

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7668  
**COMPANY NAME** : BESHOM HOLDINGS BERHAD  
**FINANCIAL YEAR** : April 30, 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is collectively responsible for the proper stewardship of the Group's business in achieving the objectives and long-term goals of the Company. The functions, roles and responsibilities of the Board are set out in the Board Charter.</p> <p>To ensure the effective discharge of its functions and responsibilities, the Board delegates powers of the Board to the Board Committees, namely Audit Committee, Nominating Committee, Remuneration Committee, Risk Management Committee, Sustainability Steering Committee and ESOS Committee to oversee the Group's affairs in accordance with their respective Terms of Reference. All proceedings, matters arising, deliberations in terms of the issues discussed, and recommendations made by the Board Committees' at their respective meetings are recorded in the minutes by the Company Secretaries, confirmed by the Board Committees, signed by the Chairman of the respective Committees, and reported to the Board. Upon invitation, Management representatives are present at the Board Committees' meetings to provide additional insight on matters to be discussed during the said Committee meetings, if so required.</p> <p>The Board, assisted by the respective Board Committees, is responsible for, among others, the following:</p> <ul style="list-style-type: none"><li>• Reviewing and adopting a strategic plan for the Group, taking into account the sustainability of the business of the Group with attention given to the environmental, economic and social aspects of the operations;</li><li>• Overseeing and evaluating the conduct of the Group's businesses, review of business plans and approval of annual budget;</li><li>• Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;</li><li>• Establishing a succession plan for senior management;</li></ul>

- Overseeing the development and implementation of Investor Relation’s policy;
- Reviewing the adequacy and integrity of the management information and internal controls system of the Group;
- Promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour including setting the anti-bribery stance and managing corruption risks of the Group;
- Formulating corporate policies and strategies;
- Approving key matters such as quarterly financial results, audited financial statements as well as major investments and divestments, major acquisitions and disposals and major capital expenditure;
- Assessing on an annual basis the effectiveness of the Board, Board Committees, individual Directors and Senior Management;
- Reviewing the terms of office and performance of the Board Committees and each of its members in accordance with their respective terms of office;
- Ensuring that all its directors are able to understand financial statements and form a view on information presented.

**Board Activities in the Financial Year Ended 30 April 2022 and Future Priorities**

The following is a summary of key matters addressed by the Board either directly or via its respective Board Committees in FY2022 and up to the date of this Report: -

FOCUS AREA	ACTIVITIES
Strategic Plans and Sustainability	<ul style="list-style-type: none"> <li>• Reviewed and approved the Group’s business plans and strategies and Budget for FY2022.</li> <li>• Assessed Management’s performance to determine whether the business is being properly managed.</li> <li>• Reviewed the KPIs of the Group Managing Director, Group Executive Director and Senior Management. The KPIs comprise of both qualitative and quantitative measurements including the key sustainability matters of the 3 main business segments.</li> <li>• Reviewed the Sustainability strategies and policies and updated the status of key sustainability matters of the Group.</li> <li>• Together with Management, continued to assess and manage the impact of COVID-19 on the Group’s business operations and reviewed the countermeasures to combat the risks</li> </ul>

		<p>while accessing opportunities across the business divisions.</p> <ul style="list-style-type: none"> <li>• Convened the Court Convened Meeting and the Extraordinary General Meeting and obtained the shareholders' approval on 19 May 2021 for the following corporate proposals ("Corporate Proposals"):- <ul style="list-style-type: none"> <li>(i) Proposed internal reorganisation by way of Scheme of Arrangement <ul style="list-style-type: none"> <li>(a) Proposed share exchange of up to 300,297,890 Hai-O Enterprise Berhad ("HAI-O") Shares, representing the entire issued share capital of HAI-O (including treasury shares held by HAI-O) with up to 300,297,890 Beshom Holdings Berhad ("BESHOM") Shares on the basis of 1 BESHOM Share for every 1 existing HAI-O Share held on the Entitlement Date; and</li> <li>(b) Proposed assumption of the listing status of HAI-O by BESHOM, the admission of BESHOM to, and withdrawal of HAI-O from, the Official List of Bursa Securities, with the listing of and quotation for 300,297,892 BESHOM Shares on the Main Market of Bursa Securities;</li> </ul> </li> <li>(ii) Proposed termination of the Existing ESOS of HAI-O; and</li> <li>(iii) Proposed establishment of new ESOS of up to 15% of the issued share capital of BESHOM (excluding treasury shares of BESHOM, if any) at any point in time over the duration of the Proposed New ESOS to the Eligible Person.</li> </ul> </li> <li>• Following the completion of the proposed internal reorganisation, BESHOM is listed on the Main Market of Bursa Securities on 29 November 2021. BESHOM, the holding company formulates policies and oversees strategies and activities at the consolidated level. This allows the Board to have broader perspective on</li> </ul>
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		<p>issues affecting the Group, such as overall strategy and risk management.</p>
	<p>Governance &amp; Financial Reporting</p>	<ul style="list-style-type: none"> <li>• Reviewed the composition and skills of the Board and Board Committees, the performance and effectiveness of the Board, Board Committees and individual Directors.</li> <li>• Reviewed and approved the appointment of Mr. Ng Chek Yong as Chairman of the Company following the demise of the late Chairman, Mr. Tan Kai Hee.</li> <li>• Reviewed and approved the reconstitution of the Board Committees i.e. Remuneration Committee, Nominating Committee, Risk Management Committee and ESOS Committee.</li> <li>• Reviewed and approved the annual report, quarterly results and audited financial statements.</li> <li>• Reviewed the solvency position of the Company and approved dividend payments.</li> <li>• Reviewed and approved the Directors' Fit &amp; Proper policy.</li> <li>• Considered the Diversity policy and Tenure of Independent Directors policy.</li> </ul>
	<p>Risk Management &amp; Internal Control</p>	<ul style="list-style-type: none"> <li>• Reviewed principal business risks and ensured the implementation of mitigating measures and internal controls.</li> <li>• Assessed the effectiveness of internal controls in respect of the Anti-Bribery Framework and to determine areas for improvement.</li> <li>• Reviewed internal audit findings and Management responses.</li> <li>• Reviewed and approved the Statement on Risk Management and Internal Control for inclusion in the Annual Report.</li> <li>• Reviewed the report of the External Auditors.</li> </ul>

