

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8443
COMPANY NAME : HIL INDUSTRIES BERHAD
FINANCIAL YEAR : December 31, 2022

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 Group acknowledges the pivotal role played by the Board of Directors in the stewardships of its direction and operations. To fulfil this role, the Board is responsible for the overall corporate governance of the Group including its strategic direction, establishing goals for Management and monitoring the achievement of these goals.</p> <p>The Board of Hil Industries Berhad is committed to exhibiting high standards of corporate governance. In fulfilling its role as stewards of the Company and its subsidiaries (collectively referred to as "the Group"), the Board is dedicated to discharging its duties with due care, skill and diligence.</p> <p>To ensure the effective discharge of its function and responsibilities, the Board delegated specific responsibilities to four (4) sub-committees, namely the Audit Committee, Nominating Committee, Remuneration Committee and Sustainability Committee.</p> <p>These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.</p> <p>The daily operations have been delegated to Management. Management has been given the authority to decide on operational matters within certain set limits where quick decisions are important to the growth and success of the Company. Management is however accountable to the Board and must refer to the Board for decisions where the matters are material and involves strategic decisions.</p> <p>The Group's sustainability initiatives reflect its continuous drive towards maximising opportunities for strong fiscal growth and optimising operational efficiency in tandem with the long-term value</p>

	<p>creation based on economic, environmental and social considerations. The details of the sustainability efforts made are set out in the Sustainability Statement in the Company's Annual Report 2022.</p> <p>The Board provides stewardship to the Group's strategic direction and operations, and ultimately the enhancement of shareholders' value.</p> <p>The Board is primarily responsible for:</p> <ul style="list-style-type: none"> • Reviewing and adopting the strategic plans for the Group; • Overseeing the conduct and performance of the Group to ensure that they are being properly and appropriately managed; • Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; • Succession planning including appointing, training, fixing the compensation of and, where appropriate, replacing senior management; • Developing and implementing investor relations programme or shareholders communication policy for the Group; and • Reviewing the adequacy and integrity of the Group's management information and internal control systems.
<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>Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock is the Chairman of the Company. His profile can be viewed on page 4 of the Company's Annual Report 2022. He provides leadership so that the Board can perform its responsibilities effectively.</p> <p>As provided under the Company's Board Charter, the Chairman is responsible for, among others:</p> <ul style="list-style-type: none">• Leading the Board in setting the values and standards of the Company;• Setting the board agenda and ensuring that board members receive complete and accurate information in a timely manner;• Ensuring that Directors receive Board papers in a timely manner and that Directors are properly briefed on issues arising in board meetings.• Leading Board meetings and discussion;• Encouraging active participation and allowing views, including dissent, to be freely expressed.• Ensuring that every Board resolution is put to vote and the will of majority prevails.• Playing a key role in the conduct of the General Meetings• Encouraging all Directors to play an active role in Board activities; and• Ensuring the provision of accurate, timely and clear information to Directors.
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Chairman and Managing Director are separate and clearly defined and are held by two distinct individuals.</p> <p>Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock is a Non-Independent and Executive Director and Chairman of the Board whereas Dato' Milton Norman Ng Kwee Leong is the Managing Director of Hil Industries Berhad.</p> <p>The Chairman is primarily responsible for the orderly conduct and working of the Board and is supported by the Managing Director. The Managing Director has the overall responsibility for the day-to-day running of the business and implementation of Board policies and decisions. The separation of power seeks to facilitate an appropriate balance of power to prevent any single individual from dominating deliberations and the decision-making process.</p> <p>The respective duties and responsibilities of the Chairman and the Managing Director are contained in the Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	The Chairman of the Board, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, is not a member of the Audit Committee, Nominating Committee, Remuneration Committee and Sustainability Committee of the Company. He did not participate in any discussion in the Board Committees and did not attend any meetings of the Board Committees of the Company during the financial year.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

