; ▪ They may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general meetings/annual general meetings of the Company or in connection with the business of the Company; ▪ Based on the Company's performance; and ▪ The compensation levels for comparable positions among other similar industry. <p>B. <u>SENIOR MANAGEMENT</u></p> <ul style="list-style-type: none"> ▪ Based on function, workload and responsibilities involved; ▪ Based on key performance indicators; ▪ The Company's performance; and ▪ The compensation levels for comparable positions among other similar industry.
--	---

	<ol style="list-style-type: none"> 3. The outcome of the Nomination Committee's annual assessment may be used by the RC as a guide in its review on Directors' remuneration packages. 4. The Directors concerned should abstain from participating in the deliberation and decision-making in respect of their own remuneration. 5. The fees of Non-Executive Directors and any benefits payable to them, and any increment are pursuant to shareholders' approval in general meeting or annual general meeting in accordance with Section 230(1) and 340(1)(c) of the Companies Act, 2016. 6. The remuneration policy is reviewed periodically against market practices by the RC and the Board to ensure that the remuneration remains appropriate to each Director's and Senior Management's contribution. 7. When considering severance payments, the RC and Board should bear in mind that it must represent the public interest and avoid any inappropriate use of public funds. Care should be taken to avoid determining a severance package that in the public's opinion might deem to be excessive. 8. Management should report to the RC and the Board on the status of implementation of the remuneration packages approved by the Board. 	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has delegated to the Remuneration Committee ("RC") the implementation of its policy and procedures on remunerations according to the RC's Terms of Reference. The RC's Terms of Reference is published on HeveaBoard's corporate website at www.heveaboard.com.my</p> <p>The Board has made the composition of the RC to align with Guidance 6.2 of the MCCG, which only consist of Non-Executive Directors and a majority of them must be Independent Directors. The members of the RC are as follows:-</p> <ol style="list-style-type: none">1) Mr Sundra Moorthi A/L V.M. Krishnasamy – Chairman (Independent Non-Executive Chairman)2) Mr Lim Kah Poon – Member (Independent Non-Executive Director)3) Mr Bailey Policarpio – Member (Non-Independent Non-Executive Director) <p>In assisting the Board in implementing the policy and procedures on remunerations:</p> <ul style="list-style-type: none">● The RC conducts an annual review on the remuneration packages of the Group Managing Director, Executive Director, Non-Executive Directors and Senior Management based on the remuneration policy and procedures, and makes recommendations to the Board. The annual review is conducted in November of each year.● The outcome of the Nomination Committee's annual assessment of the individual Directors, Board and Board Committees are used by RC as a guide in its review on Directors' remuneration package.

	<ul style="list-style-type: none"> ● The report of the Group Managing Director is used by the RC as reference in reviewing the Senior Management's remuneration package. ● The results of market survey on the remuneration payable in other comparable public listed companies are made available to the RC as reference in its review, whenever relevant, so that the remuneration packages recommended are at market norm. ● None of the individual Directors or the Chairman participates in any discussion and decision relating to their own remuneration. <p>On 25 November 2021, the RC conducted an annual review of the remuneration packages of the Directors and Senior Management and submitted its recommendations for the 2022 remuneration packages to the Board for its approval. The Board deliberated the RC's recommendations and made the following comments and decisions:</p> <p>a. <u>Group Managing Director, Executive Director and Senior Management</u></p> <p>In view of the uncertainty posted by the Covid-19 pandemic, there was no increment for the 2022 remuneration package of the Group Managing Director and Executive Director of the Company. The 2022 remuneration packages and salary for the Group Managing Director, Executive Director and Senior Management shall remain status quo.</p> <p>With the Group Managing Director and Executive Director concerned who abstained from discussion and decision-making in respect of their own remuneration, the Board approved the 2022 remuneration packages.</p> <p>The Board also recognised the Group Managing Director, Executive Directors and management staff of both HeveaBoard and HeveaPac had undergone salary-cut in 2021 at different quantum. Prior to that, both the Group Managing Director and the Executive Director had volunteered for a 50% salary-cut during the difficult time in April, May and June of 2020 when the factories operations were adversely interrupted by the MCO.</p> <p>b. <u>Non-Executive Directors</u></p> <p>The Directors' fees shall remain status quo with no increment.</p> <p>The Board maintained its view that it is just and equitable for the Non-Executive Directors to be paid the Directors' fees after they</p>
--	---