	<p><b>Looking ahead to Financial Year Ending 30 April 2023: -</b></p> <p>In the current financial year, the Board will: -</p> <ul style="list-style-type: none"> <li>• Focus on strategies to ensure that the Group’s business will be resilient and sustainable for the medium and long term. The strategic plan of the Group includes strategies on economic, environmental and social considerations underpinning sustainability;</li> <li>• Drive a culture that prioritises compliance, internal control, risk management practices and sustainability governance to build a strong and resilient organisation;</li> <li>• Supervise the follow-up on implementation of the Corporate Proposals to further streamline the BESHOM Group to have separate identifiable business streams which better reflects the diverse operations of BESHOM Group; and</li> <li>• Together with Management, continue to assess and manage the impact of the current weak market condition, rising inflationary pressures as well as the new challenges arising from the endemic phase.</li> </ul> <p><b>Succession Planning</b></p> <p>The Board recognises that succession planning is an ongoing process designed to ensure that the Group identifies and develops a talent pool of personnel through mentoring, training and job rotation for high level management positions that become available due to retirement, resignation, death or disability and new business opportunities.</p> <p>The Board Charter and the Terms of Reference of the Board Committees are available on the Company’s website at <a href="http://www.beshom.com">www.beshom.com</a> under the Investor Relations section.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Mr. Ng Chek Yong is the Chairman of the Company who is responsible for ensuring the smooth and effective functioning of the Board. The Chairman's role would among others, include providing leadership to the Board, focus on governance and compliance, and is primarily responsible for the orderly conduct and function of the Board, particularly at the respective Board meeting(s) to ensure that contributions by the Directors are forthcoming on matters being deliberated and no Board members dominates the discussion. The Chairman's responsibilities, include among others, the following: - (i) Presiding over Board meetings and directing Board discussions to effectively address critical issues faced by the Company; (ii) Promoting constructive and respectful relationships between the Board members and between the Board and Management; (iii) Facilitate active discussion and participation by all Directors; (iv) Ensuring effective communication with shareholders and relevant stakeholders as well as to chair Shareholders' meetings; (v) Ensure that sufficient time is allocated to discuss all relevant issues at Board meetings; and (vi) Ensuring effective communication with shareholders and relevant stakeholders.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairmanship is held by Mr. Ng Chek Yong and the Group CEO role is assumed by Mr. Tan Keng Kang, the Group Managing Director. There is also a clear distinction of responsibilities between the Chairman and the Group Managing Director to maintain a balance of authority and accountability.</p> <p>The Chairman provides overall leadership to the Board and is primarily responsible for the orderly conduct and function of the Board to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates the discussion.</p> <p>The Group Managing Director is the CEO of the Group. He is principally responsible for implementing and executing corporate strategies, policies and decisions adopted by the Board and overseeing the overall business operations.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### 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>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Chairman, Mr. Ng Chek Yong is not a member of the Audit Committee, Nominating Committee and Remuneration Committee.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). They are competent in carrying out their work and play supporting and advisory roles to the Board. They ensure adherence and compliance to the procedures and regulatory requirements from time to time. They also ensure that meetings are properly convened and deliberations at meetings are accurately captured and minuted.  In addition, the Board is also briefed and updated on the latest amendment on the relevant regulatory requirements from time to time at Board meetings by the Company Secretaries.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is given the meetings schedule a year ahead at the start of each calendar year so that the Directors could plan ahead to allocate time for their attendance of such meetings.</p> <p>Notice of meetings set out the agenda and accompanied by the relevant meeting materials are given to the Directors in advance within a reasonable period to enable the Directors to review, seek additional information or clarification of the subject matters to be deliberated at the Board and Board Committee meetings.</p> <p>The Chairman of the respective Board Committees are given time under a separate agenda at each Board Meeting following their respective meetings to brief the Board on salient matters deliberated at such Committee meetings and if necessary, recommend to the Board the actions to be taken.</p> <p>The deliberations at each meeting are accurately captured, minuted and tabled to the forthcoming respective Board Committees and Board meetings for confirmation. Follow-up matters at the Board and Board Committees meetings are tabled at the following meetings to ensure that they are duly acted upon.</p> <p>The Board has unrestricted access to all staff for any information pertaining to the Group's affairs. In addition, the Board has access to the advice and services of the Company Secretaries who are responsible in ensuring that Board meeting procedures are followed and that applicable rules and regulations are being complied with. The Board may also seek independent professional advice at the expense of the Company as they deem necessary in furtherance of their duties. Any Director who wishes to seek independent professional advice in the course of discharging his/her duties may raise the request during Board meetings or convey the request through key Senior Management or the Company Secretaries for consideration of the Board at a Board meeting to be held.</p>
<b>Explanation for departure</b>	:	

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To enhance accountability, the Board Charter which clearly sets out the roles, functions, composition, operation and processes of the Board was developed and replaced with the Directors' Handbook which was established in 2010.</p> <p>The Board Charter spells out the governance structure, authority and reserved matters for the Board whilst that for the respective Board Committees are spelt out in their respective terms of reference which are available on the Company's website at <a href="http://www.beshom.com">www.beshom.com</a> under the Investor Relations section. The Board Charter and the Terms of Reference of the relevant Board Committees were updated and enhanced in June 2022, among others, to include the requirement on Directors' fit &amp; proper policy.</p> <p>The Board Charter will be periodically reviewed and updated to take into consideration the needs of the Company as well as new rules, regulations and laws that may impact the discharge of the Board's duties and responsibilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to maintain a corporate culture which engenders ethical conduct. The Directors observe the Company Directors' Code of Ethics established by the Companies Commission of Malaysia ("CCM") which can be viewed from CCM's website at <a href="http://www.ssm.com.my">www.ssm.com.my</a> and the Company's website at <a href="http://www.beshom.com">www.beshom.com</a>. The Code of Ethics provides guidance to the Directors of the Company in performing their duties as it aims to establish a standard of ethical behaviour based on trustworthiness and values as well as uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administration of a company.</p> <p>The Board is also guided by the new Guidelines on Conduct of Directors of Listed Issuers and Their Subsidiaries ("Guidelines") issued by Securities Commission ("SC") on 30 July 2020 and the revised Guidelines dated 12 April 2021 ("revised Guidelines") in discharging their fiduciary duties. The Guidelines set out guidance on duties and responsibilities of boards in company's group structures and requirements for the establishment of a group-wide framework to enable, among others, oversight of the group performance and the implementation of corporate governance policies. The revised Guidelines serves as a guide for BESHOM and its subsidiaries and their directors in establishing a group governance framework. It highlights salient features of the group governance framework such as setting the tone for leadership, alignment of strategies and establishing policies and procedures of the group. The Guidelines is available at the SC's website at <a href="http://www.sc.com.my">www.sc.com.my</a>.</p> <p>The Group has also established an internal policy which is formalised through the Company's Code of Ethics and Business Conduct ("Business Code"). The employees of the Group are required to adhere to the principles and practices outlined in the Business Code in performing their duties and responsibilities. The areas covered include the following:-</p>

