

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0228
COMPANY NAME : HPP HOLDINGS BERHAD
FINANCIAL YEAR : May 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") of HPP Holdings Berhad ("HPP" or "the Company") has assumed overall responsibility over the Company and its subsidiaries ("HPP Group" or "the Group"). The Board is responsible for maintaining high standards of corporate governance throughout HPP Group for long-term sustainable business growth and the protection and enhancement of shareholder's value.</p> <p>The Board is guided by the Company's Board Charter in discharging its fiduciary duties and responsibilities. In managing the daily affairs of the Group, the Board has delegated such responsibility to the Executive Director/Group Managing Director ("ED/GMD").</p> <p>The Board delegates specific responsibilities to three (3) Board Committees, namely Nomination Committee ("NC"), Remuneration Committee ("RC") and Audit and Risk Management Committee ("ARMC"). Terms of References ("TOR") have been established for all Board Committees.</p> <p>The Board Charter and TOR of the respective Board Committees are accessible on our Company's website.</p> <p>Board meetings are held on a quarterly basis to ensure the strategic direction of the Company and the Group continues to support long-term value creation and to discharge duties and responsibilities.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 1.2

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

Application	: Applied
Explanation on application of the practice	<p>The Board is led by a Non-Independent Non-Executive Chairman, Mr. Lau Tee Tee @ Lau Kim Wah ("Mr. Lau"). Mr. Lau is primarily responsible for providing leadership to the Board, facilitating the orderly and constructive resolution of matters reserved for the board, promoting corporate governance and ensuring board effectiveness.</p> <p>The duties and responsibilities of the Board Chairman are clearly set out in the Board Charter as follows:-</p> <ul style="list-style-type: none">• Leadership to the Board in setting the direction and policies of the Group;• Lead the Board in the adoption and implementation of good corporate governance practices throughout the Group;• Setting the Board meetings agenda and ensuring that Board members receive complete and accurate information on a timely manner;• Leading Board meetings and discussions;• Supporting and guiding management in achieving corporate objectives;• Encouraging active participation and allowing dissenting views to be freely expressed;• Advising the Board on good investor relations and effective communication on the Group's performances and strategic plans;• Representing the Board and managing the interface between the Board and the Management;• Maintaining regular dialogue with the Managing Director on overall operational matters and in consultation with the Board members on matters of concern;• Ensuring that all directors look beyond their executive function and accept their share of responsibilities in good corporate governance; and• Performing other responsibilities assigned by the Board from time to time and ensuring appropriate steps are taken to provide effective communication with stakeholders.

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 Board has ensured that the position of Board Chairman and GMD are held by different individuals. A clear distinction of roles and responsibilities between Board Chairman and GMD has been established and provided in Board Charter.</p> <p>Mr. Lau, the Chairman of our Board whose primary responsibility is to provide leadership to the Board, lead discussion on strategies and policies recommended by the Management, advising the Board of good investor relation with effective communication on Group's performance and strategic plans, and ensuring board effectiveness and its collective oversight over the Group.</p> <p>The position of GMD is assumed by Mr. Kok Hon Seng whose primary responsibilities are to oversee the day-to-day running of the Group's businesses and operations, and to implement the strategies and policies approved by the Board.</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, Mr. Lau, is not a member of ARMC, NC and RC. The Company exhibits high level of corporate governance by putting emphasis and promoting objective review by the Board on deliberations emanating from the Board Committees.
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 Board is assisted by experienced and competent Company Secretaries, all from Boardroom Corporate Services Sdn. Bhd.. The Company Secretaries assist the Board in its administrative, governance and meeting proceedings. The Company Secretaries is well qualified and possess the requisite knowledge and experience to assist the Board in the discharge of their fiduciary duties and responsibilities. The Company Secretaries are qualified by virtue of Section 235(2) of the Companies Act 2016 and have attended trainings/seminars conducted by the Malaysian Institute of Chartered Secretaries and Administrators and/or other regulatory bodies to keep abreast of the changes to regulations and requirements.</p> <p>Duties and responsibilities of the Company Secretaries are set out in the Board Charter as follows:-</p> <ul style="list-style-type: none">• Manage the logistics of all Board and committee meetings, attend and record minutes of all Board and committee meetings and facilitate Board communications;• Advise the Board on its roles and responsibilities;• Facilitate the orientation of new directors and assist in director training and development;• Advise the Board on corporate disclosures and compliance with company and securities regulations and ACE Market Listing Requirements ("Listing Requirements");• Manage proceedings pertaining to the Annual General Meeting ("AGM");• Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and• Serve as a focal point for stakeholders' communication and engagement on corporate governance issues. <p>Our Company Secretaries advise our Board on its roles and responsibilities and keep our Board updated on matters relating to new statutory and regulatory requirements and corporate governance and promptly disseminate communications received from the relevant regulatory / governmental authorities.</p>