	<p>have discharged their responsibilities and rendered their services to the Company throughout the year.</p> <p>Pursuant to Section 230(1) of the Companies Act, 2016, among others, “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this regard, the Board recommended the Directors’ fees for approval by the shareholders at the forthcoming Annual General Meeting.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>As a good corporate governance practice, the Board applies Practice 7.1 of the MCCG on its disclosure on a named basis for the remunerations of individual Directors.</p> <p>The remunerations received or receivable by the Non-Executive Directors, Group Managing Director and Executive Director in respect of the financial year ended 31 December 2021 are disclosed below:-</p>

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	Mr Sundra Moorthi A/L V.M. Krishnasamy	Independent Director	112	0	0	0	0	0	112	112	0	0	0	0	0	112
2	Mr Lim Kah Poon	Independent Director	91	0	0	0	0	63	154	91	0	0	0	0	63	154
3	Mr Bailey Policarpio	Non-Executive Non-Independent Director	84	0	0	0	0	0	84	84	0	0	0	0	0	84
4	Mr Yoong Yan Pin	Independent Director	84	0	0	0	0	0	84	84	0	0	0	0	0	84
5	Mr Thye Heng Ong @ Teh Heng Ong	Independent Director	84	0	0	0	0	0	84	84	0	0	0	0	0	84
6	Mr Loo Chin Meng	Non-Executive Non-Independent Director	91	0	0	0	0	36	127	91	0	0	0	0	36	127
7	Mr Yoong Hau Chun	Executive Director	0	0	1,013	105	28	253	1,399	0	0	1,070	105	28	253	1,456
8	Ms Yoong Li Yen	Executive Director	0	0	872	151	0	316	1,339	0	0	872	151	0	316	1,339
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that the disclosure on a named basis of the Senior Management’s remuneration component consists of salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 would not be in the best interest of the Group and the Company. It would be commercially disadvantageous for the Company to reveal this information in this highly competitive market for talents and the need to retain talents.	
		The Board assures that the remuneration of the Senior Management is commensurate with the function, workload and responsibilities and individual performance, taking into account the Company’s performance, and at the level which are sufficient to attract, retain and motivate Senior Management to run the Company successfully but without paying more than is necessary.	
		The HR regularly reviews and benchmarks the employees’ compensation to ensure that the remuneration packages are competitive and adequate to the employees.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Company’s Audit Committee is not the Chairman of the Board. The two (2) positions are held by different individuals. The Company has adopted this practice over the years.</p> <p>The Audit Committee is chaired by Mr Lim Kah Poon who is an Independent Non-Executive Director. The Board is chaired by Mr Sundra Moorthi A/L V.M. Krishnasamy.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has always been mindful to uphold the independence element in its Audit Committee. To be in line with Practice 9.2 of the MCCG, the Terms of Reference of Audit Committee consist of a clause on a minimum cooling-off period of three (3) years before a former partner of the external audit firm of the Company can be appointed as a member of the Audit Committee.</p> <p>During the financial year, none of the members of the Audit Committee was a former partner of the external audit firm of the Group and the Company.</p> <p>The Board will ensure that this requirement is adhered to in its future appointment of Audit Committee members.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") is responsible for monitoring the ongoing effectiveness and independence of the External Auditors.</p> <p>The AC assesses the suitability, objectivity and independence of the External Auditors before making recommendation to the Board on appointment, removal, or whether or not the External Auditors should be put forward for re-appointment at the Annual General Meeting ("AGM"). The AC also reviews the remuneration payable to the External Auditors in respect of the audit work performed or to be performed to the Group and the Company.</p> <p>The AC has put into place policies on the following areas:</p> <ol style="list-style-type: none">1. The suitability and independence of the External Auditors are reviewed and assessed based on the criteria listed below:<ul style="list-style-type: none">▪ The independence, objectivity, integrity and professionalism of the External Auditors in accordance with the terms of the professional and regulatory requirements of the Malaysian Institute of Accountants. The External Auditors must comply with their local professional institutes' rules concerning auditors' independence or their firm's requirements;▪ The experience, capabilities and resources of the audit firm;▪ The performance and competencies of the External Auditors;▪ The quality of services including the responsiveness to issues and ability to provide realistic analysis with technical knowledge and independent judgement, and sufficiency of resources they provide to the Group;