	* Whistle-Blowing Policy	*Anti-Bribery & Anti-Corruption
	*Related Party Transactions, Conflict of Interest	*Health & Safety and Environment
	*Company Property and Intellectual Property	* Purchasing & Financial Code of Ethics
	*Dealing with Company shares / Insider Trading	*Gift & Entertainment
<p>The Internal Business Code is available on our internal portal which is accessible by all directors and employees.</p> <p>BESHOM Group has a zero-tolerance approach to bribery. BESHOM Group takes the upholding of its anti-bribery stance across the Group’s business seriously. We expect the same from stakeholders, both internal and external to the Group’s businesses, extending to all the Group’s business dealings and transactions in all countries in which in operates. All suppliers and business associates must adhere to BESHOM Group’s Anti-Bribery Policy.</p>		
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has adopted a Whistle-Blowing Policy which is disseminated to employees on the Company's internal portal. The Whistle-Blowing Policy which states the appropriate communication and feedback channels to facilitate whistle-blowing can also be accessed at the Company's website at <a href="http://www.beshom.com">www.beshom.com</a>.</p> <p>A whistle-blower may make the Disclosure either in writing (including email) or orally to the first contact point or prescribed persons as stated in the Whistle-Blowing Policy.</p> <p>The Whistle-Blowing Policy is reviewed by the Company periodically or at least once in three years.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>BESHOM has in place a Sustainability Governance Framework to guide and manage sustainability-related matters as part of its existing corporate governance structure. The sustainability strategies emphasized the 5 key Sustainability Focus Areas, namely "Economy, Governance, People, Product and Planet" which fall under the sustainability pillars "Environment, Social, and Governance".</p> <p>The Board of BESHOM is ultimately responsible to ensure that sustainability is incorporated in the strategic directions of the Group, including approving and overseeing the implementation of the Group's Sustainability Strategy and Policy.</p> <p>The Board is supported by the Sustainability Steering Committee (SSC), which is chaired by the Group Managing Director. Members of the SSC comprise Group Executive Director cum Chief Financial Officer and two Independent Directors. The role of the SSC includes developing sustainability strategies, sustainability goals, and performance indicators and recommending them for the Board's approval. The SSC also reviews the Group's stakeholder management process and overall management of sustainability matters carried out by the Sustainability Management Committee and the Sustainability Task Force.</p> <p>We remain committed to building a sustainable business that brings long-term, shared value creation to our stakeholders. We will continue to manage and ensure that the Group's businesses consider the environmental, social, economic and governance aspects in paving the path for a more sustainable future.</p>
<b>Explanation for departure</b>	:	

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The annual Sustainability Summary Report and also the Sustainability Statement 2022 are both available on our corporate website at <a href="http://www.beshom.com">www.beshom.com</a>.</p> <p>The Group is committed to forming a sustainable, mutually beneficial relationships with its stakeholders to achieve sustainable value creation and preservation for all. As the interest and needs of each stakeholder vary, we adopt a process to assess and facilitate effective and efficient stakeholder engagement. Amongst others, the assessment considers the nature of their relationships with our business and how these relationships impact BESHOM and our stakeholders, and vice versa.</p> <p>During the FY2022, we conducted the Supplier Engagement on Sustainability Survey of our top suppliers to better understand the possible sustainability issues related to our group supply chain. The survey enabled the Company to identify the existing and potential sustainability impact and have better knowledge of how suppliers addressed the issues on social, environmental and the governance aspect.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>In FY2022, the key activities undertaken by the Board in relation to the Group’s management of sustainability matters included the following:</p> <ul style="list-style-type: none"> <li>✓ reviewed and approved the Group’s materiality assessment review performed by the Sustainability Management Committee;</li> <li>✓ reviewed matters highlighted by the SSC on the Group’s stakeholder engagement activities;</li> <li>✓ reviewed the Group’s corporate governance processes to enhance alignment with sustainability-related accountability and performance evaluation;</li> <li>✓ reviewed the sustainability strategy, targets, and Sustainability Policy with reference to the Group’s mission and vision and relevant business strategies;</li> <li>✓ reviewed the performance of the Group’s material sustainability matters and their inclusion in BESHOM’s Sustainability Statement FY2022; and</li> <li>✓ reviewed and approved the sustainability KPIs for FY2023 proposed by SSC.</li> </ul> <p>During the year, our directors attended the following trainings related to sustainability matters:</p> <ul style="list-style-type: none"> <li>✓ Driving consistency in ESG disclosures;</li> <li>✓ The Cooler Earth 2021 - Accelerating Sustainability Capacity</li> <li>✓ Introducing the First Global Voluntary ESG Disclosure Standards</li> <li>✓ Insights into Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainable Finance</li> <li>✓ Built Environment 4.0: Moving towards Diversity, Inclusivity &amp; Sustainability</li> </ul> <p>With the ever-growing emphasis on sustainability as well as the increased expectations for the Group to behave responsibly, the Board will continue to engage with subject matter experts from external and internal and attend relevant trainings to ensure that the Board have the knowledge in supporting the Company to enhance their sustainability focus and formulate sustainability strategy.</p>
<b>Explanation for departure</b>	:

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

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	We integrate and align our sustainability process with the Group's strategic management, including ensuring sustainability strategies are aligned with our business strategies and identifying specific key performance indicators ("KPIs") for Management to drive sustainability performance.  In FY2022, the evaluation for Group Managing Director and Group Executive Director has included the performance and effectiveness assessment on sustainability, particularly sustainability matters involving business operations of the 3 main business segments i.e. MLM, Wholesale and Retail segments and other material sustainability matters on group wide basis.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<i>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.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: <p>The Board is supported by the Sustainability Steering Committee (SSC), which is chaired by the Group Managing Director. Members comprise of the Group Executive Director cum CFO and two Independent Directors. The role of SSC includes:</p> <ul style="list-style-type: none"><li>✓ developing sustainability strategies, sustainability goals, and performance indicators and recommending them for the Board's approval;</li><li>✓ reviews the Group's stakeholder management process and overall management of sustainability matters carried out by the Sustainability Management Committee (SMC).</li></ul> <p>The SMC is a management committee comprising Senior Management from key business operation units, assisted by the Sustainability Task Force who are the business support and general management team from key business operation units, human resource, health &amp; safety, corporate and legal departments. The SMC is tasked to ensuring effective management of material sustainability matters, including the integration of sustainability considerations in the operations of the respective business units.</p> <p>The functions of SMC are as follows:</p> <ul style="list-style-type: none"><li>✓ undertaking sustainability initiatives in accordance with the Group's Sustainability Strategy and Sustainability Policy;</li><li>✓ managing the Group's material sustainability matters guided by the relevant goals and key performance indicators;</li><li>✓ highlighting any significant changes in the Group's material sustainability matters, including emerging risks;</li><li>✓ carry out the Group's stakeholder management and materiality assessment processes.</li></ul>

