

<b>WHISTLE-BLOWING POLICY AND PROCEDURES</b>
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**1. BACKGROUND**

Whistle-blowing is a form of disclosure. It involves a Person (within the Group or an external party), i.e. the whistleblower, who raises concerns, preferably at an early stage, about the conduct or suspected conduct of wrongful or illegal activities or reporting a wrongdoing/crime.

The Board of Directors ("Board") of Lii Hen Industries Berhad upholds transparency, integrity, impartiality and accountability in the conduct of the Group's business and affairs. The Board expects wrongdoings such as fraud, corruption, bribery, serious financial impropriety and gross mismanagement to be reported, and the Board facilitates this through this Whistle-blowing Policy and Procedures document ("WBPP") and its underlying mechanisms.

This WBPP provides an alternative route for persons within and external to the Group to raise concerns if the usual lines of communication are not available. Nothing in this WBPP shall interfere with other established operational policies and processes of the Group.

**2. SCOPE OF WBPP**

Whistle-blowing is a form of disclosure. The purpose and objectives of the WBPP are:

- to facilitate the making of a disclosure or report as early as possible and in a responsible manner by putting into place internal procedures;
- to address disclosure or report in an appropriate and timely manner. When disclosure matters are addressed, they may be prioritised according to the nature or gravity of the alleged wrongdoing(s) or reported risk(s) and the magnitude of therepercussions;
- to protect a whistle-blower from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality;and
- to treat both the whistle-blower and alleged wrongdoer fairly. The whistle-blower shall be informed of the status of his/her disclosure. The alleged wrongdoer shall be informed of the allegation(s) (though not necessarily at the start of the investigation) and given an opportunity to respond to or defend the allegation(s).

**3. WHO CAN DISCLOSE OR REPORT**

Any of the following persons can make a disclosure or lodge a report:

- Directors of the Company and employees within the Group;
- External parties performing services for, and/or trade with, the Group, including customers, suppliers, contractors, consultants, agents and service providers;
- Business Associates of the Group; and
- Members of the

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**4. WHAT TO DISCLOSE OR REPORT**

A disclosure or report may be made if it relates to one or more of the following wrongdoings, whether suspected or actual, by any person in the conduct of the Group's business or affairs:

- granting or acceptance of favour;
- bribery, corruption or fraud;
- criminal offence;
- misuse of the Group's funds or assets, both tangible and intangible, the latter of which comprises intellectual properties or sensitive and confidential information;
- gross mismanagement within the Group;
- serious financial irregularity or impropriety within the Group;
- serious breach of the Group's Code of Ethics and Conduct;
- an act or omission which creates a substantial or specific danger to the lives, health, or safety of personnel within the Group, the public or the environment;
- failure to comply within the provisions of statutes or regulatory requirements, where the wrongdoer, knowingly, disregards or does not comply with such provisions; and
- knowingly directing or advising a person to commit any of the above

This WBPP excludes grievances, complaints or concerns about:

- matters which are trivial or frivolous or malicious or vexatious in nature or motivated by personal agenda, vendetta or ill will;
- matters pending or determined through the Group's disciplinary proceedings; and
- matters pending or determined through any tribunal or authority or court, arbitration or other similar

**5. WHEN TO DISCLOSE OR REPORT**

A whistle-blower should come forward with any information or document that he or she, in good faith, reasonably believes and discloses a wrongdoing, which is likely to happen, is being committed or has been committed.

The whistle-blower needs to demonstrate that he or she has reasonable grounds for the concerns. However, the whistle-blower is not expected to first obtain substantial evidence of proof beyond reasonable doubt when making a disclosure or report. If the whistle-blower knows as a matter of fact that there are serious risks that a wrongdoing is going to take place, such genuine concerns should be raised at an early stage.

Disclosure or report should be made within one (1) month of coming upon such information or document. Delaying the disclosure may be detrimental to the whistle-blower as well as any investigation and makes it harder for the Group to address and resolve the concerns.