	<ul style="list-style-type: none"> ▪ The quality of the communications and interactions between the External Auditors and the AC during the course of audit; and ▪ The level of non-audit services rendered by the External Auditors and its affiliates. <p>2. The provision of non-audit related services by the External Auditors and its affiliates are permitted.</p> <p>There are limitation on the level and type of non-audit services that can be rendered by the External Auditors and its affiliates, prohibition of certain type of non-audit services to be rendered by the External Auditors with guidance from the By-Laws (on Professional Ethics, Conduct and Practice) by the Malaysian Institute of Accountants.</p> <p>The audit fees shall be evaluated based on quantum of audit work, the audit process and approach, the engagement team's credentials and experience, their ability to provide value advice and services, and the ability to complete audit work within the Group's timeline.</p> <p>The following procedures are undertaken by the AC:</p> <ul style="list-style-type: none"> ▪ Performing annual review and assessment of the External Auditors' performance. ▪ Obtaining assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. ▪ Establishing criteria of quality audit, and suitability and independence of the External Auditors. ▪ Monitoring the type and level of non-audit services supplied by the External Auditors and its affiliates. ▪ Recommending the audit and non-audit fees based on the outcome of the annual assessment and quantum of audit work. <p><u>Annual assessment and re-appointment of External Auditors</u></p> <p>Following the completion of the 2020 financial year audit, the AC carried out an annual assessment on the performance, objectivity and</p>
--	---

	<p>independence of the External Auditors, namely Messrs. Baker Tilly Monteiro Heng PLT (“BTMH”). The outcome of assessment was used as a guide to determine the suitability of BTMH before the AC made an informed recommendation to the Board on whether or not BTMH should be put forward for re-appointment at the forthcoming AGM.</p> <p>The AC recommended for re-appointment of BTMH as External Auditors of the Group and the Company for the ensuing financial year based on the following opinions:</p> <ol style="list-style-type: none"> 1) BTMH confirmed that in relation to their audit of the accounts of HeveaBoard Group (“the Group”) ended 31 December 2020, the Engagement Partners and its staff engaged in the audit of the Group neither held any direct or indirect financial interest in the Group nor were connected with the Group which would impair their independence, and they had complied with the requirements for independence as stipulated in the International Standards on Auditing (“ISA”) 260. <p>In accordance with the By-laws of the Malaysian Institute of Accountants, BTMH rotates its Engagement Partners once every seven (7) years to ensure objectivity, independence and integrity of audit opinions.</p> <ol style="list-style-type: none"> 2) The AC was satisfied that BTMH had exercised professionalism and performed a quality audit. 3) The AC considered BTMH to be suitable to continue in their role as External Auditors of the Group and the Company. 4) The type of non-audit services rendered by BTMH and its affiliates consist mainly of assurance-related services. The AC was satisfied that the provision of non-audit services by BTMH did not in any way impair their objectivity and independence. <p>The Board approved the re-appointment of BTMH as the Group and the Company’s External Auditors for the ensuing year based on the AC’s recommendation, subject to the shareholders’ approval to be sought at the forthcoming AGM.</p> <p><u>Audit and Non- Audit Fees</u></p> <p>The AC reviewed the audit fees and non-audit fees based on the pre-set criteria and recommended to the Board for approval an audit fee of RM63,000 and total non-audit fee of RM10,000 in respect of the financial year ended 31 December 2021.</p>
--	--

	The details of the audit and non-audit fees paid/payable to BTMH and a firm or corporation affiliated to BTMH in respect of their services rendered to the Group and Company for the financial year 2021 are set out below:		
		Company	Group
		RM	RM
	Audit Fees	63,000	146,000
	Non-Audit Fees		
	i) Review of Internal Control	5,000	5,000
	ii) Review of Other Information	5,000	5,000
	Total Non-Audit Fees	10,000	10,000
Pursuant to the authority given by Shareholders at the last Annual General Meeting, the Board approved the audit fees and non-audit fees based on the recommendation of the AC.			
Explanation for departure :			
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure :			
Timeframe :			