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

Application	: Applied
Explanation on application of the practice	<p>The Company Secretary of Hil Industries Berhad is Mr. Cheam Tau Chern. He is a member of the Malaysian Institute of Accountants ("MIA") and a Fellow of the Association of Chartered Certified Accountants ("FCCA"). He holds a valid Practising Certificate issued by Suruhanjaya Syarikat Malaysia ("SSM") and is qualified to hold the position under Section 235 of the Companies Act 2016. He was appointed as the Company Secretary of the Group on 30 June 2017.</p> <p>The main roles of a Company Secretary include the following:</p> <ul style="list-style-type: none">• to attend Board and Board Committees' Meetings and prepare minutes of meetings;• to ensure all the Board meetings are properly convened;• to keep proper record of all the documents of the Board; and• to provide professional and timely advice to the Board members on all regulatory, compliance and corporate governance matters. <p>The Company Secretary has a direct functional reporting line to the Chairman and has been accorded with appropriate standing and authority to enable him to discharge his duties in an impartial and effective manner. The appointment or removal of the Company Secretary is the prerogative of the Board.</p> <p>The Company Secretary will update the Board on any regulatory changes and developments in Corporate Governance and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any other rules and regulations which are relevant to the Company.</p> <p>The Company Secretary has attended training programmes and seminars during the year under review for continuous professional development and technical knowledge enhancement.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of his function and duties.</p>

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

Intended Outcome

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

Practice 1.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All Board and Board Committee meetings follow an agenda which, together with sets of meeting papers containing information for each item on the agenda, are distributed to the Board/Board Committee members within a reasonable period prior to the meeting to ensure that Directors have sufficient time to evaluate the matters and be prepared for discussion at the meetings.</p> <p>All proceedings of meetings including issues raised, deliberations and decisions of the Board including any dissenting views as well Director(s) who abstained from deliberating or voting are properly recorded.</p> <p>The Minutes of the meetings are usually circulated to Directors including the Chairman of the meeting for comments before confirmation by the Board/Board Committees at their subsequent respective 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

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is guided by its Board Charter which clearly sets out the Board's strategic intent, roles and responsibilities in discharging its fiduciary and leadership functions.</p> <p>Any subsequent amendment to the Charter can only be approved by the Board. Apart from setting out the roles and responsibilities of the Board, the Board Charter also outlines the membership guidelines, procedures for Board Meetings, remuneration of Directors, investor relations and shareholder communication.</p> <p>The Board Charter is reviewed periodically and updated in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives and corporate vision.</p> <p>The Board Charter is accessible for reference on the Group's website, http://www.hil.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 Code of Conduct and Ethics serves as a formal commitment by directors, management and employees to conduct themselves professionally at all times and to do business in a transparent, appropriate and fair manner. The Code of Conduct and Ethics is available on the Group's website, http://www.hil.com.my.</p> <p>The Code of Conduct and Ethics covers the following overarching areas:</p> <ul style="list-style-type: none">• Conducting business ethically, fairly and with honesty;• Complying with laws including abuse of power, corruption, insider trading and money laundering;• Data protection and privacy laws;• Protection and proper use of corporate assets;• Maintaining complete and accurate business records; and• Respecting others in the workplace and society. <p>All directors, management and employees of the Group are required to acknowledge that they have received, read and understood the provisions of the Code of Conduct and Ethics.</p> <p>The Board reviews the Code of Conduct and Ethics periodically or as and when the need arises to ensure it is kept contemporaneous.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application :	Applied
Explanation on application of the practice :	<p>The Group's Whistleblowing Policy provides an avenue for all the employees to report in good faith, belief and without malicious intent, on any suspected misconduct or actual wrongdoing by another employee or any person who has dealings with the Group.</p> <p>The Whistleblowing Policy is established to help employees and other stakeholders to enable the employee to raise any concerns of integrity and misconduct in timely and systematic manner, to protect the employees from reprisal or unfair treatment for disclosing concerns in good faith in accordance with the Policy and to develop a culture of accountability, integrity and good governance practices within the Group.</p> <p>The whistleblowing report can be made to an employee's immediate superior or can be made via the Whistleblowing Channels by filling up the Whistleblowing Report. Any concern raised will be investigated by the appropriate official appointed by the Managing Director.</p> <p>The outcome will be reported to the Audit Committee or the Board accordingly. The Group reserves the right not to inform the whistleblower of the precise action plan and/or the outcome of the investigation.</p> <p>The Whistleblowing Policy can be accessed at the Group's website, http://www.hil.com.my.</p> <p>The Board, together with Management, reviews the Whistleblowing Policy periodically or as and when the need arises to ensure it is kept contemporaneous.</p>
Explanation for departure :	

