



ENVIRONMENTAL, SOCIAL AND GOVERNANCE STATEMENT

OVERVIEW

Our Board is cognizant of the responsibilities of maintaining a sound environmental, social and governance (“ESG”) framework taking into account the dynamic and continuously evolving environment in which we operate. As part of our sustainability process, we adopt policies, procedures and code of conduct to discharge our responsibilities in areas relating to ESG whilst addressing the pertinent interests of our diverse stakeholders.

Towards this end, our Group is committed to ensuring the standards of ESG performance are maintained. Our Board is pleased to set out below our Group’s Statement on ESG, which covers the material aspects of our Group’s operations.

GOVERNANCE STRUCTURE

Our Board is overall responsible for matters relating to ESG. However, the day-to-day management of ESG matters are delegated to our KSM who are responsible for the day-to-day management of strategic, operational and sustainability matters. Our KSM meets regularly to discuss and address matters relating to our Group’s ESG matters, including any ESG initiatives and strategies. In addition, our KSM occasionally meets with our Board on an informal basis to seek independent views and guidance pertaining to any matters arising.

Our Group is in the midst of establishing a compliance division which will in turn be focused on managing and addressing matters relating to compliance, ESG and sustainability of our Group. The compliance division will report directly to our CEO, who in turn will report to our Board on significant matters that requires our Board’s attention.

STAKEHOLDERS

Engagement with key stakeholders such as employees, shareholders, investors, customers, neighbouring communities, local town councils, media agencies, non-governmental bodies, business associates, financiers, relevant regulators, etc. are going to be held to identify and gather stakeholders’ feedback on any concerns regarding any ESG initiatives undertaken. Such engagements would provide insights necessary for the enhancement and adoption of policies pertaining to matters relating to ESG as well as sustainability.





Currently, our KSM undertakes regular reviews to identify areas of sustainability as well as value creation, and in addition, risk assessments were undertaken to identify significant ESG risks in our Group. During FYE 31 December 2020 and up to the LPD, our Group has undertaken some various initiatives in response to feedback received from various stakeholders. The initiatives undertaken were designed to attend to matters on various aspects including employees' health, disease prevention, social compliance, environmental preservation, labour protection, human rights and supply chain management.

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K03-08-01, Tower 3, UOA Business Park, No. 1, Jalan Pengaturcara U1/51A, Seksyen U1, 40150 Shah Alam, Selangor, Malaysia.



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SOCIAL

In accordance with our Group's Corporate Social Responsibility ("CSR") and obligations to ethical trade and business, social compliance is a main priority of our Group's focus. In line with this, Central Medicare became a member of Sedex, an ethical trade service membership organisation that works with businesses to improve working conditions in global supply chains, on 9 June 2019 and has undergone two independent social audits in compliance with SMETA, an ethical audit methodology developed by Sedex comprising four pillars of audit - labour, health and safety, environment and business ethics, and against international standards such as the ETI Base Code. The independent social audits conducted covered areas such as recruitment, entitlement to work, immigration, management system, health and safety, subcontracting, homeworking as well as business ethics. See Section 7.19 of this Prospectus for more details on the SMETA audit on our Group.

Recruitment and Human Resource Management

Our Group practices equitable employment practices and acknowledges that employees are our Group's biggest asset. As at 31 December 2020, the Group has 2,600 employees and they are recruited in accordance with applicable international employment standards and local human resource laws. We have applied policies to our recruitment process to ensure fairness and we have not experienced any labour disputes in the past that have resulted in any material disruptions to or materially affected our Group's operations.

We have applied the following policies in our recruitment process and human resource management, and have ensured compliance with applicable local laws and international standards:

- **Equal Opportunities Policy** – We are committed in our pursuit of equal opportunity and to a pro-active and inclusive approach to equality, which promotes an inclusive culture, and value diversity. Such a commitment is underpinned by our Group's core values.
- **Non-Discrimination Policy** – We do not tolerate discrimination in any of our business affairs, may it be internally or externally. Discrimination conflicts with our Group's core values, which include a commitment to equal opportunity.
- **Employment Policy (Children and Young People)** – We adopt a policy that is in compliance with the Children and Young Persons (Employment) Act 1966 and any other relevant laws. The minimum age for employment in our Group is 18 years of age.
- **Remuneration Package** - We remunerate our employees in accordance with the provisions of the Malaysian Employment Act 1955 ("Employment Act"), including complying with the statutory minimum wage. We pay our employees in a timely manner and the remuneration of all employees are paid on a monthly basis.