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>It was recognised that independent elements are important not only to ensure independent decision-making process and effective oversight of management of the Group and the Company, an effective AC can bring transparency, focus and independent judgment that are needed to oversee the financial reporting process and assess the risks and control environment.</p> <p>The composition of the AC is as follows:</p> <p>1) Mr Lim Kah Poon (Chairman)</p> <p><i>Independent Non-Executive Director</i></p> <p>2) Mr Yoong Yan Pin (Member)</p> <p><i>Independent Non-Executive Director</i></p> <p>3) Mr Thye Heng Ong @ Teh Heng Ong (Member)</p> <p><i>Independent Non-Executive Director</i></p> <p>In observing the development of good corporate governance, the Chairman of the Board, Mr Sundra Moorthi A/L V.M. Krishnasamy had resigned as a member of the Audit Committee on 25 November 2021 and Mr Thye Heng Ong @ Teh Heng Ong was appointed in his place.</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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") members have been keeping themselves abreast of the development of the accounting and auditing standards, practices and rules through various channels so that they are able to assume the responsibility of overseeing the financial report of the Group and the Company effectively.</p> <p>a. Continuous professional development</p> <p>During the financial year, the AC members had constantly discussed and where necessary sought consultations and advice from accounting professionals on the application/implication of the new accounting standards that may impact the financial statements of the Group and the Company.</p> <p>b. Overseeing financial report</p> <p>During the financial year, the activities of the AC in terms of overseeing financial reporting were as follows:</p> <ul style="list-style-type: none">▪ <u>Review of quarterly financial results</u> <p>At each quarterly meeting, the AC reviewed the unaudited quarterly financial results consist of the financial information and reports prepared by Management in compliance with the Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting and paragraph 9.22, including appendix 9B of the Main Market Listing Requirements. The AC in consultation with Management deliberated the integrity of the quarterly financial results as well as the significant issues of concerns focusing on the following aspects before recommending to the Board for approval:</p>

	<ul style="list-style-type: none"> (i) Significant financial reporting issues and judgements; (ii) The appropriateness of accounting policies, key judgements and fairness of management estimates and going concern assumptions; (iii) The material financial areas in which significant judgements have been made; (iv) Changes in or implementation of major accounting policy and practices; (v) Compliance with financial reporting standards and governance requirements; (vi) Other significant and unusual events; and (vii) The clarity of disclosures. <p>▪ <u>Audit Plan 2021</u></p> <p>In November 2021, the AC conducted a preliminary meeting with the External Auditors to review and discuss the overall Audit Strategy and Audit Plan of the External Auditors for the financial year ending 31 December 2021. The Audit Plan outlined, amongst others, the audit scope, areas of emphasis, risk assessment and audit approach, related party transaction disclosures and procedures, audit timeframe, and prevailing accounting development.</p> <p>In reviewing the overall Audit Strategy and Audit Plan, the Audit Committee focused its oversight on:</p> <ul style="list-style-type: none"> a) The audit planning and identification process; b) The timing of major audit activities; c) Whether the External Auditors' analysis and planned audit activities demonstrate sufficient knowledge of the Group's business risks; d) Key audit deliverables; and e) The resources needed to execute the Audit Plan. <p>▪ <u>Audit Committee Memorandum</u></p> <p>During the course of audit for the financial year ended 31 December 2021, the External Auditors were invited to present their Audit Committee Memorandum in February 2021 to provide, amongst others, the status of the audit, significant audit findings and matters of concerns, significant unusual events, potential key audit matters, fraud related matters, related party disclosures, matters for control improvements, significant outstanding matters, accounting developments and capital market development.</p>
--	---