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating Committee ("NC") has developed criteria for the assessment of Directors annually, including review the tenure of each independent director. The NC also assesses the training needs of Directors for continuous education purpose, evaluates expected time commitment of the Directors and establishes protocols for the Board to accept new directorships.</p> <p>Currently, the Board comprises members from diverse backgrounds which provide the Group with diverse views and a wealth of expertise, advices and experiences. The profiles of the Directors are provided in Annual Report 2022 on pages 10 to 14.</p> <p>During the annual evaluation process, the NC has: -</p> <ol style="list-style-type: none"> <li>reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;</li> <li>evaluated the performance and effectiveness of the Board and each individual Director;</li> <li>assessed the independence of the Independent Directors;</li> <li>reviewed the tenure of each Independent Directors;</li> <li>evaluated the performance and effectiveness of the Audit Committee, Remuneration Committee, Risk Management Committee and each of its members respectively;</li> <li>reviewed and identified the training needs of Directors for continuous development</li> </ol>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Our Board has eight (8) members, comprising two (2) Executive Directors and six (6) Independent Non-Executive Directors. This complies with Paragraph 15.02 of the MMLR which requires at least one-third (1/3) of the board to be Independent Directors as well as Practice 5.2 of the MCCG that requires at least half of the board to comprise independent directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is aware of the good practice that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years and that an Independent Director may continue to serve the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of nine (9) years' tenure. If the Board intends to retain an Independent Director beyond nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.</p> <p>As at 30 April 2022, none of the tenures of Independent Directors exceed a cumulative term limit of 9 years.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<i>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.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: The Board has vide its meeting held in July 2022 adopted the policy to limit the tenure of Independent Directors to serve on the Board to nine years.

## 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.

<b>Application</b>	:	Applied																																			
<b>Explanation on application of the practice</b>	:	<p>The Group does not practice discrimination in any form, whether based on age, gender, ethnicity or religion throughout the organisation. This includes the selection of Board members and Senior Management.</p> <p>In designing the Board Composition, the Group believes that it is of utmost importance that the Board comprises the best qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgement to ensure that the Board functions effectively and is able to discharge its duties in the best interests of the Company and shareholders.</p> <p>The Board's composition represents a mix of knowledge, skills and expertise relevant to the activities of the Group. Currently the composition of the Board is stated as follows:-</p> <table border="1"><thead><tr><th><b>Current Board Composition</b></th><th><b>No. of Directors</b></th><th><b>%</b></th></tr></thead><tbody><tr><td>Non-Independent (Executive)</td><td>2</td><td>25</td></tr><tr><td>Independent (Non-Executive)</td><td>6</td><td>75</td></tr><tr><td></td><td><b>8</b></td><td><b>100</b></td></tr></tbody></table> <p>The diversity in race / ethnicity, age and gender of the Board as at 30 April 2022 is as follows:-</p> <table border="1"><thead><tr><th rowspan="2"></th><th colspan="2"><b>Race / ethnicity</b></th><th colspan="3"><b>Age Group</b></th><th colspan="2"><b>Gender</b></th></tr><tr><th><b>Malay</b></th><th><b>Chinese</b></th><th><b>41-50</b></th><th><b>51-60</b></th><th><b>&gt;60</b></th><th><b>Male</b></th><th><b>Female</b></th></tr></thead><tbody><tr><td>No. of Directors</td><td><b>1</b></td><td><b>7</b></td><td><b>4</b></td><td><b>1</b></td><td><b>3</b></td><td><b>6</b></td><td><b>2</b></td></tr></tbody></table> <p>A brief profile of each Director is presented on pages 10 to 14 of the Annual Report 2022.</p>	<b>Current Board Composition</b>	<b>No. of Directors</b>	<b>%</b>	Non-Independent (Executive)	2	25	Independent (Non-Executive)	6	75		<b>8</b>	<b>100</b>		<b>Race / ethnicity</b>		<b>Age Group</b>			<b>Gender</b>		<b>Malay</b>	<b>Chinese</b>	<b>41-50</b>	<b>51-60</b>	<b>&gt;60</b>	<b>Male</b>	<b>Female</b>	No. of Directors	<b>1</b>	<b>7</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>2</b>
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	<p>The members of the Senior Management are currently all male gender. The Senior Management team is equipped with diverse skills, expertise and industry experience to lead the business direction of the respective business segments in-charged. The Board delegates the responsibility of promoting a corporate culture that embraces diversity, equality and inclusion policy to the Group Remuneration Working Committee comprises of members of the Group Human Resource Manager, Group Managing Director and Group Executive Director.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating Committee is responsible to recommend candidates to the Board to fill a vacancy arising from resignation, retirement or other reasons, or if there is a need to appoint additional directors with the required skill or profession to the Board to close the competency gap in the Board as identified by the Nominating Committee.</p> <p>The NC keeps the Board's balance of skills, knowledge, experience and the length of service of each board member under constant review. The NC takes into consideration the use of independent sources in identifying suitably qualified candidates should there be a need to appoint additional or new director(s). The NC will conduct proper screening and selection of candidates prior to the appointment of any new director.</p> <p>No new director was appointed from the date of last AGM till to-date other than the appointment of directors in the Company on 12 November 2021, to mirror the Hai-O Enterprise Berhad's Board in tandem with the internal reorganisation exercise.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In compliance with the Constitution of the Company, one third (1/3) of the directors shall retire by rotation at each AGM and that a director who is appointed during the year shall retire at the next AGM. The Constitution further provides that all Directors shall retire from office at least once in every three (3) years.</p> <p>The directors retiring during the financial year either under Clause 119 or retiring under Clause 97 of the Company's Constitution, the information of the directors such as their personal profile, record of attendance of meetings and the shareholdings (if applicable) are disclosed in the Annual Report.</p> <p>During the FY2022, the assessment relating to the reappointment of directors was reviewed by the NC and recommended to the Board for approval. Based on the results of the evaluation conducted on their fitness and propriety in line with the Fit and Proper Policy and the annual assessment and evaluation of the Board for the financial year ended 30 April 2022, the Board had recommended the reappointment of directors to the shareholders for approval at the forthcoming 2<sup>nd</sup> AGM.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied							
<b>Explanation on application of the practice</b>	:	<p>In conjunction with the Internal Reorganisation exercise of the Group, the NC of BESHOM was constituted on 12 November 2021 concurrent with the appointment of Directors to BESHOM to mirror the Hai-O Enterprise Berhad’s Board ahead the transfer of listing status to BESHOM on the Main Market of Bursa Securities on 29 November 2021 (“transfer listing”). The Nominating Committee was reconstituted on 1 May 2022 and currently comprises exclusively of Independent Non-Executive Directors. The members are as follows: -</p> <table border="1" data-bbox="571 913 1407 1312"> <thead> <tr> <th>Name</th> <th>Directorship</th> </tr> </thead> <tbody> <tr> <td>Chairperson: Professor Hajjah Ruhanas Binti Harun</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Members: Soon Eng Sing  Tan Kim Siong</td> <td>Independent Non-Executive Director Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The Terms of Reference of the Nominating Committee was updated and enhanced following the transfer listing to BESHOM in November 2021 and is available on our website <a href="http://www.beshom.com">www.beshom.com</a>.</p>		Name	Directorship	Chairperson: Professor Hajjah Ruhanas Binti Harun	Independent Non-Executive Director	Members: Soon Eng Sing  Tan Kim Siong	Independent Non-Executive Director Independent Non-Executive Director
Name	Directorship								
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Members: Soon Eng Sing  Tan Kim Siong	Independent Non-Executive Director Independent Non-Executive Director								
<b>Explanation for departure</b>	:								
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>									
<b>Measure</b>	:								
<b>Timeframe</b>	:								