- Overtime Work Policy – We are committed to ensuring that overtime hours worked are subject to the limit of overtime work in accordance with the prescribed statutory limitation and the Workforce Agreement – The Working Time Regulations executed with representatives elected by the workers of our Group. All overtime activities are required to be appropriately planned by the various heads of department with reasonable justification and workers have adequate rest, subjected to worker’s mutual agreement on voluntarily basis.
- Passport Retention – Foreign workers have full custody and are fully responsible for their own passports. We have provided our foreign workers with options to secure their passports in lockers provided which is located at the hostel or within the factory premises. In addition to unrestricted access to their own passports, our foreign workers have freedom of movement.
- Policy on Manpower Supply – We only engage manpower supply agencies that have a valid registration license with the relevant Ministry of Labour in their country of origin or possesses the appropriate registration licence with the Malaysian Ministry of Home Affairs for the supply of our foreign workers. The manpower supply agency is required to comply with the relevant legal and regulatory requirements including our Group’s business ethics policy, social responsibility standards and our Group’s employment principle.

The recruitment fees or its related costs incurred in the recruitment of foreign workers are borne by our Group, including fees imposed by the Immigration Department of Malaysia, round trip flight and insurances coverage.

- Workers Accommodation – The Ministry of Human Resource has expanded the coverage of the Workers’ Minimum Standards of Housing and Amenities (Amendment) Act 2019 (“Amendment Act”) through the Employees’ Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020, which has outlined the list of minimum requirements for accommodation provided by employers to their employees effective 1 September 2020. The Amendment Act only imposes an obligation on employers in relation to employees that are covered by the Employment Act, namely employees earning less than RM2,000 and certain categories of manual or skilled labours.

In compliance with the new enforcement, all our hostels have been assessed by the Ministry of Human Resource in accordance with the requirements stipulated in the said regulations and Certificates for Accommodation have been issued for all our hostels. In our effort to comply with the space requirement under the same regulations, we have also rented rooms in Hotel Angsoka, Teluk Intan to accommodate our workforce while the additional permanent hostel is being constructed. Additionally, in view of the COVID-19 pandemic, we have accordingly increased awareness of strict personal hygiene and cleanliness of the workers’ accommodation besides ensuring adequate social distancing is maintained.





- **Grievance & Whistleblowing Procedures** - We have grievance procedures in place whereby any dissatisfaction or complaint by an employee can be brought to the attention of the immediate superior. The grievance procedures enable grievances to be resolved on a timely manner and ensure that a harmonious work environment is maintained. Alternatively, all employees have the right to raise concerns or make a complaint directly to the Human Resource department of our Group.

In addition to the above, our Group has put in place a whistleblowing policy and procedure that provides channels for relevant stakeholders of our Group to report real concerns on, amongst others, malpractices, illegal acts and bribery. All concerns raised by employees can be channelled to our CEO and concerns raised by external parties may be channelled to the Chairman of the Audit Committee for further investigation or action. In the case where reporting to the Management is a concern, then the report can be made to the Chairman of the Audit Committee too.

Supply Chain Management

The practices of our Group's business associates, namely its suppliers and contractors, can have a negative impact on the reputation of our Group and thereon, affects its quality, productivity and the social standing of our Group. In managing our Group's supply chain, the following policies and practices have been applied with a view to encourage retaining and maintaining quality partners:

- **Prequalification of Vendors** – Potential vendors are required to undergo prequalification assessment including areas on product and services information, quality standards, delivery capability, consistency of performance, communication, corporate social responsibility as well as conformance with environmental laws and regulations.
- **Performance Assessment** – Periodic performance appraisal is conducted on all suppliers with regards to the quality, delivery and ESG compliance performances. Vendors that do not pass our Group's assessments will be required to take corrective actions in order for them to continue their business relationship with our Group.

