

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5095
COMPANY NAME : HEVEABOARD BERHAD
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors' ("the Board") overall governance responsibilities are 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;vii) Oversees the system of risk management, internal control system and regulatory compliance;

- viii) Responsible for corporate sustainability;
- ix) Oversees succession plans within the Group; and
- x) Reports to and communicates with shareholders and stakeholders.

Delegation to Board Committees

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:-

1. Audit Committee
 - 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.
2. Nomination Committee
 - 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.
3. Remuneration Committee
 - Assists the Board with developing and implementing remuneration policy and procedures for Directors and Key Senior Management.
4. Integrity Committee
 - Assist the Board in establishing an oversight body to undertake primarily anti-bribery and corruption measures and responses.
5. Tender Board Committee
 - Assists the Board on reviewing shortlisted tenders and proposals put forward by the Management.

Clear role and responsibilities

The Board is led by an Independent Non-Executive Chairman, namely Mr Sundra Moorthi A/L V.M. Krishnasamy.

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 decisions as well as day- to-day management of the business operation of the Group and the Company.

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.

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.

Directors' commitment and attendance at meetings

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.

During the financial year, the Board held five (5) meetings, and two (2) meetings were held during the period from 1 January 2024 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.

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.

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

Director	No. of Meetings Attended/No. of Meetings Held in 2023 (between 1/1/2023 and 31/12/2023)				
	Board meeting	AC meeting	NC meeting	RC meeting	Integrity Committee meeting
Mr Sundra Moorthi A/LV.M. Krishnasamy	5/5	-	-	1/1	-

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	2/2*	2/2*	-	-	-
Mr Bailey Policarpio	5/5	-	1/1	1/1	-
Mr Yoong Yan Pin	5/5	5/5	1/1	-	-
Mr Thye Heng Ong @ Teh Heng Ong***	5/5	5/5	1/1	1/1	-
Ms Chin Pik Yuen	5/5	3/5**	-	-	-
Mr Loo Chin Meng	5/5	-	-	-	-

*Mr Lim Kah Poon resigned as Independent Non-Executive Director, Chairman of AC, member of NC, RC and Integrity Committee on 15 May 2023.

**Ms Chin Pik Yuen was appointed as AC Chairman on 15 May 2023.

*** Mr Thye Heng Ong @ Teh Heng Ong was appointed as NC and RC member on 15 May 2023.

Director	No. of Meetings Attended/No. of Meetings Held between 1/1/2024 and the date of approving thisCG Report				
	Board meeting	AC meeting	NC meeting	RC meeting	Integrity Committee meeting
Mr Sundra Moorthi A/LV.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 Bailey Policarpio	2/2	-	-	-	-

Mr Yoong Yan Pin	2/2	2/2	-	-	-
Mr Thye HengOng @ Teh Heng Ong	2/2	2/2	-	-	-
Ms Chin Pik Yuen	2/2	2/2	-	-	-
Mr Loo Chin Meng	2/2	-	-	-	-

Provided there is no conflict of interest and for the purpose of efficient and effective discussion and reporting, Senior Management and Directors who are not members of the Audit Committee were also invited to the Audit Committee meetings to facilitate reporting except during private discussion between the Audit Committee members and External Auditors or Internal Auditors.

Discharging of the Board’s role and responsibilities

- 1) In ensuring the strategic goals and direction of the Group is align 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.

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.

- 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 decisions at Board meetings. Other than that, electronic means such as electronic mail will also be used by the Board as a platform for Management’s reporting and information sharing on urgent matters that require Board’s decision.

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

	<p>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 adopted 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 the Board and Management’s continuity. The Nomination Committee is entrusted with the responsibility for formulating selection</p>
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	<p>policies for the Group’s key management personnel and members of the Board and Board Committees. The identification, selection, assessment and appointment process are 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>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

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	:	

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

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<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 accordance 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 the 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	: 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. 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. The Board is of the view that Mr Sundra Moorthi, who is the Board Chairman and most senior on the Board, should lead in making remuneration recommendations of the Board members and Senior Management. 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 Director's remuneration.
<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 Secretaries of the Group are qualified to act as Company Secretary under section 235 of the Companies Act 2016. The Company Secretaries and the secretarial 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 MCG 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 at 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 recorded in the minutes;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 Director;5. facilitate the selection and recruitment process on appointment of new Director by ensuring that the necessary information is properly compiled to ease the Nomination Committee and Board's review; and