	<p>Our Company Secretaries attended all Board and Board Committee meetings and are responsible for ensuring the meeting procedures are in place, including disseminating complete and accurate meeting materials in a timely manner to allow our Board members to have sufficient time to review the relevant documents prior to meetings. Our Company Secretaries also facilitate the communication of key decisions and policies between our Board, Board Committees and Management.</p> <p>All directors have unrestricted access to the advices and services of our Company Secretaries to enable them to discharge their duties effectively.</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

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 directors have the same rights to access to information relevant for the furtherance of their duties and responsibilities as directors of the Company.</p> <p>Meeting papers and/or other relevant information and documents relating to the meeting agenda are provided to all Board members at least five (5) days prior to the Board meeting so that Board members have sufficient time to appreciate matters for discussion and in turn are able to contribute to constructive deliberation and effective decision-making.</p> <p>The Company Secretaries are responsible for recording the minutes of each meeting and such minutes are circulated for the review of the Board and Board Committees subsequent to each meeting.</p> <p>A record of submissions, papers and materials presented to our Board shall be maintained and held by our Company Secretaries, together with minutes of meetings, and shall be accessible to our directors upon request.</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>A Board Charter has been established by the Company to define and provide guidance on the roles and responsibilities of the Board, Board Committees and its members, including stewardship role, meeting proceedings, authority and powers. The Board Charter is made available on the Company's website via www.hppholdings.com</p> <p>The Board Charter is developed with a view to promote high standards of corporate governance, ensure all Board members acting on behalf of the Company are aware of their duties and responsibilities and the various legislations and regulations affecting their conduct.</p> <p>Core areas that the Board Charter addresses including but not limited to the following:-</p> <ul style="list-style-type: none">• Duties and functions of the Board and Board members;• Board composition and balance;• Directors' tenure, nomination, appointment, remuneration and training;• Obligations of chairman, individual directors, independent non-executive directors and GMD/CEO;• Matters reserved for the Board;• Functions of board committees;• Board governance process and procedures;• Conduct of general meeting;• Stakeholders' relationship & management; and• Code of conduct and ethics, and Whistleblowing policy. <p>The Board Charter is to be reviewed once every three (3) years or as and when necessary to ensure it remains consistent with the Board's objectives and responsibilities and any new regulations that may have an impact on the discharge of the Board's responsibilities, the Board Charter was last reviewed on 22 July 2021.</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 Group is committed to achieve and maintain high standard of ethics and integrity. In line with this, the Board strictly adheres to the Group's Code of Conduct and Ethics in discharging its oversight role effectively and upholding high standard of personal integrity and professionalism toward our Group.</p> <p>The Group's Code of Conduct and Ethics that set out the core values of the Group has been established. The Code of Conduct and Ethics is part of Group's efforts to cultivate corporate accountability at each individual level in order to ensure an ethical corporate environment can flourish and enable the Group to consistently reach high standards of corporate governance, corporate social responsibility and professionalism.</p> <p>The Board values integrity in its dealings and observes zero tolerance towards corrupt or illegal practices undertaken by staff in the course of their work. To this end, the Group has adopted an anti-corruption policy and framework in the inculcation of high standards of integrity and ethics across the Group as well as in promoting good corporate governance practices and accountability in its businesses and operations.</p> <p>The Code of Conduct and Ethics is published on the Company's website at www.hppholdings.com .</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 Company has established a Whistleblowing Policy for the Group which allows employees and external stakeholders to report or disclose through designated channels, genuine concerns about unethical behaviours, malpractices, illegal acts or non-compliance with regulatory requirements that is taking place / has taken place / may take place in the future; of which they become aware of and to provide protection to the party who report such allegations.</p> <p>Mr. Lau, the Chairman of our Board and Mr. Philip Goh Teck Siang (“Mr. Philip Goh”), the Chairman of our ARMC were identified as the persons to whom the whistleblowing reports may be conveyed.</p> <p>The ARMC is tasked to review the credibility of whistleblowing report received based on predefined criteria and if investigation is warranted necessary. ARMC shall nominate an independent investigation team to review the matter objectively, i.e., external party, management or internal audit. Detailed procedures on the reporting of improper conduct have been set out in the Whistleblowing Policy that has been published on the Company’s website at www.hppholdings.com .</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	:	One of the key responsibilities of the Board under the Board Charter is to direct and supervise sustainability management aspects of the Group and to adopt and maintain a strategic plan supporting for the long-term value creation, including formulation of strategy on economic, environment and social considerations. Sustainability-related activities undertaken and targets set out by the Company has been disclosed in the Sustainability Statement of the Company's Annual Report for the financial year ended 31 May 2022 ("FYE2022").
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>In meeting the objectives on sustainability, the Board undertakes review and approval of sustainable development strategies and policies in respect of the following areas:-</p> <ol style="list-style-type: none">1. Employees – The Board is committed to ensure the Management builds a company where employees are happy to work in and take pride as part of the Group.2. Customer - The Board is committed to ensure the Group places the highest regard in relation to the safety and quality of products. Management shall ensure the quality of its products and services are meeting the highest customer satisfaction and requirement.3. Environment - The Board is committed to ensure that the Group preserves and enhances the society's quality of life by improving the Group's sustainable activities in order to sustain the ESG areas of the Group's operations. <p>Detailed description of HPP's stakeholder engagement groups and priority together with its sustainability aspirations and performances are disclosed in the Company's Sustainability Statement, which is set out in the Company's Annual Report for FYE2022 to be communicated to its 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