### 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Presently, the Board has two (2) women directors representing 25% of the total Board members.	
		The Group believes that it is of utmost importance that the Board comprises the best qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgement to ensure that the Board functions effectively and is able to discharge its duties in the best interests of the Company and shareholders.	
		The Board will take necessary efforts in to close the gap to achieve 30% women directors in our Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board will take necessary efforts in to close the gap to achieve 30% women directors in our Board.	
<b>Timeframe</b>	:	Within 3 years	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the mix of the Board members in terms of age, ethnicity and gender can provide diverse perspectives, experience and expertise required to achieve effective Board.</p> <p>The Board has considered the Board Diversity and agreed that it is of utmost importance that the Board comprises the best qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgement to ensure that the Board functions effectively and is able to discharge its duties in the best interests of the Company and shareholders.</p> <p>The Nominating Committee is responsible for reviewing and assessing the composition and performance of the Board as well as identifying appropriately qualified persons to be a member of the Board. In designing the composition of the Board, the Nominating Committee will consider the benefits of diversity from several aspects including age, ethnicity, gender, physical / mental ability and other characteristics as stated in the Fit and Proper Policy or to fill the gap of the Board skills matrix.</p> <p>At BESHOM, we recognise the human capital is our most important asset. Our human resource culture centered on 3 core values, "Sense of Belonging, Teamwork and Equal Opportunity". We provide equal opportunity to our staff irrespective of race, religion, gender, age, disabilities and nationality to make contributions and in return to enjoy a rewarding career.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The process of assessing the Directors is an on-going responsibility of the entire Board.</p> <p>The Board has delegated to the Nominating Committee the responsibility to establish, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors, including the assessment on the effectiveness of the Board as a whole, the performance of each individual Director and the Board Committees, including tenure of each independent director, the term of office, and performance of the Audit Committee, Risk Management Committee, Remuneration Committee and its members on an annual basis. All assessments and evaluations carried out by the Nominating Committee in the discharge of all its functions are properly documented.</p> <p>The criteria used, among others, for the annual assessment of individual Directors include an assessment of their roles, duties, responsibilities, competency, expertise and contribution. For the Board and Board Committees, the criteria used include among others, composition, structure, accountability, responsibilities, adequacy of information and processes. In general, the assessment covers: -</p> <ul style="list-style-type: none"> <li>• Individual board member’s understanding of the Company’s mission and strategic plan;</li> <li>• Board members’ understanding and knowledge of the Group’s business and performance and application of good governance principles to create sustainable shareholder’s value;</li> <li>• Board’s independence in the process of decision making;</li> <li>• In the case of Independent Non-Executive Directors, the directors’ ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors and whether the director has any conflicts of interest with the Company.</li> </ul>

	<p>The questionnaires on the annual assessment of the effectiveness of the Board and individual directors also included, among others, the evaluation of their:</p> <ul style="list-style-type: none"> <li>• willingness and ability to critically challenge and ask the right questions;</li> <li>• character and integrity in dealing with potential conflicts of interest situation, if any;</li> <li>• commitment to serve the Company; and</li> <li>• confidence to stand up for a point of view.</li> </ul> <p>The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group and his/her involvement in any significant transaction with the Group according to the criteria set in the Main Market Listing Requirements of Bursa Securities.</p> <p>In respect of the assessment for the financial year ended 30 April 2022 which was internally facilitated together with the external Company Secretary, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively and the contribution and performance of each individual Director is satisfactory. The Board was also satisfied that the Board's composition in terms of size, the balance between Executive, Non-Executive and Independent Directors and the mix of skills was adequate.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee is principally responsible for setting the policy framework and making recommendations to the Board on remuneration packages and benefits extended to the Executive Directors and key Senior Management.</p> <p>The remuneration packages of the Executive Directors and key Senior Management have been structured to attract and retain Directors and key Senior Management of the right calibre to manage the Group effectively. The recommendation of remuneration of the Executive Directors and key Senior Management is measured by, amongst others, the Directors' contribution, commitment, responsibilities and expertise while rewards are linked to the Company's and individual's performance which comprise financial, non-financial and operational targets. The Executive Directors abstained from deliberation on their own remuneration at Board meetings.</p> <p>In the case of Non-Executive Directors, the remuneration philosophy is to establish a remuneration structure that commensurate with the seniority, experience, contribution, level of responsibilities and representation in Board Committees by a particular Non-Executive Director. The remuneration and benefits payable to the Non-Executive Directors would be tabled to the shareholders for approval at the forthcoming 2<sup>nd</sup> AGM. The Directors who are also the shareholders shall abstain from voting at the forthcoming 2<sup>nd</sup> AGM on resolutions pertaining to their Directors' fees and benefits.</p> <p>The Terms of Reference of the Remuneration Committee which includes the Remuneration Policy was updated in May 2022 and is available on the Company's website at <a href="http://www.beshom.com">www.beshom.com</a>.</p>

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

## 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.

<b>Application</b>	:	Applied								
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee (RC) was formed on 12 November 2021 concurrent with the appointment of Directors to BESHOM ahead of the transfer listing status from Hai-O Enterprise Bhd ("HOE") to BESHOM on the Main Market of Bursa Securities on 29 November 2021. Presently, it comprises wholly Non-Executive Directors, all of whom are Independent.</p> <table border="1"><thead><tr><th>Name</th><th>Directorship</th></tr></thead><tbody><tr><td><b>Chairman:</b> Soon Eng Sing</td><td>Independent Non-Executive Director</td></tr><tr><td><b>Members:</b> Chia Kuo Wui</td><td>Independent Non-Executive Director</td></tr><tr><td>Tan Beng Ling</td><td>Independent Non-Executive Director</td></tr></tbody></table> <p>During the financial year ended 30 April 2022, the RC held four (4) meetings with 92% attendance rate. The RC has reviewed the remuneration packages of the Executive Directors and key Senior Management staff based on Key Performance Indicators and performance appraisal carried out by the Group Managing Director before making its recommendation to the Board for its consideration and approval.</p> <p>The Directors' fees, both Executive and Non-Executive, would be tabled to the shareholders for approval at the forthcoming 2<sup>nd</sup> AGM. The Directors who are shareholders of the Company had abstained from voting at the previous Hai-O Enterprise Berhad's 46th AGM and shall abstain from voting at the forthcoming 2<sup>nd</sup> AGM on resolutions pertaining to their Directors' fees and benefits.</p>	Name	Directorship	<b>Chairman:</b> Soon Eng Sing	Independent Non-Executive Director	<b>Members:</b> Chia Kuo Wui	Independent Non-Executive Director	Tan Beng Ling	Independent Non-Executive Director
Name	Directorship									
<b>Chairman:</b> Soon Eng Sing	Independent Non-Executive Director									
<b>Members:</b> Chia Kuo Wui	Independent Non-Executive Director									
Tan Beng Ling	Independent Non-Executive Director									