	6. facilitate the orientation of new Directors and Directors' 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 is 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>To ensure effective and efficient Board and Board Committees' discussion and decision-making as well as smooth flow of meetings, the discussion papers such as financial results, reports and proposals are circulated via electronic means to the respective Board and Board Committees for their review at least five (5) days prior to the meeting. Hard copies of meeting materials will only 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 recorded in minutes. 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 for future reference.</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 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	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	: Applied
Explanation on application of the practice	<p>The Board recognises its leadership role in setting and articulating good business conduct and a 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 to 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 with 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. An Integrity Committee was set up on 2 November 2020 to assist the Board in reviewing matters relating to anti-corruption measures and programs of the Group.</p>

	The Company adopted a Conflict of Interest Policy on 1 March 2024. The said policy sets out the framework and appropriate controls and measures to ensure systematic identification and management of conflict of interest or potential conflict of interest situation in an effective and timely manner.	
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> <ul style="list-style-type: none">a. 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.b. 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.c. 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.d. 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.e. 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 has 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 embedded 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 prioritizing 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 avenues to communicate the Company’s sustainability strategies and progress to its shareholders.</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

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. The Board and Management had also participated in ESG and sustainability-related program to get an insight on how the corporate governance practices can be effectively incorporated with ESG considerations for the Board to discharge its responsibility on governance of sustainability.	
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). The performance evaluation includes the assessment of the performance of the Board and management in managing the Group’s ESG issues and sustainability related risks.	
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") performs annual assessments on the following:</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 Director.4) The performance, contribution and fit and proper of the retiring Directors who seek re-election at Annual General Meeting. <p>The NC re-assesses the composition of the Board and Board Committee annually and whenever there are new developments on corporate governance or update in MCCG and changes in the Bursa Securities' Listing Requirements relating to directors' appointment, independence etc. Where appropriate, the NC will recommend the necessary changes to the Board and the Board Committee's composition to ensure their structure is in line with the good corporate governance and in compliance with the Listing Requirements.</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 comprises 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 Bailey Policarpio <i>(Non-Independent Non-Executive Director)</i>5. Mr Yoong Yan Pin <i>(Independent Non-Executive Director)</i>6. Mr Thye Heng Ong @ Teh Heng Ong <i>(Independent Non-Executive Director)</i>7. Ms Chin Pik Yuen <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	:	For good corporate governance, the Board has been in the past seeking shareholders' approval through a Two-Tier Voting Process at each of the Annual General Meetings for retention of its Independent Non-Executive Director, namely Mr Lim Kah Poon who had served the Board since 1 October 2004. In observing the changes in Listing Requirements of Bursa Securities which impose a 12-Year Tenure Limit for Independent Directors effective 1 June 2023, Mr Lim Kah resigned as an Independent Non-Executive Director of the Company on 15 May 2023.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) and the Board are guided by the Company’s Directors’ Fit and Proper Policy (“policy”) in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for re-election, to ensure that all Directors fulfil the fit and proper criteria.</p> <p>In assessing whether a person is fit and proper to hold a position as director or key management personnel, the assessment will be based on a self-declaration checklist and performance evaluation, resume and publicly available profiles and documents covering the following areas:</p> <ul style="list-style-type: none"> i. Character and integrity; ii. Experience and competence; and iii. Time and commitment. <p>For candidates to be appointed for the position of Independent Director, assessment will also be carried out to determine the independence of the candidate and the candidate’s ability to discharge such responsibilities/functions as are expected from an Independent Director.</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 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.
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 "Profile 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 2024 AGM, the Board has 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 leads the recruitment, selection, evaluation process and annual review of Board effectiveness to ensure objective assessments are performed.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The percentage of woman Director on Board is 22%. The current Board comprises two (2) woman Director, namely Ms Yoong Li Yen, who is an Executive Director of the Group, and Ms Chin Pik Yuen who is an Independent Non-Executive Director.	
		The current composition of the Board comprises high calibre individuals from diverse backgrounds, experiences and knowledge, which range from industry-specific knowledge, engineering, finance, legal, management and marketing has functioned adequately and enabling the contribution of views and insight from various perspectives in arriving at productive discussion and decision-making. The Board considers the Board size of 8 Board members and 1 alternate director is sizable enough at present. Nevertheless, priority would be given to woman candidates to fill future Board vacancies, if the need arises, to meet the gender diversity requirements.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

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

Application	:	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 policy has not been in place, the Company has no gender discrimination on its Board and workplace.</p> <p>The current Board comprises two (2) woman Director, namely Ms Yoong Li Yen who is an Executive Director of the Group, and Ms Chin Pik Yuen who is an Independent Non-Executive Director. 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	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.