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>The Board understands the importance of sustainability creation and has identified its stakeholder engagement groups as well as relevant areas of sustainable management in the Company's Sustainability Statement as set out in the Company's Annual Report for FYE2022.</p> <p>In addition, the Board had also attended forums and seminars that are related to sustainability as below:</p> <ul style="list-style-type: none">a) Task Force on Climate-related Financial Disclosures ("TCFD") Climate Disclosure Training Programme (Year 2022).b) The Sustainability Accelerator (Year 2021).
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	:	<p>Performance evaluation on the Board and senior management for FYE2022 had included a review particularly in the area of managing and addressing material sustainability risks and opportunities, which includes the following:</p> <ul style="list-style-type: none"> a) Effectiveness of the company’s overall sustainability governance framework in reporting its ESG risks, sustainability targets and initiatives. b) Ability of the Board in distilling sustainability related risks. c) Monitoring of sustainability related Key Performance Indicator (“KPI”). 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is responsible to perform an annual assessment on the Board's composition as well as the effectiveness and performance of the Board, Board Committees and individual directors. In line with this assessment, the tenure of each director is also reviewed so as to ensure the Board composition is in line with the best interests of the Company and good corporate governance practices.</p> <p>Evaluation of each Board Committee focuses on the assessment of the structure, roles and responsibilities and performance of the respective Chairman, as well as its members against the relevant TOR. Results of such assessment conducted are to be documented and reported to the Board as part of the Company's ongoing corporate governance practices.</p> <p>The NC shall recommend to the Board the candidates for re-election as directors at the general meeting under the annual re-election provisions with due consideration on the extent to of the directors' contribution, expertise, skills, knowledge and experience as well as their roles on the various committees.</p> <p>Furthermore, the NC is also tasked to assist the Board in developing succession plans for directors and/or Key Senior Management of the Company and the Group, particularly for both executive and non-executive directors.</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 as follows:</p> <table border="1"><thead><tr><th>Designation</th><th>Number of Director</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>Independent Director</td><td>3</td><td>50</td></tr><tr><td>Non-Independent Director</td><td>3</td><td>50</td></tr><tr><td>Total</td><td>6</td><td>100</td></tr></tbody></table> <p>The Board has ensured that its current composition comprising at least three (3) members or half (1/2) of the Board, whichever is higher, are independent. Independent Non-Executive Directors (“INEDs”) provide independent judgement, experience and objectivity without being subordinated to operational considerations to mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Group.</p> <p>The Board believes that the current size and composition reflects an appropriate balance of Independent, Executive and Non-Executive Directors which is adequate for the scope and nature of the Group’s business and operations.</p> <p>With the assistance of the NC, the Board assesses the independence of the INEDs on an annual basis to ensure that they are independent and free from any business or relationship which could materially interfere with their independent judgement or the ability to act in the best interest of our Company.</p> <p>Based on the evaluation results, our Board was satisfied that each Independent Director has fulfilled the independence criteria as set out in the Listing Requirements.</p>	Designation	Number of Director	Percentage (%)	Independent Director	3	50	Non-Independent Director	3	50	Total	6	100
Designation	Number of Director	Percentage (%)												
Independent Director	3	50												
Non-Independent Director	3	50												
Total	6	100												
	:													