	<ul style="list-style-type: none"> ▪ <u>Audited Financial Statements</u> <p>The AC reviewed the Audited Financial Statements for the financial year ended 31 December 2021 before recommending to the Board for approval.</p> <p>As part of the reviewing process, the AC discussed with Management with regard to the audit findings, disclosures and key areas relating the draft Audited Financial Statements, the representation letters issued by the External Auditors and the implementation of audit recommendations.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established an Internal Audit Function which is currently outsourced to an independent internal audit consulting firm (Internal Auditors). The Internal Auditors assist the Board and Audit Committee in establishing the risk management and internal control framework and assessing its effectiveness within the Group.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The features of the Group's risk management and internal control framework are as follows:</p> <p><u>Risk Management</u></p> <p>The Group applies the risk management processes based on the general principles of the recognised international risk management frameworks.</p> <ol style="list-style-type: none">1. Annual risk assessment to identify new risks; re-assess the risk appetite of the Board; review the effectiveness of the existing controls; and formulate new risk management mitigation action plan.2. The risk management processes in identifying, evaluating and managing significant risks facing the organization are embraced in the operating and business processes. These processes are driven by the Executive Directors and Senior Management team in their course of work. <p><u>Internal Control</u></p> <p>The Group continues to maintain the certifications accorded by external certification bodies such as Quality Management Systems of ISO 9001:2015, The Environment Management Systems ISO 14001:2015; Occupational Safety and Health Management System OSHAS 45001:2018 and MS 1722. These management systems and certifications form the guiding principles for the Group's operational procedures. Internal quality audits are carried out and annual surveillance audits are conducted by external certification bodies to ensure compliance with the respective certification bodies' requirements. In addition, the Group has put in place fundamental controls and measures which include authority limits, policies and procedures for effective internal control management.</p>

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

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	Instead of establishing a Risk Management Committee, the Audit Committee assumes the role in overseeing the risk management framework and policies together with Senior Management.

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit Function helps the Group and the Company to accomplish its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes, and provides the Board, through the Audit Committee ("AC"), reasonable assurance of the Group and the Company's internal control, risk management and governance process.</p> <p>The AC assumes the responsibility to ensure that the Internal Audit Function is working effectively and independently.</p> <p>With a view to preserve the independence of the Internal Audit Function and to ensure this function is supported with adequate specialised expertise, the entire Internal Audit Function of HeveaBoard Group has been outsourced to an independent internal audit consulting firm.</p> <p>The Internal Auditors assist the AC to execute its oversight function and discharge its duties and responsibilities by performing independent reviews to ensure the adequacy and effectiveness of the internal control and risk management systems established by the Group.</p> <p>The Internal Auditors report directly to the AC on a quarterly basis, and provide its reports to Management, outlining their audit findings, areas required improvement and rectification, action plans recommended for implementation and improvement, and follow-up on the status of implementation of action plans.</p> <p>The Internal Auditors carry out their functions based on the Internal Audit Plan approved by the AC. Subject to separate terms of engagement, special and ad hoc audit reviews and assistance shall be approved by the AC.</p> <p>The AC reviews periodically the adequacy of the Audit Plan and its audit scope to ensure it is aligned with the strategies and risks of the Group, the resources and authorities made available to the Internal Audit Function, and the competency of the Internal Auditors, to ensure the Internal Audit Function remains effective.</p> <p>The AC also reviewed and observed the performance of the Internal Auditors and reported to the Board on their competency. After the</p>

	<p>Board members and AC members had discussed and commented on the performance of the Internal Auditors, the AC Chairman conveyed the requests of the AC members and Board members and their expectation on the Internal Auditors to the lead Internal Auditor for further improvement. During the financial year, the Group had engaged new Internal Auditors in place of the existing Internal Auditors.</p> <p>Internal Audit Report</p> <p>During the financial year, the AC reviewed the internal audits performed by the Internal Auditors, the reports on the outcome of the audits conducted and the effectiveness of the internal control implemented within the Group.</p> <p>Based on the audit findings and reports of the Internal Auditors, the AC formed an opinion on the adequacy of measures undertaken by Management, and reported to the Board on the overall standing of the Group's internal control.</p> <p>The Board was satisfied that the existing level of system of risk management and internal control were effective to enable the Group and the Company to achieve its business objectives and there were no material losses resulting from control weaknesses that would require additional disclosure.</p>			
Explanation for departure	:			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>				
Measure	:			
Timeframe	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