Health & Safety

Our Group emphasizes on the health and safety of all personnel and has undertaken the following measures and initiatives in protecting the employees of our Group:

- i. **Safety & Health Programme** – In line with our Group's Safety and Health Policy, we have implemented an Occupational Health and Safety Programme that regulates the activities of preserving the health and safety of all our employees. This programme ensures that there are constant and continued efforts in performing all health and safety initiatives and measures according to the regulatory requirements at all locations and spheres of operations within our Group. Safety and Health Committee has also been set up and meets regularly to ensure its responsibilities and functions are properly discharged.

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Our manufacturing workers are encouraged to undergo health screening at least once a year based on the employment entitlement at their respective medical coverage and we comply with the Employment Act regulation for working hours. In November 2019, we voluntarily underwent an independent social audit in compliance with SMETA 6.0 to ensure ethical labour conditions and occupational safety measures are appropriately carried out. In addition to the Occupational Health and Safety Programme, we have also developed multiple policies and procedures including hazard identification and risk assessment, fire hazard, electrical hazard, machinery hazard, chemical hazard, forklifts and for confined spaces to ensure each employee is aware and is familiar with such policies and procedures. We also conduct mandatory training sessions regularly as reminder and refresher courses to our employees.

- ii. **On-Site Emergency Response Plan** - Our Group has established an On-Site Emergency Response Plan for our manufacturing facility in Teluk Intan, Perak in compliance with the Control of Industrial Major Accident Hazard Regulation 1996 under the Occupational Safety and Health Act 1996. Such plan is an essential component of a manufacturing facility's safety and loss strategy. It provides an organized structure for a chain of action plans to be conducted in the event of an emergency at the site which has the potential to cause injury or loss of life, and/or damage to property and surrounding environment.
- iii. **Business Continuity and Disaster Recovery Plan** – Our Group has identified potential threats and impacts to the business operations with a view to develop resilient measures and capability of our Group for an effective response that safeguards the safety of employees and interests of our key stakeholders. The Business Continuity Plan (BCP) outlines the protocols and procedures from disaster identification, assessment, declaration, activation, business resumption and recovery to the communication to the stakeholders so as to ensure the success of the BCP. Evaluation will also be conducted to serve as an avenue to assess the effectiveness of the action plans as well as identifying potential enhancement opportunities. Employees are briefed of the respective responsibilities from time to time to ensure the action plans can be discharged timely and efficiently in such emergency event. On the other hand, the Disaster Recovery Plan (DRP) establishes procedures to ensure the information technology system of the business can survive a disaster with capability to resume normal operations with minimal interruption and ideally, at acceptable data loss. The DRP aims to facilitate prompt response to disaster and for effective resumption and recovery of IT infrastructure so as to minimize the impact to business disruption. The most recent BCP activation occurred due to COVID-19 cases detected at our manufacturing facility on 15 February 2021.
- iv. **COVID-19 Measures** - Recent COVID-19 cases involving our workers at Teluk Intan had caused disruption to our Group's business and operations. In 2020, we have implemented various COVID-19 preventive measures such as regular temperature checks, use of face masks at all times in the work place, encourage good personal hygiene, maintain safe distances while at work and limit external travel of employees, and regular disinfection and sanitation activities to ensure highest hygiene on site, among others. In response to the recent COVID-19 cases detected at our

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manufacturing facility on 15 February 2021, our Group put in place various additional initiatives and had worked closely with the Malaysian Ministry of Health to assist in contact tracing, quarantine arrangement, health assessment as well as mass screening for all our employees. See Section of 7.18.4 of this Prospectus for more information on our additional measures to protect the health and safety of our workers. We purchased additional Personal Protective Equipment (“PPE”) for distribution to our employees for their daily use as part of efforts to keep our employees safe and healthy. With strict adherence to the Standard Operating Procedures (“SOPs”) and full co-operation from all parties involved, we were able to contain the number of infected cases and our business resumed immediately after the EMCO.

It is our utmost goal to ensure the health and safety of our employees and all stakeholders. Moving forward, our Group will embark on proactive screening regime, not only for our workers but will also extend such measures to new hires, visitors, logistics and transport personnel such as lorry drivers (for off-loading and up-loading processes) as precautionary actions to curtail COVID-19 infection.