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	:	According to the Company's Board Charter, the tenure of an INED shall not exceed a cumulative term of nine (9) years. Currently, there is no INED serving beyond the cumulative terms of nine (9) years.	
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>Selection criteria for directors and senior management are based on an effective integration of competencies, skills, extensive experience and knowledge in order to strengthen the Board and senior management. The Board and senior management possess a mix of financial and accounting, business administration and other backgrounds which when working in synergy, could provide the Company with considerable experience in a wide range of activities.</p> <p>Our NC is entrusted with the responsibilities of assessing and recommending potential candidates to our Board if there is any vacancy arising from resignation, retirement or any other reasons or if there is a need to appoint additional directors with the required criteria based on the recommendation from existing directors, Key Senior Management or major shareholders. Our NC shall review the suitability of candidates based on the skills, knowledge, expertise and experience, professionalism, integrity and in the case of candidates for the position of INEDs, our NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from INEDs.</p> <p>The current diversity in the race/ethnicity (cultural background), nationality, age and gender of the existing Board is as follows:-</p> <table border="1"><thead><tr><th rowspan="2"></th><th colspan="3">Race/Ethnicity</th><th>Nationality</th></tr><tr><th>Malay</th><th>India</th><th>Chinese</th><th>Malaysian</th></tr></thead><tbody><tr><th>Number of Directors</th><td>-</td><td>-</td><td>6</td><td>6</td></tr></tbody></table>		Race/Ethnicity			Nationality	Malay	India	Chinese	Malaysian	Number of Directors	-	-	6	6
	Race/Ethnicity			Nationality												
	Malay	India	Chinese	Malaysian												
Number of Directors	-	-	6	6												

	Age Group						Gender	
	36-39	40-45	46-50	51-55	56-60	>60	Male	Female
Number of Directors	-	1	1	1	-	3	5	1

The appointment of Key Senior Management is closely scrutinised and decisions are made based on predetermined criteria that include skill sets, integrity and leadership qualities, driven by their respective job descriptions as well as diversity in experience, age, cultural background and gender. Their current diversity is as per table below:

	Race/Ethnicity			Nationality
	Malay	India	Chinese	Malaysian
Number of Key Senior Management	-	-	4	4

	Age Group				Gender	
	46-50	51-55	56-60	>60	Male	Female
Number of Key Senior Management	2	1	-	1	3	1

According to the Company's Board Charter, any Board member, whilst holding in office, is at liberty to accept the appointment as director of other listed issuers so long as the appointment is not in conflict with the business of the Company and does not detrimentally affect the director's performance as a Board member. All such appointments must first be notified to the Board Chairman before being accepted. The notification should include an indication of time that will be spent on the new appointment. The Company Secretaries should be informed when any new appointment takes place.

Explanation for departure :	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 5.6

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>TOR of NC provides that the sources for the identification of candidates for appointment to the Board shall not be restricted to recommendations from existing Board members, Management or major shareholders. NC may also engage independent sources including directors' registry, industry and professional association, open advertisements and independent search firms to identify suitably qualified candidates.</p> <p>Current process of identification of new directors is mainly based on recommendations of the NC. The Board relies on existing network and referrals from directors and major shareholders as primary means to source for new directors. The Board is of the opinion that this is a proven approach for sourcing high-calibre directors with sound understanding of its business.</p> <p>On annual basis, the NC evaluates the Board's balance, mix of skills, knowledge, experience and diversity as well as the current and future needs of the Company prior to considering or proposing any new appointment to the Board.</p> <p>There was no appointment of additional director during FYE2022.</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 5.7

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	:	Profiles of directors who are due for retirement and offered themselves for re-election, are set out in the Annual Report of the Company. The performance, contribution and if applicable, independence of the retiring directors who are standing for re-election were duly assessed by the NC and Board. The justifications to support the re-election of retiring directors were provided in the Notice of AGM for shareholders to make informed decision at 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	:		

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 NC consists exclusively of INEDs and is chaired by Mr. Lee Chong Leng, an INED.	
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>At present, the Board has one (1) female director, representing 17% of our Board.</p> <p>The Board acknowledges the importance of boardroom diversity and takes cognisance of the recommendation of the MCCG 2021 to have 30% women representation in the Board.</p> <p>The Board has adopted a Gender Diversity Policy and will through the NC consider gender diversity as part of its future selection criteria for candidates for directorship on the Board.</p> <p>Nevertheless, the Board supports the initiative to include woman representation on the Board to achieve a more gender diversified Board. Henceforth, suitably qualified female candidates who can contribute to the Board will be considered for appointment in the event of any vacancy for directorship arises or when a decision is made to increase the size of the Board.</p> <p>To avoid any mismatch and ineffective appointment of women Directors, our Board will consider candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of our Board when assessing the Board composition or identifying suitable candidates for appointment or re-election to our Board.</p>
<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 5.10