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**6. HOW TO PROCEED**

- a) Although a disclosure or report can be made in writing, orally or via email, a whistle-blower is strongly encouraged to complete the whistle-blower report form set out in the **Appendix** to this WBPP.
- b) A disclosure shall include the following particulars:
- the whistle-blower's name, employer, designation, current address and contact numbers;
  - basis or reasons for the whistle-blower's concerns, including as much details of the wrongdoing as reasonably possible, for instance, its nature, the date, time and place of its occurrence and the identity of the alleged wrongdoer;
  - particulars of witnesses, if any; and
  - particulars or production of documentary evidence, if any.
- c) A whistle-blower may choose to make the disclosure or report anonymously. However, the Group's ability to investigate and act on the alleged wrongdoing will likely be limited to the extent of the contents of the whistle-blower report or disclosure. If the contents disclosed or reported are deemed insufficient, an investigation may not be carried out.
- d) The Designated Persons (refer to **Section 12** of this WBPP) shall screen and assess the disclosure (or report), and respond within **two (2) weeks** from the day the respective Designated Persons receive the disclosure or report.
- e) A response to a disclosure or report includes any or a combination of the following:
- rejection of the disclosure or report;
  - directing the concerns or any part thereof for consideration under other internal procedures or disciplinary procedures, if appropriate and applicable;
  - resolution without recourse to an investigation;
  - directing investigations of the disclosure or report and any persons involved or implicated;
  - suspending the alleged wrongdoer or any other implicated person from work to facilitate any fact-finding or to avoid or minimise the whistle-blower's exposure to a threat or harm;
  - designating any persons from within or outside of the Group to conduct any investigation;
  - obtaining any other assistance (for instance, external auditors, subject matter experts, or legal advice);and
  - referral to the police, the Malaysian Anti-Corruption Commission or any other appropriate enforcement authority.

**7. BEING INFORMED AND HAVING THE OPPORTUNITY TO BE HEARD**

The whistle-blower shall be informed of the status of his or her disclosure or report, as far as reasonably practicable. For an investigation process which is expected to exceed a two (2)-month period, periodic updates shall be accorded, informing the whistle-blower that the investigation process is still ongoing.

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The alleged wrongdoer may be asked to attend a meeting to discuss the allegations and must take all reasonable steps to attend the meeting. This person shall be given an opportunity to answer or respond to the allegations at the meeting, and this person's own answers shall be recorded in the minutes of the meeting.

The whistle-blower and, if applicable, the alleged wrongdoer shall be notified in writing on the outcome of the investigation (i.e. whether or not the wrongdoing occurred; or whether or not the alleged wrongdoer is guilty), and the basis thereof.

This Section shall not be applicable for disclosures that are made anonymously.

**8. HANDLING/ DISCUSSION OF AN INVESTIGATION**

The investigation and related proceedings shall be undertaken by personnel who are clearly independent from the function and personnel being involved in the alleged wrongdoing.

No information concerning the status of an investigation shall be given out. The proper response to any inquiry is: *"I am not at liberty to discuss this matter"*.

The whistle-blower shall be informed by the investigating team of the following:

- do not contact the suspected individual in an effort to determine facts or demand restitution; and
- do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Designated Person in-charge of managing the whistle-blowing disclosure or report.

**9. CONSEQUENCES OF WRONGDOING OR WRONGFUL DISCLOSURE**

If the whistle-blower has, or is found to have, made a disclosure not in accordance with the requirements of this WBPP (for instance, dishonest, mischievous or malicious complaints), the corrective actions to be taken against that person shall be determined by the Board, which may include, disciplinary measures, formal warning or reprimand, demotion, suspension or termination of employment or services with the Group or monetary or other forms of punishment, as deemed commensurate.