- v. Rest Day – Healthy workforce enables our Group to reap higher rewards. We believe in work-life balance and with adequate rests, unnecessary accidents or mishaps can be avoided. Our Group, on a best effort basis, will strive to provide for the well-being and safety of our workforce by practising rest day adherence in accordance with the Employment Act. Employees who fall under the scope of the Employment Act is entitled to one (1) whole day of rest in every six (6) days of consecutive work and such scheduled working days may be determined and notified to the employee before the commencement of the month. No employees shall be compelled to work on a rest day. If in any event an employee is required to work, such employee will be compensated according to the Employment Act and the Workforce Agreement – The Working Time Regulations executed with representatives elected by the workers of our Group which was freely negotiated and voluntarily entered into.

People and Community Development

People Development

Our Group believes that human capital forms the backbone of organisational efforts towards sustained and resilient business performances. Over the years, our Group has developed learning and development programmes where employees are enrolled into three main types of trainings as follows:

- a. Basic training where new employees with an entry-level are made to understand of the company, its operations and industry practices from a SHE perspective. This involves familiarisation with the integrated management system, including for both quality and environmental, our Group’s accredited ISO system, HR policies, GMP compliance, SHE policies and workplace SHE protocols. Our Group also provide trainings for fundamental management competency skills to supervisory and managerial level employees.





- b. On-the-job trainings conducted by employees' immediate supervisors where more specific and relevant knowledge based on individual roles are imparted. Work instructions and standard operating procedures as well as the guidance of employees' immediate supervisors and/or department heads occur at this phase.
- c. Cross-functional refresher initiatives where continuous improvement aims to facilitate communication between our Group's internal trainers and trainees from different departments to promote knowledge sharing across departments and to eliminate miscommunication. Such refresher initiatives began in 2020.

In addition to the internal training programmes, our employees are also given opportunities to participate in external training that is relevant to their job functions so as to enhance their skills, knowledge and capabilities in addition to keeping abreast with the developments in skills and technology.

Employees Benefits and Compensation

Our Group has in place a comprehensive compensation and benefits package to attract, retain, reward and motivate talented individuals for achieving the Group's strategic goals and long term success.

A fair and transparent structure helps us to acquire and retain the talent pool critical to building competitive advantage as we constantly endeavor to ensure that we compensate our employees in an equitable manner and in keeping with current market trends.

Our compensation takes into account of individual's job role, job position/grade, competency, experience, and talent as well as the performance of individual which is based on the Performance Management system of the Company.

To complement our compensation package, our Group offers a host of benefits to our employees which encompass healthcare coverage, medical insurance, paid leaves such as annual leave, maternity and paternity leave, sick leave or hospitalization leave, compassionate leave, calamity leave and other benefits that commensurate with the job grading of the employee within the Group.

For employees who are required to travel in the course of conducting their duties, our travel benefit covers mileage claim, toll and parking charges, accommodation and meal allowances.

With regards to employee welfare, our Group has set up a 24-hours canteen within the manufacturing facility to cater to the needs of our employees. We do have an in-house chef to prepare meals for the managerial and above employees as part of staff retention program besides providing free meals to all employees at the manufacturing facility on selected major festivals.

Motivated and engaged employees are key to the success of business development and operations. In addition to the above, we are currently constructing a permanent workers' hostel to improve the social welfare of our workers by providing them with more space for their living quarters.



Community Development

Industrial Training Programme

Our Group currently host undergraduates from chemistry and other disciplines through industrial placement programme to enable them to gain further insight into the working world and job and performance expectations that companies may have of fresh graduates. Such programme also helps us to identify, nurture and hire new talents.

We plan to increase our direct engagement with students in the second half of 2021. Initiatives such as academic sponsorship or award for post graduates course in the Malaysia Institute of Chemistry and partner with an institution of higher learning in Malaysia and/or Southeast Asia to provide knowledge to the next generation through an industrial-academic link programme as well as through career and motivational talks. We believe that these initiatives could also nurture new pool of talents for us as well as attract new talents.

In 2018, we have conducted a collaboration visit with Industrial University (UiTM Tapah Campus) to educate students on concepts relating to the manufacturing of nitrile gloves.

Corporate Social Responsibility

We strive to deliver on our CSR commitments to the communities in our efforts to contribute to socioeconomic development.