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

Measure	:		
Timeframe	:		

Intended Outcome

The 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 together with Management takes responsibility for the governance of sustainability in the Group including setting its sustainability strategies, priorities and targets.</p> <p>Sustainability at Hil Industries Berhad is led by the Board of Directors which has oversight over the Group's sustainability strategy, direction and performance. The Board is supported by the Sustainability Committee, which comprise three Committee members.</p> <p>The Sustainability Committee works in collaboration with all departments to ensure that the Group's sustainability performance is reported to the Board and updated accurately whilst providing support on corporate sustainability matters.</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 acknowledges the importance of being transparent and accountable to the Group's internal and external stakeholders on the Company's sustainability risks and opportunities.</p> <p>The Group's interaction involves a large number of different stakeholders and this kind of engagement is important to ensure that the Group can identify, prioritise and address material matters to be adopted in its business strategies.</p> <p>The details of the Group's sustainability strategy, priorities and targets as well as performance has been reported in the Sustainability Report in the Annual Report 2022.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>Climate change, resource scarcity and the improper management of waste and effluents are pressing global environmental issues that can pose regulatory, physical and reputational risks to any company's operations.</p> <p>The Group has embarked on several initiatives such as energy management, waste management, water management and efficient electricity consumption in relation to climate change.</p> <p>The Board will continue to constantly keep abreast with the relevant requirements and matters concerning the sustainability including the latest developments in industry as well as the sustainability issues relevant to the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	A detailed study is required for developing the criteria for the performance evaluations of the Board and the Management to address the material sustainability risks and opportunities.	
		The Company does not have any alternative practice currently.	
<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

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	:	The Nominating Committee had assessed the Board composition and was satisfied that the current size and composition of Directors was adequate to provide a balance mix of skills and experience as well as the objectivity required in the Boardroom.	
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	:	Following the appointment of Dato' Ir. Hashim Bin Osman as an Independent Non-Executive Director on 27 September 2022, the Board comprised 50% Independent Non-Executive Directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company sought shareholders' approval (<i>via a two-tier voting process</i>) at the 52nd Annual General Meeting ("AGM") held on 28 June 2022 to retain three (3) Independent Non-Executive Directors, namely Tan Sri Dato' Dr. Sak Cheng Lum ("Tan Sri Sak"), Tuan Mat Ripen Bin Mat Elah ("Tuan Mat") and Mr. Ooi Hock Guan ("Mr. Ooi"), who had served the Board beyond a period of nine (9) years.</p> <p>The justifications for retention as Independent Non-Executive Directors were as follows:</p> <ol style="list-style-type: none">1. They had fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").2. They could continue to bring independent views and objective judgements to Board deliberations and the decision-making process as a whole.3. They safeguarded the minority interest of the Company.4. They had been with the Group for many years and possessed vast professional experience and they brought the right mix of skills to the Board.5. They had exercised due care during their tenure as Independent Non-Executive Directors of the Company and had carried out their professional duties in monitoring and making recommendations for implementation to enhance value to the Group and to the Company. <p>Tan Sri Sak announced his intention not to seek re-election as a Director during the 52nd AGM and hence retired at the end of the Meeting.</p> <p>Tuan Mat and Mr. Ooi were retained as Independent Non-Executive Directors by the shareholders present.</p>

	<p>Pursuant to the Amendments to the Listing Requirements where long-serving Independent Directors of more than 12 years must resign or be re-designated as Non-Independent Directors, Tuan Mat and Mr. Ooi, both of whom had served more than 12 years as Independent Non-Executive Directors of Hil Industries Berhad, tendered their resignation on 13 April 2023.</p> <p>Puan Norazkha Binti Dahlan and Ms. Tong Sook Yee were appointed as Independent Non-Executive Directors on 14 April 2023 to replace Tuan Mat and Mr. Ooi who resigned.</p> <p>As at the date of this report, there were no Independent Directors who had served on the Board beyond a period of nine (9) years.</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