**10. PROTECTION UNDER THIS POLICY**

Upon making a disclosure or report in good faith, based on reasonable grounds and in accordance with this WBPP:

- the whistle-blower shall be protected from reprisals within the Group as a direct consequence of the disclosure or report; and
- the whistle-blower's identity shall be protected, i.e. kept confidential, unless otherwise required by law or for purposes of any proceedings by or against the Group, which the Group has no legal grounds to resist divulgement.

The identities and personal information of the whistle-blower and the alleged wrongdoer shall only be revealed to persons involved in investigations or any other processes on a "need-to-know" basis, unless the information is required by statutes or regulatory requirements against which the Group does not have a legal basis to refuse.

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Reprisals means disciplinary actions, which may include, alone or in combination, a warning or letter of reprimand, demotion, loss of merit increase, loss of bonus, suspension without pay or termination of employment for personnel within the Group. For parties external to the Group, reprisals mean termination of contract or agreement which are not justified, for example terminating the contractual arrangement solely on these parties disclosing or reporting a wrongdoing.

If any person within the Group, in good faith, reasonably believes he or she is being subjected to harassment, victimisation or reprisal as a direct consequence of having made a disclosure under this WBPP, this person may consult the Designated Person(s) in confidence. This avenue similarly applies to parties external to the Group. The complaint shall be processed in a similar manner as a whistle-blowing disclosure or report and is subject to similar requirements. The Group does not permit retaliation of any kind against the whistle-blower for complaints submitted under this WBPP that are made in good faith. Any such reprisals shall in itself be considered a serious breach of this Policy.

#### **11. MONITORING AND RECORDS**

In general, all disclosures or reports pursuant to this WBPP are to be made to the Designated Persons detailed in **Section 12**. The Designated Persons are responsible for ensuring a report consisting of confidential complaints is prepared, which includes the following information:

- number of complaints;
- types of complaints;
- nature of process or resolution;and
- whether the allegation was founded or

This report shall be presented to the Audit Committee on a semi-annual basis at the Committee's scheduled meetings. The Board shall be notified immediately of disclosure matters which are serious in nature or of grave repercussions.

All records pertaining to the complaints shall be retained for a period of at least seven (7) years.

#### **12. DESIGNATED PERSONS**

##### **Group Managing Director**

Phone: 012-6385831

Email: [haup@liihenfurniture.com](mailto:haup@liihenfurniture.com)

All disclosures or reports shall be made directly to the **Group Managing Director** except in the following circumstances:

- where the alleged wrongdoing involves the Group Managing Director or any of the other Executive Directors;or
- where the alleged wrongdoing does not involve the persons mentioned above but the whistle-blower, in good faith, reasonably believes that there would be a cover-up or that the Group Managing Director is personally conflicted (for instance, the alleged wrongdoer is a close friend or relative of the Group Managing Director).

**LII HEN INDUSTRIES BHD**  
**(Company No.:199401015681 / 301361-U)**

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In the above scenarios, the whistle-blower can make the disclosure or report directly to the **Audit Committee Chairman** reachable at [ac\\_chairman@liihenfurniture.com](mailto:ac_chairman@liihenfurniture.com).

In the event where:

- the alleged wrongdoing involves the Audit Committee Chairman or any of the Independent Directors;or
- the alleged wrongdoing does not involve the Audit Committee Chairman but the whistle-blower, in good faith, reasonably believes that there could be a cover-up or that the Audit Committee Chairman is personally conflicted (for instance, the alleged wrongdoer is a close friend or relative of the Audit Committee Chairman);

the whistle-blower can make the disclosure or report directly to the **Group Managing Director** reachable at:

Phone No.: 012-6385831

Email address: [haup@liihenfurniture.com](mailto:haup@liihenfurniture.com)

This WBPP shall be reviewed by the Board of Directors annually or at more frequent intervals where situations dictate.

**This WBPP is approved by the Board of Directors on 27 May 2020.**