Intended Outcome

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

Practice 11.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit Function of HeveaBoard Group is carried out by PKF Risk Management Sdn. Bhd. ("PKF"), an independent internal audit consulting firm. Save for the internal audit function service, there are no other engagements between the Group and PKF. Thus, the engagement is free from any other relationship or conflict of interest which could impair the Internal Auditors' objectivity and independence.</p> <p>The Internal Audit Function is headed by a Director who is a Certified Internal Auditor assisted by a manager and supported by assistant managers. The manager is a qualified Accountant while the rest of the team members are accounting graduates from local universities.</p> <p>The Internal Auditors have performed its work in accordance with the principles of the international internal auditing practices covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board values the relationship between the Company and its stakeholders. The Board also recognises the need for transparency and accountability to the Company's stakeholders, and regular communication with its shareholders, stakeholders and investors on the performance and major developments of the Group.</p> <p>The Company has put into place the following initiatives to facilitate effective reporting and communication with its shareholders and investors:</p> <ul style="list-style-type: none">▪ Timely announcement to Bursa Securities, which includes among others release of quarterly financial results, annual financial statements, circulars, Annual Reports and material information.▪ Holds regular dialogue with analysts, institutional shareholders and members of the press to convey information regarding the Group's performance, strategic direction, development, financial and prospect as and when requested. However, market sensitive disclosures are first made available on the Bursa Securities announcements platform before disclosed in these dialogues.▪ General Meetings and Annual General Meeting ("AGM") are one of the principal forums for dialogue with shareholders. Besides the usual agenda for AGM, the Board presents the progress and performance of the Group's business and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group.▪ The Board leverages on its corporate website in communicating, disseminating and add depth to the governance reporting. HeveaBoard's corporate website under Corporate Governance house information such as Board Charter, Code of Conduct and Ethic, Whistleblowing Policy, Terms of Reference of Board Committees and Statement on Risk Management and Internal Control. Other principal governance information such as annual reports, announcements, and financial highlights are also made

	<p>available in the website under the section for Investor Relations for the benefit of the investing public.</p> <ul style="list-style-type: none"> ▪ The corporate website also provides Investor Relations contact for shareholders to direct their queries or concerns. ▪ Attending to shareholders' and investors' emails and telephone enquiries. 	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has been practising sending Notice of Annual General Meeting ("AGM") to shareholders more than 28 days prior to the meeting. The Board recognises that a longer notice allows ample time for shareholders to consider the resolutions or seek professional advice before exercising their voting rights, and to make arrangement to attend the AGM either personally or through proxy/corporate representatives.</p> <p>The Notice of AGM for the forthcoming AGM will be advertised in a nationally circulated English daily newspaper and served to shareholders within 28 days prior to the date of the AGM.</p> <p>Items of both of the ordinary business and special business included in the Notice of AGM are accompanied by an explanatory statement to facilitate full understanding and to enable informed decision by the shareholders. Apart from that, the Board ensured suitability of venue and timing of meeting and undertake other measures to encourage shareholders' participation in the meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Annual General Meeting ("AGM") of the Company was conducted fully virtual on 30 June 2021. It was attended by all the Directors. The following key personnel were present:</p> <ul style="list-style-type: none">▪ The Chairman of the Board, who is also the Chairman of the Remuneration Committee▪ The Group Managing Director▪ The Chairman of the Audit Committee▪ The Chairman of the Nomination Committee▪ The Executive Director▪ The Independent Non-Executive Directors▪ The Executive Director of HeveaPac Sdn. Bhd. (a wholly-owned subsidiary of HeveaBoard)▪ The Chief Financial Officer▪ The engagement partner of the External Auditors▪ The Company Secretary <p>During the AGM, the progress and performance of HeveaBoard Group was presented to the shareholders. Questions and Answers sessions were opened to shareholders to raise questions via the online platform. All questions were duly answered. The Board and Management acknowledged all concerns and comments raised by the shareholders and accepted all constructive suggestions from the shareholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied	
Explanation on application of the practice	:	In light of the Movement Control Order (“MCO”) imposed by the Government arising from COVID-19 pandemic, the Company had accelerated its effort towards leverage on technology to facilitate shareholders’ participation at the AGM via an online platform. The 2021 AGM of the Company which was held on 30 June 2021 was conducted on a fully virtual basis with the application of voting in absentia and remote shareholders’ participation via a virtual meeting facility.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.