Timeframe	:	Choose an item.	
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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 of assessing performance and effectiveness of the Board, Board Committees and each individual Director.</p> <p>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 <i>(Independent Non-Executive Director)</i>2. Mr Thye Heng Ong @ Teh Heng Ong – Member <i>(Independent Non-Executive Director)</i>3. Mr Bailey Policarpio – Member <i>(Non-Independent Non-Executive Director)</i> <p>The process of assessment are as follows:</p> <ul style="list-style-type: none">▪ The assessment is performed annually and internally facilitated.▪ The NC applies the Directors’ fit and proper criteria as stipulated in the Directors’ Fit and Proper Policy of the Company alongside with the performance evaluation criteria, included with the ESG Evaluation Assessment, as recommended in the Corporate Governance Guide in conducting the annual assessments of Board and Board Committees and individual Director. Assessment of the independence of the Independent Directors is based on the independence criteria as stipulated in the Main Market Listing Requirements. The annual internal evaluation is undertaken by the NC by using Performance Appraisal Forms

	<p>containing questionnaires. The evaluation process is facilitated by the Company Secretary.</p> <ul style="list-style-type: none"> ▪ Prior to the NC meeting, the respective performance appraisal forms are circulated to the NC members and individual Board members via electronic mail. While the NC assessing the performance of the Board and Board Committees, individual Directors are invited to self-assess and comment on their character and integrity; experience and competence; and time and commitment. ▪ 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> <ol style="list-style-type: none"> 1) The performance of individual Directors was assessed based on the following criteria: <ul style="list-style-type: none"> ▪ Fit and Proper – probity, personal Integrity and reputation; ▪ 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. 2) The performance and effectiveness of the Board are assessed based on the criteria set on the following areas: <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
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	<p>succession planning; and</p> <ul style="list-style-type: none"> ▪ Shareholders communication and investor relation. ▪ Environmental, Social and Governance (ESG) issues or Sustainability <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; ▪ 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>4) In assessing the performance of retiring Directors who seek for re-election at the AGM, besides the criteria for assessing individual Director as mentioned under item (1) above, Self-Declaration Checklist containing the fit and proper criteria as set out in the Directors' Fit and Proper Policy of the Company is used to determine the Directors' fit and properness.</p> <p>During the financial year, the NC at its meeting held on 22 November 2023 conducted an annual assessment on the performance and effectiveness of the Board, Board Committees, each individual Director, and the retiring Directors who seek for re-election at the forthcoming AGM.</p> <p>The outcome of the assessment during the financial year are as follows:</p> <ul 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 financial year. The Independent Directors 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
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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.

iv. The retiring Directors who seek re-election meet the Directors' fit and proper criteria as set out in the Directors' Fit and Proper Policy of the Company. Committee and Remuneration Committee had discharged their duties efficiently and effectively.

Directors' Training

In terms of the 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 all the Board members are corporate persons who had already have sufficient management skills and vast experience. The Board and Management attended the risk management workshop and ESG briefing during the year. The Board was requested to attend the MAP Part II in relation to sustainability before 1 August 2025.

The Directors recognised the need to undertake continuous professional development to keep themselves abreast of 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:

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 Bailey Policarpio	▪ Risk Management Workshop
Mr Yoong Yan Pin	▪ Risk Management Workshop
Mr Thye Heng Ong @ Teh Heng Ong	▪ Risk Management Workshop ▪ Audit Oversight Board (AOB) Alert to Audit Committee

		Ms Chin Pik Yuen	<ul style="list-style-type: none"> ▪ Risk Management Workshop ▪ Audit Committee Conference 2023 ▪ Management of Cyber Risk ▪ Amendments to Listing Requirements - Enhanced Conflict of Interest Framework
		Mr Loo Chin Meng	<ul style="list-style-type: none"> ▪ 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 are needed 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 based on the following policy: <p>A. <u>DIRECTOR</u></p> <p>(i) Managing Director and Executive Director</p> <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;▪ The component parts of remuneration package is structured so as to link corporate performance to