	The Terms of Reference of the Remuneration Committee which includes the Remuneration Policy was last updated in May 2022 and is available on the Company's website at <a href="http://www.beshom.com">www.beshom.com</a> .	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of the remuneration of the Directors for the financial year ended 30 April 2022 are as follows:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Kai Hee (The late Chairman)	Non-Executive Non-Independent Director	-	1	24	-	-	0.1	25.1	-	4	785	342	26	2	1,158
2	Ng Chek Yong	Independent Director	9.6	29	-	-	-	1.2	39.8	23	68	-	-	-	3	94
3	Tan Keng Kang	Executive Director	9.6	3	84	-	-	10.3	106.9	48	6	592	402	6	156	1,210
4	Hew Von Kin	Executive Director	9.6	4	78	-	-	3.3	94.9	27	8	620	329	20	58	1,062
5	Tan Beng Ling	Independent Director	9.6	36	-	-	-	4.0	49.6	23	85	-	-	-	10	118
6	Tan Kim Siong	Independent Director	9.6	30	-	-	-	3.6	43.2	23	71	-	-	-	9	103
7	Soon Eng Sing	Independent Director	9.6	32	-	-	-	4.0	45.6	23	77	-	-	-	10	110
8	Chia Kuo Wui	Independent Director	9.6	36	-	-	-	4.0	49.6	27	85	-	-	-	10	122
9	Prof. Hajjah Ruhanas Binti Harun	Independent Director	9.6	28	-	-	-	1.2	38.8	23	66	-	-	-	3	92
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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

<b>Application</b>	:	Departure										
<b>Explanation on application of the practice</b>	:											
<b>Explanation for departure</b>	:	<p>The Board is of the view that the disclosure would affect the competitiveness of the Group and talent retention. The Company has disclosed below the information from an alternative perspective which is intended to achieve a similar outcome.</p> <p>The Group presently has three (3) senior management members (excluding Group Managing Director and the Group Executive Director) who report directly to the Group Managing Director and hold the highest level of management responsibility of the respective business operations within the Group.</p> <p>The remuneration of the Senior Management is disclosed on an aggregate basis, taking into account salary, allowances, bonuses, incentives, employer's provident fund contribution, social security welfare contribution, and benefits-in-kind.</p> <p>The aggregate remuneration of the Senior Management (excluding Group Managing Director and Group Executive Director) amounted to RM900,778 in the financial year ended 30 April 2022 and the breakdown by types of remuneration is as follows: -</p> <table border="1"> <thead> <tr> <th><b>Group Level</b></th> <th><b>Salaries, Bonuses Allowances, Incentives (RM)</b></th> <th><b>Other Emoluments<sup>N2</sup> (RM)</b></th> <th><b>Benefits-In-Kind<sup>N3</sup> (RM)</b></th> <th><b>Total (RM)</b></th> </tr> </thead> <tbody> <tr> <td>Senior Management <sup>N1</sup></td> <td>798,000</td> <td>91,678</td> <td>11,100</td> <td>900,778</td> </tr> </tbody> </table> <p><i>N1 Senior Management team comprises of Mr. Tham Yoke Lon (General Manager of MLM segment), Mr. Tan Yong Chin (Chief Marketing Officer of Wholesale, Retail and Manufacturing segments) who joined the Group on 1 July 2021 and Mr. Philip Teo Kheng Leong (General Manager of Retail segment).</i></p>	<b>Group Level</b>	<b>Salaries, Bonuses Allowances, Incentives (RM)</b>	<b>Other Emoluments<sup>N2</sup> (RM)</b>	<b>Benefits-In-Kind<sup>N3</sup> (RM)</b>	<b>Total (RM)</b>	Senior Management <sup>N1</sup>	798,000	91,678	11,100	900,778
<b>Group Level</b>	<b>Salaries, Bonuses Allowances, Incentives (RM)</b>	<b>Other Emoluments<sup>N2</sup> (RM)</b>	<b>Benefits-In-Kind<sup>N3</sup> (RM)</b>	<b>Total (RM)</b>								
Senior Management <sup>N1</sup>	798,000	91,678	11,100	900,778								

	<p><i>N2 Other Emoluments comprised of Employer's Provident Fund contribution, Social Security Welfare contribution and Employment Insurance Scheme contribution.</i></p> <p><i>N3 Benefits-in-Kind comprised of provision of company's motor vehicle and others.</i></p> <p>The remuneration of Senior Management is determined in a similar manner as other management employees of the Group. This is based on their individual performance, the overall performance of the Company, inflation and benchmarked against other companies in Malaysia.</p>	
	<p>The remuneration of the Senior Management (excluding Group Managing Director and Group Executive Director) is disclosed on an aggregate basis and breakdown by types of remuneration for the financial year ended 30 April 2022.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	<p>Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p>
<p><b>Timeframe</b></p>	<p>:</p>	<p>Choose an item.</p>