In 2020, our Group has focused on CSR activities on the impact of the COVID-19 pandemic by donating a total of over 3.1 million gloves worth over RM351,000 to China, Korea and several organisations in Malaysia as support to combat the pandemic.

Since 2017, our Group has continuously visited and donated to orphans in the community of Teluk Intan on an annual basis. We have donated rations to flood victims in Teluk Intan in 2018 and 2019, and donated fire safety equipment for BOMBA Sukarelawan Kampung Batu 12 in 2019 to assist them to better serve the surrounding community.

In addition to these initiatives, to fulfill ethical trade and promote good business etiquette, Central Medicare became a member of Sedex on 9 June 2019. Since its enrolment, Central Medicare has undergone two independent social audits in compliance with the SMETA, conducted by independent auditors in June 2019 and November 2019.





ENVIRONMENTAL

As one of our Group's core values is sustainability, we place strong emphasis on environmental conservation and are committed to minimising our potential impact on the environment.

i. Compliance Environmental Quality Act 1974

Our Group is committed to the preservation of the environment and to comply with all relevant regulatory, statutory and applicable requirements as enacted in the Environmental Quality Act 1974, with an aim to promote environmental sustainability. We have introduced the following initiatives throughout our operations in order to foster sustainability culture amongst all our employees:

- a. All required operating licenses, registrations, approvals related to environmental are approved, procured, maintained as current and reporting requirements are strictly adhered to;
- b. Avoid unnecessary use of hazardous or particularly harmful materials in every possible way;
- c. Safe and proper disposal or waste management practice by licensed vendors and timely reporting to the Department of Environment Malaysia;
- d. Reduce waste by recycling and reusing where possible, economical and suitable;
- e. Efficient use of resources especially non-renewable resources;
- f. Our Group has upgraded our water treatment system from a small-scale chemical treatment system for both raw water and wastewater; and
- g. Establishing a life cycle assessment as a tool to reduce our carbon footprint in the future by understanding our current environmental impact and creating a target for carbon emissions.

ii. Energy Saving Measures

Effective energy usage and management play significance roles in supporting environmental sustainability. Following the Malaysian government's initiative to steer transformation towards a future energy ecosystem that delivers a balance between environmental sustainability, secure and reliable energy supply, and optimal economic development, our Group has participated in this effort by practicing power saving in our operations and adhere to the reporting compliance by submitting bi-annual reports to Tenaga Nasional Berhad.





iii. **Environmental Management System ISO14001:2015 Certification**

ISO 14001:2015 is an international quality standard which specifies requirements for an effective Environmental Management System. Our Group is committed to preserve the environment while increasing our production efficiency. Central Medicare's factory has been recognized for its continuous effort in environmental performance and have been certified by ISO14001:2015 on 22 January 2021. Our Group believes that such certification helps to improve our ongoing and future environmental performance especially in water management, waste and effluent management and reduction of carbon emissions through more efficient use of resources and reduction of waste in our Group's business operations.





SUSTAINABILITY

Our Board is committed towards creating long-term sustainable value for all stakeholders. In line with such aspirations, HARPS as a Group has referred the UNESCO and Sustainable Development Goals as part of its goals towards sustainable value creation.

Our Board has dedicated efforts towards creating awareness on sustainability development amongst employees and towards this end, our Board has embedded such objectives into our Group's corporate initiatives. In the journey towards sustainable value creation, our Group continuously identifies initiatives to drive our Group's sustainability aspirations whilst ensuring adequate considerations are placed in responding to economic, environmental and social risks and opportunities arising. The continuous identification, evaluation, monitoring and managing of risks and opportunities across the economic, environmental and social facets has ensured our Group manages all material sustainability matters through our business operations including stakeholder engagement and materiality assessment. As there is no "one size fits all" approach, our Board adopts a sustainability development approach that fits our Group's purpose taking into consideration amongst others, our culture, needs, sustainability-related risks and opportunities and level of maturity of our sustainability intellect and readiness. For the purpose of supporting our Board in sustainable development, our Board has delegated such responsibilities to our KSM who is responsible for implementing sustainability-related strategies, measures and actions towards achieving HARPS' sustainability goals.