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

Application	:	Applied
Explanation on application of the practice	:	<p>HPP has established and adopted a Gender Diversity Policy for the Board and Group and is made available on HPP's website.</p> <p>This Gender Diversity Policy provides the Group with measurable targets to be achieved through:</p> <ul style="list-style-type: none"> i) sustaining a balanced mix of Board members that includes both male and female representatives with different skills, competencies and experiences, and are developed for Group's future leadership succession; ii) embracing equal treatment and acceptance for the benefit of all stakeholders; iii) ensuring the selection, promotion, retention and development for all without any gender-based consideration; iv) fostering mentorship and development opportunities for all identified candidates; and v) cultivating a corporate culture and working environment which is free from harassment and discrimination. <p>At present, women representation in the Board and the senior management constituted 17% and 38% respectively.</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 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	: During the FYE2022, the Board, facilitated by NC, had carried out an annual evaluation for assessing the effectiveness of the Board as a whole, the Board Committees and contribution of each individual director as well as the independence of INEDs. The evaluation was conducted on self and peer evaluation model through customised questionnaires that set out the assessment criteria as reviewed by the NC, which covered areas such as the Board mix, Board composition, quality of information and decision making, Boardroom activities and Board relationship with management. For individual director assessment, the assessment includes evaluation of character, experience, integrity, competence and time commitment, independent directors are also required to evaluate their level of independence based on the criteria of independence of Listing Requirements. The directors completed the evaluation questionnaires on confidential basis. The results and comments by the directors will then be summarised and discussed at the NC meeting and subsequently, reported to the Board at the Board meeting held thereafter. Based on the results of assessment, the NC was satisfied with the existing Board's composition and concluded that each director has the requisite competence to serve on the Board and had sufficiently demonstrated their commitment to the Company in terms of time and participation during the financial year under

	review. All assessments and evaluations carried out by the NC in the discharge of its functions have been properly documented.	
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 RC is primarily responsible for maintaining a fair and transparent remuneration framework and policies as well as the remuneration packages of the non-executive directors, executive directors and Key Senior Management to ensure rewards commensurate with their contributions and to attract, motivate and retain talents with the competitive remuneration packages.</p> <p>Remuneration for non-executive directors, executive directors and the key senior management of the Company are driven by the Remuneration Policy for the Group.</p> <p>The RC is tasked to review annually the performance of the directors and key senior management and submit recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year in line with the performance of the Group.</p> <p>The Remuneration Policy of the HPP was last reviewed on 22 July 2021 and was disclosed on the Company's website at www.hppholdings.com.</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 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 established RC to assist in implementing the Company's policies and procedures on remuneration and to undertake the following duties and responsibilities:-</p> <ul style="list-style-type: none">• Review and recommend to the Board on the remuneration policy and procedures for directors and key senior management, including the fee structure and level of remuneration for EDs, GMD and key senior management;• Formulate policies, guidelines and set criteria for remuneration packages for the directors and to ensure that the directors are fairly and appropriately remunerated according to the general market sentiments or conditions;• Review and recommend to the Board on the remuneration of the NEDs, particularly on whether the remuneration remains appropriate to each directors' contribution, by taking into account the level of expertise, commitment and responsibilities undertaken;• Review and recommend to the Board on the total individual remuneration package for EDs, GMD and key senior management including where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance;• Review and recommend to the Board and subsequently for shareholders' approval at the general meeting, the fees of the directors and any benefits payable to the directors including any compensation payable to the directors in connection with any loss of employment of director or former director. Such compensation shall be determined in accordance with relevant contractual terms and shall be fair and not excessive for the Group;• Consider the appointment of independent experts to facilitate the RC in carrying out its functions;

	<ul style="list-style-type: none"> • Review any major changes in remuneration policy and employee benefit structures throughout the Company or Group, and if thought fit, recommend them to the Board for adoption; • Consider and review any renewal of service contracts of the EDs as and when due, as well as any service contracts and remuneration package for newly appointed directors prior to their appointment; and • Review and recommend to the Board regarding any proposed new employees' share option scheme to be given to employees of the Group and/or amendments to the existing scheme. <p>TOR of the RC was last reviewed by the Board on 22 July 2021 and has been made available on HPP website at www.hppholdings.com.</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

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	:	Remuneration of directors for FYE2022 are disclosed on a named basis together with the remuneration breakdown on the overleaf.

No	Name	Directorate	Company ('000)			Subsidiary ('000)							Group ('000)						
			Fee	Allowance	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Lau Tee Tee @ Lau Kim Wah	Non-Executive Non-Independent Director	96	-	96	35	-	-	-	-	-	35	131	-	-	-	-	-	131
2	Kok Hon Seng	Executive Director	96	-	96	35	-	506	172	-	129	842	131	-	678	172	-	129	938
3	Ng Soh Hoon	Executive Director	96	-	96	-	-	105	51	-	30	186	96	-	105	51	-	30	282
4	Philip Goh Teck Siang	Independent Director	60	5	65	-	-	-	-	-	-	-	60	5	-	-	-	-	65
5	Choo Chee Beng	Independent Director	36	5	41	-	-	-	-	-	-	-	36	5	-	-	-	-	41
6	Lee Chong Leng	Independent Director	36	5	41	-	-	-	-	-	-	-	36	5	-	-	-	-	41