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

Practice 5.4 - Step Up

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

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognizes the benefits of diversity at leadership and employee level. Having a range of diversity dimensions brings different perspectives to the boardroom and to various levels of Management within the Group.</p> <p>Guided by the Directors' Fit and Proper Policy of the Company and the Terms of Reference of the Nominating Committee ("NC"), the NC is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations.</p> <p>In making its recommendations to the Board, the NC considers and assesses the suitability of a new appointment(s) based on objective criteria including skills, knowledge, expertise, experience, professionalism and integrity.</p> <p>In respect of the appointment of Directors, the Company practices a clear and transparent nomination process which involves the following five (5) stages:</p> <p>Stage 1: Identification of candidates Stage 2: Evaluation of suitability of candidates Stage 3: Meeting up with candidates Stage 4: Final deliberation by the NC Stage 5: Recommendation to the Board</p> <p>The Company's Fit and Proper Policy and Terms of Reference of the NC are published on the Company's website at http://www.hil.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

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nominating Committee (“NC”) is responsible for recommending suitable candidates for Directorships to the Board. In undertaking this responsibility, the Nominating Committee leverages on several sources to “cast a wider net” and gain access to a wide pool of potential candidates.</p> <p>The responsibilities of the NC in this regard are outlined in its Terms of Reference.</p> <p>In evaluating potential candidates, the NC will assess directorship suitability based on objective criteria including:</p> <ul style="list-style-type: none">• Qualification;• Skills, knowledge, expertise and experience;• Professionalism;• Integrity; and• Time commitment to the Company. <p>In searching for suitable candidates, the NC may receive suggestions from existing Board Members, Management and major shareholders. The Committee is also open to referrals from external sources available such as industry and professional associations as well as independent search firms.</p> <p>The NC meets with the shortlisted Board candidates to assess their suitability and availability before making recommendations to the Board for its consideration and approval.</p> <p>The above processes had been applied for the appointment of Dato’ Ir. Hashim Bin Osman, which took effect on 27 September 2022. The NC did not utilise the external independent sources to identify the new Director appointed as the NC was satisfied that Dato’ Ir. Hashim Bin</p>

	Osman was the suitable candidate after assessment of his background, professional qualification, knowledge, integrity and competencies, independence as well as fulfilment of criteria set out in the Directors' Fit and Proper Policy.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied	
Explanation on application of the practice	:	The information on Directors standing for re-election and the justification from the Board to support the re-election of Directors were disclosed in the Explanatory Notes to the Notice of Annual General Meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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	:	During the financial year ended 31 December 2022, the Nominating Committee (“NC”) Chairman was Tuan Mat Ripen Bin Mat Elah, who was an Independent Non-Executive Director (“INED”) of the Company. He subsequently resigned on 13 April 2023. Another INED, Mr. Ooi Hun Yong, was appointed Chairman of the NC on 14 April 2023 to replace Tuan Mat Ripen Bin Mat Elah.
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	:	<p>The Board recognises that gender and ethnic diversity is an essential element contributing to the sustainable development of the Group and the Board does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability. The appointments of the Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The Board believes that diversity facilitates multi perspectives which result in productivity, sustainability and competencies to deliver the business performance of the Group for the benefit of the shareholders over the medium to long-term period.</p> <p>As at the date of this report, the Board has two (2) women Independent Non-Executive Directors (“INEDs”), namely Puan Norazkha Binti Dahlan (“Puan Norazkha”) and Ms. Tong Sook Yee (“Ms. Tong”) and they represent 25% of all Directors (2 out of 8 Directors).</p> <p>The profiles of Puan Norazkha and Ms. Tong are disclosed in the Profile of Directors in the Annual Report 2022.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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	:	The Board recognises that gender and ethnic diversity is an essential element contributing to the sustainable development of the Group and the Board does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability. The appointment of the Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.	
		The Group does not have a formalised Board gender diversity policy. The Board believes that diversity facilitates multi perspectives which result in productivity, sustainability and competencies to deliver the business performance of the Group for the benefit of the shareholders over the medium to long-term period.	
<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