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

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

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Audit Committee ("AC") is Ms. Tan Beng Ling who is an Independent Non-Executive Director.</p> <p>The Chairman of the AC and the Chairman of the Board are held by different persons. This ensures the Board is able to objectively review the audit findings and recommendations.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group has always recognised the need to uphold independence. None of the AC members were former key audit partners.</p> <p>The Audit Committee has also put in place a policy and revised its Terms of Reference to include a cooling-off period of at least three (3) years before a former partner of the external audit firm could be appointed as a member of the Audit Committee to safeguard the independence of the audit of the financial statements.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Through the Audit Committee, the Board has established a transparent and professional relationship with the Company's Internal and External Auditors.</p> <p>The Audit Committee assessed the performance, suitability and independence of the external auditors annually covering among others, the following areas: -</p> <ul style="list-style-type: none"><li>(a) Service quality;</li><li>(b) Sufficiency of resources;</li><li>(c) Communication with the Management; and</li><li>(d) Independence, Objectivity and Professionalism</li></ul> <p>In addition to the above, the Audit Committee had also considered the information presented in the Annual Transparency Report for the year ended 31 December 2021 of the External Auditors in carrying out the External Auditors' assessment.</p> <p>The Audit Committee has also taken note of the non-audit services and the fees charged by the External Auditors. The policy on audit and non-audit services is guided by the following principles: -</p> <ul style="list-style-type: none"><li>(a) the External Auditors may provide audit and non-audit related services that, while outside the scope of the statutory audit, are consistent with the role of auditors;</li><li>(b) the External Auditors should not provide services that are perceived to be materially in conflict with their role as auditors. However, the External Auditors may be permitted to provide non-audit services that are not perceived to be materially in conflict with the role of auditors; and</li><li>(c) exceptions may be made to the policy where the variation is in the interest of the Company and arrangements are put in place to preserve the integrity of the external audit process. The Board must specifically approve such exceptions.</li></ul> <p>Before appointing the External Auditors to undertake non-audit services, considerations should be given to whether this would create a threat to the External Auditors' independence or objectivity. The External Auditors should not be appointed unless appropriate</p>

	<p>safeguards are present to eliminate or reduce the threat to an acceptable level. The External Auditors shall observe and comply with the By-Laws of the Malaysian Institute of Accountants in relation to the provision of non-audit services.</p> <p>The Audit Committee has assessed the independence of KPMG PLT as the External Auditors of the Company as well as reviewed the level of non-audit services rendered by them and after considering the quantum of the fee, which was not material as compared with the total audit fee paid to the External Auditors, concluded and recommended to the Board that the provision of such services did not compromise the External Auditors' independence and objectivity.</p> <p>During the year under review, the External Auditors, KPMG PLT, have declared to the Audit Committee their independence in carrying out the audit for the Group and their compliance with relevant ethical requirements at the Audit Committee meeting. Having been satisfied with their performance, technical competency and audit independence, the Audit Committee recommended to the Board the suitability for re-appointment of KPMG PLT as External Auditors of the Company and their fees, for tabling to the shareholders for approval at the forthcoming 2<sup>nd</sup> AGM.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Adopted						
<b>Explanation on adoption of the practice</b>	:	<p>The AC comprises wholly of Non-Executive Directors, all of whom are Independent.</p> <p>The composition of the AC is as follows:-</p> <table border="1"><thead><tr><th><b>Name</b></th><th><b>Directorship</b></th></tr></thead><tbody><tr><td><b>Chairperson</b> Tan Beng Ling</td><td>Independent Non-Executive Director</td></tr><tr><td><b>Members:</b> Chia Kuo Wui Tan Kim Siong</td><td>Independent Non-Executive Director Independent Non-Executive Director</td></tr></tbody></table>	<b>Name</b>	<b>Directorship</b>	<b>Chairperson</b> Tan Beng Ling	Independent Non-Executive Director	<b>Members:</b> Chia Kuo Wui Tan Kim Siong	Independent Non-Executive Director Independent Non-Executive Director
<b>Name</b>	<b>Directorship</b>							
<b>Chairperson</b> Tan Beng Ling	Independent Non-Executive Director							
<b>Members:</b> Chia Kuo Wui Tan Kim Siong	Independent Non-Executive Director Independent Non-Executive Director							

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC presently comprises three (3) Directors, all of whom are Independent Non-Executive Directors. A majority of the AC members possess the requisite qualifications as stipulated under Paragraph 15.09(1)(c) of the MMLR of Bursa Securities.</p> <p>All members of the Audit Committee are financially literate as they keep themselves abreast with the latest developments in accounting and auditing standards and the impact to the Group through briefings by Management and External Auditors.</p> <p>Based on the outcome of the evaluation carried out by the Nominating Committee, the Board was satisfied that the AC and each of its members have discharged their duties and responsibilities which contributed to the effectiveness of the AC.</p> <p>The AC Terms of Reference which include composition, authority, responsibilities, meetings and specific duties of the AC are disclosed and published on the Company's website at <a href="http://www.beshom.com">www.beshom.com</a> under the Investor Relations – Corporate Governance section.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised a structured risk management framework to determine the Company’s level of risk tolerance and to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis.</p> <p>The system of internal control practised by the BESHOM Group spans across financial, operational and compliance aspects, particularly to safeguard BESHOM Group’s assets and hence shareholders’ investments. The system of internal control, by its nature, can only provide reasonable but not absolute assurance against misstatement or loss.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	: Applied								
<b>Explanation on application of the practice</b>	<p data-bbox="549 712 1399 815">: The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control on pages 78 to 84 of the Annual Report 2022.</p> <p data-bbox="549 855 1399 922">The Role and Responsibilities under the Risk Management Framework are as follows:</p> <table border="1" data-bbox="564 958 1399 1948"> <thead> <tr> <th data-bbox="564 958 842 1025">Authority Level</th> <th data-bbox="842 958 1399 1025">Role and Responsibilities</th> </tr> </thead> <tbody> <tr> <td data-bbox="564 1025 842 1438">Board of Directors</td> <td data-bbox="842 1025 1399 1438"> <ul data-bbox="855 1043 1399 1420" style="list-style-type: none"> <li>• Approves and oversees the Enterprise Risk Management (“ERM”) Framework and internal control system (incorporating Policies and Scope), including changes or additions.</li> <li>• Responsible for determining the overall Group’s level of risk tolerance and review, assess and monitor the effectiveness and adequacy of the risk management and internal control system.</li> </ul> </td> </tr> <tr> <td data-bbox="564 1438 842 1742">Audit Committee (“AC”) and Risk Management Committee (“RMC”)</td> <td data-bbox="842 1438 1399 1742"> <ul data-bbox="855 1456 1399 1724" style="list-style-type: none"> <li>• Develops &amp; implements the ERM Framework and internal control system.</li> <li>• Reviews the appropriate risk management measures implemented within the Group to ensure the adequacy and effectiveness of the Group’s risk management and internal control system.</li> </ul> </td> </tr> <tr> <td data-bbox="564 1742 842 1948">Executive Risk Committee (“ERC”)</td> <td data-bbox="842 1742 1399 1948"> <ul data-bbox="855 1760 1399 1948" style="list-style-type: none"> <li>• Assists the RMC in overseeing risk management through its ERM framework.</li> <li>• Ensures that Management and Risk Owners maintain an effective process to identify, evaluate and manage risks.</li> </ul> </td> </tr> </tbody> </table>	Authority Level	Role and Responsibilities	Board of Directors	<ul data-bbox="855 1043 1399 1420" style="list-style-type: none"> <li>• Approves and oversees the Enterprise Risk Management (“ERM”) Framework and internal control system (incorporating Policies and Scope), including changes or additions.</li> <li>• Responsible for determining the overall Group’s level of risk tolerance and review, assess and monitor the effectiveness and adequacy of the risk management and internal control system.</li> </ul>	Audit Committee (“AC”) and Risk Management Committee (“RMC”)	<ul data-bbox="855 1456 1399 1724" style="list-style-type: none"> <li>• Develops &amp; implements the ERM Framework and internal control system.</li> <li>• Reviews the appropriate risk management measures implemented within the Group to ensure the adequacy and effectiveness of the Group’s risk management and internal control system.</li> </ul>	Executive Risk Committee (“ERC”)	<ul data-bbox="855 1760 1399 1948" style="list-style-type: none"> <li>• Assists the RMC in overseeing risk management through its ERM framework.</li> <li>• Ensures that Management and Risk Owners maintain an effective process to identify, evaluate and manage risks.</li> </ul>
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Audit Committee (“AC”) and Risk Management Committee (“RMC”)	<ul data-bbox="855 1456 1399 1724" style="list-style-type: none"> <li>• Develops &amp; implements the ERM Framework and internal control system.</li> <li>• Reviews the appropriate risk management measures implemented within the Group to ensure the adequacy and effectiveness of the Group’s risk management and internal control system.</li> </ul>								
Executive Risk Committee (“ERC”)	<ul data-bbox="855 1760 1399 1948" style="list-style-type: none"> <li>• Assists the RMC in overseeing risk management through its ERM framework.</li> <li>• Ensures that Management and Risk Owners maintain an effective process to identify, evaluate and manage risks.</li> </ul>								