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	:	<p>The remuneration of our top five (5) Key Senior Management are not disclosed on named basis but in the bands of RM50,000 due to confidentiality and talent retention issues and personal security concerns. The retention of Senior Management is critical to the successful implementation of our Group's strategy plan. Our Company is of the view that the disclosure the remuneration of Senior Management will be detrimental to our Group as it may lead to other competitors in the same industry to 'poach' the experienced Senior Management.</p> <p>Our Board also believes that the interest of our shareholders will not be prejudiced as a result of the non-disclosure of the top five (5) Senior Management's remuneration on named basis.</p> <p>The aggregate remuneration (includes salary, allowances, bonus, benefit-in-kind and other emoluments) and band of remuneration of the top five (5) Key Senior Management of our Group for the financial year ended 31 May 2022 were as follows:-</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Company (RM'000)</th> <th>Subsidiaries (RM'000)</th> <th>Total (RM'000)</th> </tr> </thead> <tbody> <tr> <td>Salaries</td> <td>0</td> <td>1,052</td> <td>1,052</td> </tr> <tr> <td>Fee</td> <td>192</td> <td>35</td> <td>227</td> </tr> <tr> <td>Bonus</td> <td>0</td> <td>320</td> <td>320</td> </tr> <tr> <td>EPF, Socso & EIS</td> <td>0</td> <td>225</td> <td>225</td> </tr> <tr> <td>Others</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>TOTAL</td> <td>192</td> <td>1,632</td> <td>1,824</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Range of Remuneration</th> <th>Number of Key Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM0 - RM50,000</td> <td>-</td> </tr> <tr> <td>RM50,001 - RM100,000</td> <td>-</td> </tr> <tr> <td>RM100,001 - RM150,000</td> <td>1</td> </tr> <tr> <td>RM150,001 - RM200,000</td> <td>-</td> </tr> <tr> <td>RM200,001 - RM250,000</td> <td>1</td> </tr> <tr> <td>RM250,001 - RM300,000</td> <td>2</td> </tr> </tbody> </table>	Category	Company (RM'000)	Subsidiaries (RM'000)	Total (RM'000)	Salaries	0	1,052	1,052	Fee	192	35	227	Bonus	0	320	320	EPF, Socso & EIS	0	225	225	Others	0	0	0	TOTAL	192	1,632	1,824	Range of Remuneration	Number of Key Senior Management	RM0 - RM50,000	-	RM50,001 - RM100,000	-	RM100,001 - RM150,000	1	RM150,001 - RM200,000	-	RM200,001 - RM250,000	1	RM250,001 - RM300,000	2
Category	Company (RM'000)	Subsidiaries (RM'000)	Total (RM'000)																																									
Salaries	0	1,052	1,052																																									
Fee	192	35	227																																									
Bonus	0	320	320																																									
EPF, Socso & EIS	0	225	225																																									
Others	0	0	0																																									
TOTAL	192	1,632	1,824																																									
Range of Remuneration	Number of Key Senior Management																																											
RM0 - RM50,000	-																																											
RM50,001 - RM100,000	-																																											
RM100,001 - RM150,000	1																																											
RM150,001 - RM200,000	-																																											
RM200,001 - RM250,000	1																																											
RM250,001 - RM300,000	2																																											

	RM900,001 - RM1,000,000	1
	TOTAL	5
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	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

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	:	The ARMC comprises three (3) members, all of whom are INEDs. The Chairman of the ARMC is Mr. Philip Goh, whilst the Chairman of the Board is Mr. Lau. Having the positions of Chairman of the Board and Chairman of the ARMC assumed by different individuals, it allows our Board to objectively review our ARMC's findings and recommendations.	
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	:	As provided in TOR of ARMC, a former key audit partner is required to observe a cooling-off period of at least three (3) years before being considered for appointment as member of the ARMC. Presently, none of the members of our ARMC were former key audit partners.	
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>ARMC is responsible for assessing the capabilities and independence of the external auditors and to also recommend to the Board on their appointment, re-appointment or termination of their services to the Company. The Board has established External Auditors Assessment Policy which serves as a guide for ARMC in the process of selection and appointment, annual assessment and remuneration of external auditors.</p> <p>ARMC had assessed the performance (including independence) of the external auditors based on the competence, audit quality and resource capacity of external auditors as well as the non-audit services provided by the external auditors.</p> <p>The external auditors are precluded from providing any services that may impair their independence or conflict with their role as external auditors. A written assurance had been provided to ARMC by the external auditors confirming that they are, and have been independent through the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The TOR of ARMC and External Auditors Assessment Policy were last reviewed on 22 July 2021 and are available on our Company's website.</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	:	<p>The ARMC comprises three (3) members, all of whom are INEDs.</p> <p>Composition of the ARMC is as follows:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Designation</th> <th>Directorate</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Philip Goh Teck Siang</td> <td>Chairman</td> <td>INED</td> </tr> <tr> <td>2.</td> <td>Choo Chee Beng</td> <td>Member</td> <td>INED</td> </tr> <tr> <td>3.</td> <td>Lee Chong Leng</td> <td>Member</td> <td>INED</td> </tr> </tbody> </table>			No.	Name	Designation	Directorate	1.	Philip Goh Teck Siang	Chairman	INED	2.	Choo Chee Beng	Member	INED	3.	Lee Chong Leng	Member	INED
No.	Name	Designation	Directorate																	
1.	Philip Goh Teck Siang	Chairman	INED																	
2.	Choo Chee Beng	Member	INED																	
3.	Lee Chong Leng	Member	INED																	