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 Nominating Committee (“NC”) is responsible for the Board Effectiveness Evaluation (“BEE”) process which covers the Board, the Board Committees and individual Directors including Independent Directors.</p> <p>The NC, upon conclusion of the BEE exercise, was satisfied that the composition of the Board and Board Committees had fulfilled the criteria required, and possessed a right blend of knowledge, experience and the appropriate mix of skills. In addition, there was mutual respect amongst individual Directors which contributed to a healthy environment for constructive deliberation and robust decision-making process.</p> <p>In addition, all Independent Directors had also furnished an undertaking/confirmation letter that they remained independent. The NC had considered the independence of each Independent Director and advised the Board accordingly. The Independent Directors were also assessed to have been objective in exercising their judgments.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

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

Practice 7.1

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	:	The objective of the Group's remuneration policy is to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of Executive Directors and Senior Management, the components of the remuneration package are linked to corporate and individual performance.	
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 a Remuneration Committee ("RC") which comprises two (2) Independent Non-Executive Directors ("INEDs") and one (1) Non-Independent Executive Director.</p> <p>The RC's responsibilities include reviewing and recommending to the Board the remuneration packages of Executive Directors and ensure that the packages are consistent with the Group business strategy and long-term objectives to attract and retain Directors.</p> <p>The component parts of remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.</p> <p>Executive Directors play no part in the decision on their own remuneration. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' fees are determined by the Board as a whole with the Director concerned abstaining from discussion of his own remuneration.</p> <p>The RC's roles and functions are governed by its Terms of Reference which is available on the Company's website at http://www.hil.com.my.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The following table discloses the details of the Directors' remuneration on a named basis for the financial year ended 31 December 2022.

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	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	Executive Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Dato' Milton Norman Ng Kwee Leong	Executive Director	-	-	-	-	-	-	-	-	-	646	48	-	85	779
3	Steven Junior Ng Kwee Leng	Executive Director	-	-	-	-	-	-	-	-	-	144	-	-	18	162
4	Malcolm Jeremy Ng Kwee Seng	Executive Director	-	-	-	-	-	-	-	-	-	144	12	-	21	177
5	Dato' Ir. Hashim Bin Osman <i>(Appointed on 27 September 2022)</i>	Independent Director	1	-	-	-	-	-	1	-	-	-	-	-	-	-
6	Ooi Hun Yong	Independent Director	48	-	-	-	-	-	48	-	-	-	-	-	-	-
7	Tan Sri Dato' Dr. Sak Cheng Lum <i>(Retired on 28 June 2022)</i>	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Mat Ripen Bin Mat Elah <i>(Resigned on 13 April 2023)</i>	Independent Director	5	-	-	-	-	-	5	-	-	-	-	-	-	-
9	Ooi Hock Guan <i>(Resigned on 13 April 2023)</i>	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input	Input	Input	Input	Input	Input	Input	Input	Input	Input	Input	Input	Input	Input

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

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company opted not to disclose the Senior Management's remuneration components (salaries, bonuses, benefits-in-kind and other emoluments) as it is not in the best interest of the Company and Senior Management personnel.	
		The remuneration of the Managing Director, who is also an Executive Director of the Company, is disclosed in the Annual Report 2022.	
<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 Board of Directors has established an Audit Committee (“AC”) which was chaired by the Senior Independent Non-Executive Director, Tuan Mat Ripen Bin Mat Elah (“Tuan Mat”) during the financial year ended 31 December 2022.</p> <p>Pursuant to the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), Tuan Mat, an Independent Director for more than 12 years, could no longer be an Independent Director commencing from 1 June 2023 and as such, he tendered his resignation on 13 April 2023.</p> <p>As at the date of this report, the Chairman of the AC is Dato’ Ir. Hashim Bin Osman, an Independent Non-Executive Director.</p> <p>Meanwhile, the Chairman of the Board is Tan Sri Dato’ Ir. Ng Boon Thong @ Ng Thian Hock.</p> <p>The Chairman of the Audit Committee is therefore distinct from the Chairman of the Board. Having the positions of Board Chairman and Chairman of the Audit Committee assumed by different individuals allows the Board to objectively review the Audit Committee’s findings and recommendations.</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

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 Audit Committee ("AC") comprises three (3) members, all of whom are Independent and Non-Executive Directors.</p> <p>The AC has incorporated a policy stipulation that governs the appointment of a former audit partner of the Company's external auditors to the AC. The Company observes a cooling-off period of at least three (3) years before the aforementioned person can be considered for appointment as a Committee member.</p> <p>None of the AC members were former audit partners of the Company's external auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") undertook an annual assessment of the suitability and independence of the external auditors. It is the policy of the Audit Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the Group's financial statements.</p> <p>At least one of these meetings was held without the presence of the Executive Directors and the Management. The AC also meets with external auditors additionally whenever it deems necessary.</p> <p>The AC was further assured by the external auditors, HLB Ler Lum Chew PLT, by way of written confirmation that its personnel were and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Pursuant to the assessment on the suitability and independence of the external auditor, the AC made its recommendation to the Board on the re-appointment on the external auditor alongside the accompanying audit fees.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All members of the Audit Committee are Independent Non-Executive Directors.