CORPORATE GOVERNANCE

Our Board is fully committed to uphold pronounced standards of corporate governance throughout our Group with the ultimate objective of realising long-term shareholder value while taking into account the interests of relevant stakeholders. This corporate governance statement provides an overview on the extent to which our Group has applied the principles and practices encapsulated in the MCCG as well as the Listing Requirements.

This statement below provides an overview of our Group's corporate governance practices in line with the MCCG and Listing Requirements:

Board Leadership and Effectiveness

I. Board Responsibilities

Our Board is responsible, amongst others, for establishing and communicating the strategic direction and corporate values of our Group, and for supervising our affairs to ensure our success within an acceptable risk framework whilst in compliance with the relevant laws, regulations, guidelines and directives governing our operations. Our Board retains full and effective control over our Group and is committed to take full responsibility for the overall corporate governance of our Group. Our Board has reserved certain significant matters for its decisions, especially in respect of matters relating to the approval of key corporate plans, major business transactions involving either the acquisitions or disposal of business, interests and/or assets, consideration of reporting significant financial matters and announcements of financial results, appointments to our Board and key corporate initiatives within our Group. See Section 9.2 of this Prospectus for a summary of our Board's key responsibilities.

In the furtherance of its duties, our Board has delegated specific responsibilities to Board Committees as well as various sub-committees to assist our Board in discharging their responsibilities. The functions and terms of reference of the Board Committees as well as the authority delegated by our Board have been clearly defined. Our Board has established three (3) Board Committees, namely the Audit Committee, the Nominating and Remuneration Committee, and the Risk Management Committee, that are delegated with specific responsibilities and authorities to assist our Board in executing its duties and to provide our Board with recommendations and relevant advice.

The delegation of authority to the Board Committees enables our Board to achieve operational efficiency, by empowering each committee to review, report and make recommendations to our Board on matters relevant to their roles and responsibilities. Each committee is governed by its own terms of reference which sets out its functions and duties, composition, rights and meeting procedures. These terms of reference are reviewed periodically in accordance with the needs of our Company and taking into account the changes in the business, governance and legal environment that may have an impact on the discharge of the committees' roles and responsibilities. The chairman of the various committees will report to our Board the outcome of the committee

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meetings which will be recorded in the minutes of our Board meeting. The ultimate responsibility for decision making, however, lies with our Board.

II. Board Balance

Our Board believes the current Board composition has the appropriate balance. See Section 9.2 of this Prospectus for further information on Board balance, independence and the segregation of roles and responsibilities of our Chairman, CEO and Managing Director.

In line with the recommendations of the MCCG, a majority of our Board comprises independent directors. Our Board is fully committed to gender diversity and has also ensured that at least 30% of its Board members are women directors. See Section 9.2.1 of this Prospectus for the profiles of our Directors.

III. Board Meetings

In order to manage our Group's business operations, our Board is scheduled to meet at least once at quarterly intervals, with additional meetings to be convened when urgent and important decisions are required to be made between the scheduled meetings.

IV. Board Conduct

Supply of Information

The agenda and Board papers are circulated five (5) working days in advance of each Board meeting to enable our Directors to have the information and explanation so that proper discussions can take place at the Board meetings and an informed decision can be made. The Board papers include among others, minutes of previous meetings, our Group's financial performance, proposal papers from our KSM.

All our Directors, whether as a full Board or in their individual capacity, have access to the advice and services of our Company Secretary. Our Directors may also seek independent professional advice in furtherance of their duties, whenever they deem necessary, at the expense of our Company.

Conflict of Interest

Our Directors have a continuing responsibility to determine whether they have a potential or actual conflict of interest in relation to any matters being discussed. Our Directors are required under the Act to declare their interest if there is any related party transaction and to abstain from voting in respect of such transaction when considering such matter.





Whistleblowing Policy

Our Board is committed to achieve and maintain high standards of corporate governance practices across our Group. A whistleblowing policy has been put in place to provide a channel to enable our Directors, employees, shareholders, vendors or any parties with a business relationship with our Group with an avenue to report suspected wrongdoings that may adversely impact our Group. Our Company treats all reports as confidential and at the same time, provides protection to anyone who reports such concerns in good faith. Further details on our whistleblowing policy can be found on our Company's website, www.harps.com.my.