	<p>individual performance and contribution;</p> <ul style="list-style-type: none"> ▪ 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><u>B. 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. <p>3. The outcome of the Nomination Committee's annual assessment may be used by the RC as a guide in its review of Directors' remuneration packages.</p> <p>4. The Directors concerned should abstain from participating in the deliberation and decision-making in respect of their own remuneration.</p>
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	<ol style="list-style-type: none"> 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 be deemed 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 7.2 of the MCCG, which only consists 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 <i>(Independent Non-Executive Chairman)</i>2) Mr Lim Kah Poon – Member <i>(Independent Non-Executive Director)</i>3) Mr Bailey Policarpio – Member <i>(Non-Independent Non-Executive Director)</i> <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 of 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 the 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 22 November 2023, the RC conducted an annual review of the remuneration packages of the Directors and Senior Management and submitted its recommendations for the 2024 remuneration packages to the Board for its approval. 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 8.1 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 2023 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	113	0	0	0	0	0	113	113	0	0	0	0	0	113
2	Mr Lim Kah Poon	Independent Director	64	0	0	0	0	42	106	64	0	0	0	0	42	106
3	Mr Bailey Policarpio	Non-Executive Non-Independent Director	85	0	0	0	0	0	85	85	0	0	0	0	0	85
4	Mr Yoong Yan Pin	Independent Director	85	0	0	0	0	0	85	85	0	0	0	0	0	85
5	Mr Thye Heng Ong @ Teh Heng Ong	Independent Director	85	0	0	0	0	0	85	85	0	0	0	0	0	85
6	Mr Loo Chin Meng	Non-Executive Non-Independent Director	92	0	0	0	0	0	92	92	0	0	0	0	0	92
7	Ms Chin Pik Yuen	Independent Director	93	0	0	0	0	0	93	93	0	0	0	0	0	93
8	Mr Yoong Hau Chun	Executive Director	0	0	1,201	48	16	287	1,552	0	0	1,201	48	16	287	1,552
9	Ms Yoong Li Yen	Executive Director	0	78	1,046	42	0	262	1,428	0	78	1,046	42	0	262	1,428
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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	:	Instruction – Please disclose the required information in the table below. Sole reference to the annual report, without disclosing the required information in the table provided is not allowed.
Explanation for departure	:	<p>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.</p> <p>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.</p> <p>The HR regularly reviews and benchmarks the employees' compensation to ensure that the remuneration packages are competitive and adequate for the employees.</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.

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 Ms Chin Pik Yuen who is an Independent Non-Executive Director. Ms Chin Pik Yuen was appointed as Chairman of the Audit Committee on 15 May 2023 in place of Mr Lim Kah Poon who resigned as Audit Committee Chairman following his resignation from the Board. The Board is chaired by Mr Sundra Moorthi A/L V.M. Krishnasamy.</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 9.2

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 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;▪ 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.

2. The provision of non-audit related services by the External Auditors and its affiliates are permitted.

There is 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.

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.

The following procedures are undertaken by the AC:

- 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.

Annual assessment and re-appointment of External Auditors

Following the completion of the 2023 financial year audit, the AC carried out an annual assessment on the performance, objectivity and 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 BTMH should be put forward for re-appointment at the forthcoming AGM.

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>1) BTMH confirmed that in relation to their audit of the accounts of HeveaBoard Group (“the Group”) ended 31 December 2023, 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> <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> <p>2) The AC was satisfied that BTMH had exercised professionalism and performed a quality audit.</p> <p>3) The AC considered BTMH to be suitable to continue in their role as External Auditors of the Group and the Company.</p> <p>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> <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 paid/payable to the Company’s External Auditors based on the pre-set criteria and recommended to the Board for approval of the audit fees and non-audit fees in respect of the financial year ended 31 December 2023.</p> <p>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.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

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, but it also brings 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> <ol style="list-style-type: none">1) Mr Lim Kah Poon (Chairman) <i>Independent Non-Executive Director</i>2) Mr Yoong Yan Pin (Member) <i>Independent Non-Executive Director</i>3) Mr Thye Heng Ong @ Teh Heng Ong (Member) <i>Independent Non-Executive Director</i>

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") 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>

- (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.

- Audit Plan 2023

On 22 November 2023, 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 2023. The Audit Plan outlined, amongst others, the policies and procedures concerning auditors' independence, consideration of fraud in audit, related party transaction disclosures and procedures, audit timeline and audit activities, risk assessment and audit approach, prevailing accounting development, provision of non-audit services and proposed audit fees.

In reviewing the overall Audit Strategy and Audit Plan, the Audit Committee focused its oversight on:

- 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.

- Audit Committee Memorandum

During the course of audit for the financial year ended 31 December 2023, the External Auditors were invited to present their Audit Committee Memorandum 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.

	<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 2023 before recommending to the Board for approval.</p> <p>As part of the reviewing process, the AC discussed with Management regarding 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	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.2

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

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

Intended Outcome

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

Practice 11.2

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 team consists of 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 adding 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. 	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

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

Practice 12.2

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

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 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 virtually on 22 June 2023. 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	:	The Company continues with its effort towards leverage on technology to facilitate shareholders' participation at the AGM via an online platform. The 2023 AGM of the Company which was held on 22 June 2023 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	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The 2023 Annual General Meeting ("AGM") was held on 23 June 2023 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 to be held after the Chairman had tabled all the resolutions. This allows shareholders to prepare questions they

	<p>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 concerning the financial reports, the operations and prospect of the Group.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: The Board had ensured that the 2023 Annual General Meeting (“AGM”) was held on 23 June 2023 on a fully virtual basis was conducted effectively. Through the virtual meeting facilities, shareholders were allowed to carry out the following: <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.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.4) The Board, senior management, auditors and company secretary could be seen, and their speaking could be heard.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.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.7) The voting results were displayed on the screen for viewing of the shareholders.

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 within the timelines stipulated by the MCCG.
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.

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