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>All members of the ARMC are financially literate and possess vast working experience with necessary skills and knowledge from various industries.</p> <p>The ARMC Chairman is Mr. Philip Goh, a member of Malaysian Institute of Certified Public Accountants ("MICPA") as well as Chartered Accountant of Malaysian Institute of Accountants ("MIA"), with extensive experience in strategic business planning and execution, business transformation and turnaround management, mergers and acquisition and financial management.</p> <p>Other members of the ARMC, Mr. Choo Chee Beng, who has extensive experience in finance related functions that involve financial and tax planning, corporate exercise managements, turnaround management cash flow and fund management while Mr. Lee Chong Leng, who has been involved in the field of tax advisory, audit and corporate management. The qualification and experience of the individual members are disclosed in the Annual Report 2022.</p> <p>During FYE2022, members of ARMC have attended training programmes on various subject matters such as regulatory, risk management, taxation, corporate governance and other business-related programme so as to equip themselves for the effective discharge their duties and responsibilities.</p> <p>The training programmes and seminars attended by our ARMC members during the Reporting Period are as follows:-</p>

	<ul style="list-style-type: none"> a) Transfer and transmission of shares: Law & procedures b) Beneficial Ownership - requirements and disclosures c) Post Budget 2022 d) Malaysia Institute of Accountants (“MIA”) Public Programme 2021 e) Key Compliance Issues on Annual Returns, Accounts, Audit and AGM f) Workshop on Real Property Gains Tax (“RPGT”) g) SC’s Audit Oversight Board Conversation with Audit Committees h) Task Force on Climate-related Financial Disclosures Climate Disclosure Training Programme 		
Explanation for departure :			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure :			
Timeframe :	<table border="1" style="width: 100%; height: 40px;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"></td> </tr> </table>		

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 has established an effective risk management and internal control framework within the Group and would continue to monitor and review the effectiveness and adequacy of our Group’s risk management and internal control framework to ensure they continue to be resilient and reliable.</p> <p>Details of the risk management and internal control framework are set out in the Company’s Statement on Risk Management and Internal Control as provided in its annual report for FYE2022.</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	:	The Board has disclosed features of the risk management and internal control framework within the Group in the Statement on Risk Management and Internal Control in the Annual Report for FYE2022.	
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 :	

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 always place significant emphasis on sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment.</p> <p>During the financial year, the Board had outsourced its internal audit function to Resolve IR Sdn. Bhd., an independent professional services firm ("Outsourced Internal Auditors"), which provides support to the ARMC in assessing and evaluating the adequacy and effectiveness of the Group's risk management, internal controls and governance processes.</p> <p>The outsourced internal audit function has been mandated by the ARMC to perform regular reviews on significant areas and business processes of the Group with a view to assess the effectiveness of the Group's system of risk management, internal controls and governance currently in place. In line with the above, during the financial year under review, the Outsourced Internal Auditors have conducted reviews in accordance with the Internal Audit Plan, that has been approved by the ARMC.</p> <p>The Outsourced Internal Auditors is independent and reports directly to the ARMC and administratively to the Chief Financial Officer of the Group. Details of the activities undertaken by the outsourced internal audit function are set out in the Report of the ARMC in the Annual Report for FYE2022.</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 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 has outsourced its internal audit function to an independent professional services firm, namely Resolve IR Sdn. Bhd. (“Resolve IR”). The Outsourced Internal Auditors have conducted their assessment and provided an independent and objective assurance to the ARMC on adequacy and effectiveness of the risk management and internal control systems of the Group during the FYE2022.</p> <p>Resolve IR is a corporate member of the Institute of Internal Auditors, Malaysia and it is adequately resourced with 18 personnel having the appropriate qualification and experience. The Outsourced Internal Auditors is free from any relationship or conflict of interest that could impair its objectivity and independence.</p> <p>The work of the outsourced internal audit function is guided by the International Professional Practice Framework on Internal Auditing issued by the Institute of Internal Auditors. The internal audit reviews undertaken has been conducted on a risk-based approach and detailed areas of audit have been set out in the internal audit plan that has been reviewed and approved by the ARMC. Details of the Chief Audit Executive responsible for the outsourced internal audit function are set out below:</p> <table border="1"><tr><td>Name</td><td>Choo Seng Choon</td></tr><tr><td>Qualification</td><td>FCCA, CA(M), CMIIA, CIA</td></tr><tr><td>Independence</td><td>Does not have any family relationship with any of director and/or major shareholder of the Company</td></tr></table>	Name	Choo Seng Choon	Qualification	FCCA, CA(M), CMIIA, CIA	Independence	Does not have any family relationship with any of director and/or major shareholder of the Company
Name	Choo Seng Choon							
Qualification	FCCA, CA(M), CMIIA, CIA							
Independence	Does not have any family relationship with any of director and/or major shareholder of the Company							