Anti-Corruption Policies and Procedures

Our Board is cognisant of the importance of continuously maintaining good governance and is dedicated to ensure that our business is conducted with the highest standards of integrity, responsibility and accountability. Towards this end, our Board has established the Anti-Corruption Policies and Procedures as guided by the adequate procedures guidelines issued pursuant to the Malaysian Anti-Corruption Commission Act 2009 as a commitment to uphold and promulgates the principles and standards on anti-corruption as well as maintenance of accountability and transparency in our Group's business management and standards. Further information on our Anti-Corruption Policies and Procedures can be found on our Company's website, www.harps.com.my.

VI. Appointment to the Board

Our Board has established a Nominating and Remuneration Committee, which comprises our Non-Executive Directors, to provide advice and assistance to our Board in matters relating to appointment of new directors, CEO and CFO, board composition, remuneration of directors and key senior management, training program and performance evaluation on effectiveness of our Board as a whole, Board Committees and individual directors. See Section 9.2.7 of this Prospectus for further details on the terms of reference of the Nominating and Remuneration Committee.

VII. Re-elections

In accordance with our Company's Constitution, all our Board members who are appointed by our Board shall be subject to election by shareholders at the first opportunity of their appointment. Our Company's Constitution also provide that at least one-third (1/3) of our Directors shall retire by rotation at each AGM and that all our Directors shall retire once every three (3) years. A retiring Director shall be eligible for re-election.





V. Directors' Training

Our Directors participate in relevant training programmes to enhance their knowledge so as to enable them to discharge their responsibilities more effectively. In order to ensure our Board has access to continuous learning and development, our Board will identify its training needs on an annual basis so that the appropriate training and development initiatives can be planned for the year.

Effective Audit & Risk Management

I. Audit Committee

The AC comprises of our Non-Executive Directors, a majority of whom are independent. See Section 9.2.6 of this Prospectus for further details on the Audit Committee and its terms of reference.

II. Risk Management and Internal Control Framework

Our Board is dedicated to the maintenance of an effective risk management and internal control framework within our Group, and to continuously review and evaluate the adequacy and integrity of our framework. While our Board has overall responsibility for our Group's system of risk management and internal control, it has delegated the implementation of these systems to our KSM who regularly reports to our Board on the risks identified and action steps taken to mitigate and/or minimise the risks. These systems are subject to our Board's regular review with a view towards appraising the adequacy, effectiveness and efficiency of these systems within our Group to manage any risks arising.

Our Board acknowledges that risk management and internal control system are an integral part of effective management practices. As risk is inherent in all business activities, it is not our Group's objective to eliminate risk totally but there is an on-going process in place to identify, evaluate, monitor and manage key risks faced by our Group and our Board reviews the key risks identified to ensure the relevant action is taken to mitigate the risk of our Group and to safeguard shareholders' investment and our Group's assets.

Our Board is assisted by the Risk Management Committee to ensure the risk and control framework are embedded into the culture, processes and structure of our Group. See Section 9.2.8 of this Prospectus for further details of the Risk Management Committee.



Integrity in Corporate Reporting

I. Communication with Stakeholders

Our Board recognises the importance of communication with stakeholders on all major developments affecting our Group. Information is disseminated to stakeholders through various channels and disclosures builds trust and understanding, and it provides stakeholders with a better appreciation of our Group's objectives and our performances. This is undertaken through the appropriate, circulars and press releases, and on an ad-hoc basis, through dialogues with investors and media.

Corporate and financial information of our Group are also made available to shareholders and the public through our Group's website at www.harps.com.my

II. Conduct of General Meetings

The general meeting is the principal forum for dialogue with shareholders and investors. Our shareholders have direct access to our Directors at general meetings and are provided with sufficient opportunity and time to participate in the questions and answers session on the prospects, performance of our Group and other matters of concern. Members of our Board are available to respond to shareholders' queries during the general meetings.

WAY FORWARD

Our Board is of the view that our Group's ESG policies, practices and framework are adequate to address the relevant stakeholders concerns and to ensure our Group's sustainability. Nevertheless, our Board is cognisant of the fact that our Group's business environment is dynamic and our Group's ESG framework must continuously evolve to keep abreast with the challenging operating environment. Therefore, our Board will, and when necessary, direct and formulate initiatives and action plans to further elevate our Group's ESG policies, practices and its framework.