Application	:	Applied
Explanation on application of the practice	:	<p>The 2021 Annual General Meeting ("AGM") was held on 30 June 2021 on a fully virtual basis via an online meeting platform through a virtual meeting facility.</p> <p>The AGM was led by the Board Chairman, namely Mr Sundra Moorthi A/L V.M. Krishnasamy who presided as Chairman of AGM.</p> <p>The Chairman had ensured that the AGM was properly constituted, all the formalities were observed and that a quorum was present; and to ensure that all shareholders wishing to raise questions were given the opportunity to do so and provide a fair opportunity to shareholders to seek clarifications and/or offer comments related to the proposed resolutions and any item of business and address the same and ensure that all views are adequately aired.</p> <p>The following measures were undertaken to ensure the AGM was interactive and meaningful:</p> <ol style="list-style-type: none">1) The virtual meeting facility allowed shareholders to post their questions or comments in advance prior to the AGM.2) All shareholders were encouraged to participate at the AGM by submitting their typed questions in real time during the AGM.3) To ensure the AGM ran smoothly, a Questions-and-Answers Session ("Q&A Session") was opened after all resolutions were tabled, and this had allowed free flow of questions and answers between the Board/management and shareholders.4) The shareholders were notified at the start of the AGM that their questions would be answered at a Questions-and-Answers Session

	<p>to be held after the Chairman had tabled all the resolutions. This allows shareholders to prepare questions they might like to ask and post their text questions before the Q&A Session. This manner had also allowed the Board/management to peruse some of the questions in advance and provide more detailed and thought-provoking answers.</p> <p>5) A moderator was engaged to assist the Chairman to lead the Q&A session and the meeting flow in the fully virtual meeting environment.</p> <p>6) All questions received were read out and the Board especially the Group Managing Director had endeavoured to answer the questions and responded to comments/concerns raised by the shareholders in particular concerning the financial reports, the operations and prospect of the Group.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

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

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had ensured that the 2021 Annual General Meeting (“AGM”) was held on 30 June 2021 on a fully virtual basis was conducted effectively while complying with the law requirements and the SOP imposed by the government during the nationwide total lockdown and a Full Movement Control Order (“FMCO”).</p> <p>During the FMCO, the Board had conducted the AGM via an online meeting platform through a virtual meeting facility based on the Revised SC’s Guidance Note, effective 1 June 2021 which required the Chairperson of the meeting, Board members, senior management, shareholders and auditors were required to participate in the meeting online instead of via a Broadcast Venue. An online meeting platform used to conduct the meeting can be recognised as the main venue as required under Section 327(2) of the Companies Act 2016, provided that the online platform is located in Malaysia.</p> <p>Accordingly, the Board had changed the virtual meeting at Broadcast Venue to the online meeting platform at https://bit.ly/2PjtY5V to conduct the AGM, provided by HMC Corporate Services Sdn. Bhd. in Kuala Lumpur, Malaysia.</p> <p>Through the virtual meeting facilities, shareholders were allowed to carry out the following:</p> <ol style="list-style-type: none">1) Online registration via the Registration Link prior to the meeting for the purpose of verification of attendance.2) Submission of questions online by scanning the QR Code or via an online link prior to the meeting.

	<p>3) Participating at the AGM by clicking the Participation Link provided in the e-mail provided to the shareholders who had registered for the meeting.</p> <p>4) The Board, senior management, auditors and company secretary could be seen and their speaking could be heard.</p> <p>5) Interact with the Board/senior management/auditors by typing questions/comments in real time using the Q&A Box. All questions/comments received prior to and during the meeting were read out and answered/responded.</p> <p>6) Vote remotely via online voting by scanning the QR Code or via an online voting link displayed on the screen of the Virtual Meeting Room.</p> <p>7) The voting results were displayed on the screen for viewing of the shareholders.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	The minutes of the AGM will made available on the Company's corporate website at www.heveaboard.com.my within the timelines stipulated by the MCGG.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

Click or tap here to enter text.