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>During the financial year ending 31 December 2022, the Audit Committee ("AC") comprised the following Independent and Non-Executive Directors:</p> <ol style="list-style-type: none">1. Mat Ripen Bin Mat Elah (<i>Chairman of the AC and Senior Independent Non-Executive Director</i>)2. Ooi Hock Guan (<i>Independent Non-Executive Director</i>)3. Dato' Ir. Hashim Bin Osman (<i>Independent Non-Executive Director</i>) (<i>Appointed on 27 September 2022</i>)4. Tan Sri Dato' Dr. Sak Cheng Lum (<i>Independent Non-Executive Director</i>) (<i>Retired on 28 June 2022</i>) <p>Collectively, the Audit Committee possessed a wide range of necessary skills to discharge its duties.</p> <p>All members of the Audit Committee were financially literate, whilst Mr. Ooi Hock Guan was a Professional Member of the Institute of Internal Auditors Malaysia.</p> <p>The members of the Audit Committee had undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>The Audit Committee reviewed and provided advice on whether the financial statements taken as whole provided a true and fair view of the Group's and the Company's financial position and performance.</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	:	<p>The Board recognises the importance of a sound risk management framework and internal control systems for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate system of internal controls, and to ensure that the effectiveness, adequacy and integrity of the internal control system are reviewed on an ongoing basis.</p> <p>The Board affirms its overall responsibility for the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls. However, it should be noted that such system, by its nature, manages but not eliminates risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established an organisational structure with clearly defined lines of authorities and job responsibilities to enhance accountability.</p> <p>An informal risk management is carried out throughout the year for identifying, evaluating, managing and reporting the significant risks that may be faced by the Group.</p> <p>The Board has empowered the Managing Director, who formed various task forces/project committees comprising Executive Directors/General Manager and key Senior Management Personnel to assist him in reviewing and managing the significant risks faced by the various operating units to achieve their respective business objectives of the Group. The Managing Director will inform the Board of any pertinent matters which require decision-making at Board level.</p> <p>The Managing Director and his senior management team, through their day-to-day involvement in the operations of the Group, ensure that the ongoing maintenance, monitoring, reviewing and reporting arrangements have been put in place to provide reasonable assurance that the structure of controls and operation is appropriate to the Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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 :	

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 Board acknowledges their responsibilities for the internal control system of the Group covers not only financial controls but also controls relating to operations, compliance and risk management.</p> <p>The Board, in fulfilling their responsibilities, had set-up the Audit Committee and outsourced the internal audit function of the Group to an independent consulting firm to assist the Board on these matters.</p> <p>The Board is of the view that the current system of internal controls in place throughout the Group is sufficient to safeguard the shareholders' investment, interest of customers, employees and stakeholders, and the Group's assets.</p> <p>The Board is satisfied with the Group's adequacy of the existing system of risk management and internal control which operates to prevent any significant breakdown or weakness that give the rise to material losses incurred by the Group.</p> <p>The system of internal controls will continue to be reviewed, enhanced or updated in line with changes in the operating environment.</p> <p>The Board will seek regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the internal auditors.</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