	Information on the Outsourced Internal Auditors is set out in the Report of the ARMC in the Annual Report for FYE2022.	
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 acknowledges the importance of timely and equal dissemination of material information to shareholders, investors and public at large.</p> <p>The Board, in its best efforts, keeps the shareholders and stakeholders informed of the Company's business and corporate developments and ensures that the Company's communication is informative, appropriate and timely. The supply of information to stakeholders is made via various disclosures and announcements including quarterly and annual financial results, announcements, press releases, etc which provides investors with up-to-date information on the Group.</p> <p>The Company maintains a website at www.hppholdings.com to facilitate access to pertinent information concerning the Group and its operations, by the shareholders, consumers, and general public. In addition, investors are also able to reach out to HPP through their dedicated investor related email at info@hppholdings.com in addressing any investors related issues.</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 12.2

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	:	The Company is not under the category of “Large Companies: as defined in the MCCG 2021 for the time being. Hence, such requirement is not applicable.	
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 Board considers the AGM as an invaluable platform for shareholders to engage the Board and Management of the Company in a productive and constructive two-way dialogue. As such, the Board strives to ensure that shareholders are accorded with sufficient time to prepare and accord due consideration to the resolutions that will be discussed and decided upon at the AGM.</p> <p>The Third AGM was held on 29 October 2021 while the Notice of Meeting was published on Bursa Malaysia's website and nationally circulated newspaper on 28 September 2021, which was more than 28 days prior to the date of Third AGM. Shareholders were accorded with sufficient time to consider the resolutions that would be tabled at the 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 13.2

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>In view of the Covid-19 pandemic and the enforcement of Movement Control Order by the Malaysian Government, as part of the safety measures, the Company's Third AGM was conducted fully virtual via online meeting platform with its domain address registered in Malaysia which was in compliance with Section 327 of the Companies Act 2016 and the Company's Constitution.</p> <p>All directors and senior management have attended the Third AGM held on 29 October 2021 remotely from their respective location to engage directly with shareholders and discharge their stewardship responsibilities to the Company.</p> <p>At the Third AGM, the Chairman of the Board and directors have responded and addressed all the questions received prior to the AGM as well as those posted during the 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 Third AGM held on 29 October 2021 was conducted entirely on virtual basis via Remote Participation and Electronic Voting facilities.</p> <p>The Company had leveraged on technology to facilitate electronic voting for the conduct of poll on all resolutions and the Company had also enabled remote shareholders' participation. Voting of all resolutions are conducted via online polling. Boardroom Share Registrars Sdn. Bhd. has acted as the Poll Administrator and Sky Corporate Services Sdn. Bhd. has acted as the independent scrutineer to verify the poll results.</p> <p>Detailed instructions and procedures on the remote participation and e-voting process are provided in our Company's notification to the shareholders on the administrative guide of the virtual 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 13.4

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	: The Chairman of the Board has ensured that shareholder will be given the sufficient time to participate in a meaningful engagement with the Board and senior management in the AGM. The Third AGM held on 29 October 2021 was interactive in nature and has facilitated discussions on the Company's financial and non-financial performance, long-term strategies, compliances as well as other administrative matters. Chairman of the Board has responded and addressed all the questions received prior to the AGM as well as those posted during 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	:

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	: <p>The Board in ensuring the conduct of a virtual general meeting that facilitates meaningful engagement between the Board, senior management and shareholders, has undertaken the following:</p> <ul style="list-style-type: none"> ➤ Provided administrative details on the conduct and participation of AGM to shareholders prior to the AGM. ➤ Employed necessary infrastructure and tools (i.e. software application) to support the smooth broadcast and interactive participation by shareholders. ➤ Conducted real time question and answer sessions during the AGM to address enquiries from shareholders. <p>Shareholders submitted questions to the Board during the live streaming of the Third AGM. The Chairman read out the questions posed by the shareholders and provided his response to the questions raised.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The minutes of the Third AGM held on 29 October 2021 was made available on the HPP's company website no later than 30 business days after the convening of the Third 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 PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

Click or tap here to enter text.