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 Group internal audit function had been outsourced to a professional firm, IBDC (Malaysia) Sdn. Bhd. (“IBDC”), since the last quarter of 2003. It reports directly to the Audit Committee (“AC”) on a timely manner. IBDC assists the AC in obtaining sufficient assurance of regular review and appraisal of the effectiveness of the system of internal control within the Group.</p> <p>The remit of the Group’s internal audit function is set out to provide assurance to the AC that internal audit activities are performed with impartially, proficiency and due professional care.</p> <p>The AC reviews and subsequently approves the Annual Internal Audit Plan and ensures that the Group’s internal audit is accorded with appropriate standing and authority to facilitate the discharge of its duties.</p> <p>The internal audit function is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.</p> <p>With the adoption of risk-based approach, the internal audit function is able to focus its work on principal risk areas and processes of the business operation units.</p> <p>The internal audit function undertakes systematic and timely review of the system of internal controls in order to provide reasonable assurance that the operation of such controls, including system of compliance with applicable laws, regulations and guidelines, are adequate, efficient and effective.</p> <p>The audit personnel from IBDC is free from any relationships or conflicts of interest which could impair the objectivity and independence.</p>

	<p>The details of the audit personnel from IBDC are as follows:</p> <p><u>Name, Qualification & Accreditation</u></p> <p>Mr. Wong Een Joon (<i>Director-In-Charge</i>)</p> <ul style="list-style-type: none"> • Member of the Association of Chartered Certified Accountants (ACCA) • Member of the Malaysian Institute of Accountants (MIA) • Professional Member of the Institute of Internal Auditors Malaysia (CMIIA) • Certified Fraud Examiner (CFE) 	
<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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company values dialogues with the investors and is constantly striving to improve the communication with the public.</p> <p>The Board believes that an effective investor relation is essential in enhancing shareholders' value and therefore ensures that shareholders are kept well informed of major development of the Company. Such information is disseminated via the Company's Annual Report, various disclosures and announcements to Bursa Securities and the Company's website (http://www.hil.com.my).</p> <p>The Annual General Meeting is the principal forum for dialogue between the Company and the shareholders. The Board provides the opportunity for shareholders to raise questions pertaining issues in the financial performance and business plan. The Board takes the opportunity to present a comprehensive review of the progress and performance of the Company and provides answers to the questions raised by the shareholders during the general meeting.</p> <p>Stakeholders can also at any time seek clarification or raise queries through the "Contact Us" at the corporate website, by e-mail or by phone. The primary contact details are set out at the Group's website.</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

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	:	In accordance with the recommendation of the Malaysian Code On Corporate Governance, the notice of Annual General Meeting had been given to the shareholders at least 28 days prior to the meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 Board acknowledges its responsibility to engage shareholders and provide meaningful responses to their questions.</p> <p>In demonstrating this commitment to shareholders, all Directors attended the 52nd Annual General Meeting (“AGM”) except for Dato’ Milton Norman Ng Kwee Leong (Dato’ Milton”), who had tested positive for Covid-19 the day before the 52nd Annual General Meeting (“AGM”), and Tuan Mat Ripen Bin Mat Elah (“Tuan Mat Ripen”), who had a prior appointment.</p> <p>The Chairman of the Board encourages shareholders’ active participation during AGMs and other general meetings by giving sufficient time to the floor during the Questions and Answers session.</p> <p>As Tuan Mat Ripen, being the Chairperson of the Audit, Nominating and Remuneration Committees, was not present, the rest of the members of the aforementioned Board Committees were present to facilitate discussions and address any questions shareholders might have on matters that fall under the purview of the aforementioned Board Committees.</p> <p>The Chairman and all the other Board members (except for Dato’ Milton and Tuan Mat Ripen) senior management personnel and external auditors were available to respond to shareholders’ questions during the 52nd AGM.</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	:	<p>The location of the General Meetings has always been held at Bukit Kemuning Golf & Country Resort, Lot 6031, Batu 7, Bukit Kemuning, 42450 Shah Alam, Selangor Darul Ehsan, which is located in the Klang Valley. The aforementioned place has ample parking space.</p> <p>A shareholder of the Company can vote in person or appoint a proxy to attend and vote on his/her behalf. Voting at the Annual General Meeting is by poll and the Company utilises an electronic system to expedite and facilitate the tabulation process.</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 13.4

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 :	During the last Annual General Meeting ("AGM"), shareholders were given opportunity to seek clarification on any matters pertaining to the business and financial performance of the Group and the Directors were present at the AGM to answer questions raised by 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 13.5

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

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

Application	:	Not applicable – only physical general meetings were conducted in the financial year	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: Minutes of the 52 nd Annual General Meeting (“AGM”) was published on the Company’s website within 30 business days after the AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**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.

Not applicable