		<ul style="list-style-type: none"> <li>• Provides guidance and advice with respect to risk management and monitor risks across the key risk areas.</li> </ul>
	<p>Management and Risk Owners of Operating Business Units</p>	<ul style="list-style-type: none"> <li>• Identify and prioritise risks and participate in the Group's risk identification and assessment process.</li> <li>• Ensure risks are identified, managed and regularly assessed and provide regular updates on risks as well as key indicators measuring the extent of the risks.</li> <li>• Document the controls and processes to manage the risks of their respective functional areas.</li> </ul>

The Group's system of internal control comprises the following key elements:

- 1) An on-going process and framework for identifying, evaluating and managing significant risks faced by the Group which is in place for the year under review and up to the date of approval of this statement for inclusion in the annual report and reviewed by the Directors.
- 2) Clearly documented risk management principles, standard operating procedures and policies are regularly reviewed to meet operational needs and clearly communicated to employees.
- 3) The Board conducts quarterly reviews of the Group's performance and financial position at its meetings to ensure that the Group's overall objectives are achieved. At business units and divisional levels, the Management Team holds meetings on a regular basis to discuss, review, evaluate and resolve operational, financial and key management issues.
- 4) Each business unit is required to prepare annual budgets to be tabled to the Board for approval. Scheduled operational and management meetings are held to discuss and review business plans, budgets, financial and operational performances of the business units.
- 5) The Code of Ethics and Business Conduct ("Code of Conduct") is implemented within the Group and each employee is contractually bound to abide by the Code of Conduct. This Code serves to guide employees to conduct themselves in the utmost professional manner in dealing with company matters.
- 6) A clearly defined delegation of responsibilities is set for Committees of the Board, the Management Team and business operating units, including assigning appropriate authority levels to the various divisions of the business.
- 7) Insurance coverage and physical safeguards over major assets (property, plant and equipment, investment properties and inventories) are in place to ensure that the assets of the Group are adequately covered against any mishap that may result in material losses to the Group.

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

### 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.

<b>Application</b>	:	Adopted						
<b>Explanation on adoption of the practice</b>	:	<p>In conjunction with the Internal Reorganisation exercise of the Group, the RMC of BESHOM was constituted on 12 November 2021 concurrent with the appointment of Directors to BESHOM to mirror the Hai-O Enterprise Berhad's Board ahead the transfer of listing status to BESHOM on the Main Market of Bursa Securities on 29 November 2021. The RMC was then reconstituted on 1 May 2022 following the appointment of Mr. Ng Chek Yong as Chairman of the Company.</p> <p>Presently, the RMC consists of three (3) members, two (2) of whom are Independent Non-Executive Directors.</p> <table border="1"><thead><tr><th>Name</th><th>Directorship</th></tr></thead><tbody><tr><td><b>Chairman:</b> Hew Von Kin</td><td>Group Executive Director cum Chief Financial Officer</td></tr><tr><td><b>Members:</b> Chia Kuo Wui Tan Beng Ling</td><td>Independent Non-Executive Director Independent Non-Executive Director</td></tr></tbody></table> <p>The RMC is assisted by the Executive Risk Committee ("ERC") in overseeing risk management through the Enterprise Risk Management framework. The ERC is led by the Group Executive Director and its members comprise of divisional or department heads.</p>	Name	Directorship	<b>Chairman:</b> Hew Von Kin	Group Executive Director cum Chief Financial Officer	<b>Members:</b> Chia Kuo Wui Tan Beng Ling	Independent Non-Executive Director Independent Non-Executive Director
Name	Directorship							
<b>Chairman:</b> Hew Von Kin	Group Executive Director cum Chief Financial Officer							
<b>Members:</b> Chia Kuo Wui Tan Beng Ling	Independent Non-Executive Director Independent Non-Executive Director							

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has also established an independent internal audit function that reports directly to the AC.</p> <p>The Group Internal Audit Department (“IAD”) provides an independent assessment on the adequacy, effectiveness and reliability of the Group’s risk management processes and system of internal controls. The IAD reviews compliance with policies and procedures and advises executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The IAD also conducts a follow up review on the implementation status of action plans previously agreed by Management.</p> <p>The internal audit plan for Group IAD is approved by the AC on an annual basis. The results of the audits and recommendations for improvement co-developed with Management are tabled at AC meetings for discussion and subsequent assessment. Key and significant risk issues will be escalated to the RMC for deliberation, followed by subsequent monitoring of management actions.</p> <p>The scope of work covered by the internal audit function during the financial year under review is provided on pages 81 and 82 of the Statement on Risk Management and Internal Control of the Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Head of Group Internal Audit Department (“IAD”), Ms. Wong Ngik Moi, was appointed in March 2016. She is a member of the Institute of Internal Auditors Malaysia and holds a Degree in Accounting. She has extensive knowledge and working experience in the internal audit field with exposure to various industries and Corporate Risk Management. She is supported by one (1) Senior Executive and one (1) Executive. The Group IAD maintains its impartially, proficiency and due professional care when executing its plans and reports directly to the Audit Committee.</p> <p>The Group IAD has assessed the system of internal controls, where applicable, based on the principles of COSO Internal Controls - Integrated Framework (“COSO Framework”). The COSO principles outline five essential components of an effective internal control system, namely (i) Control Environment; (ii) Risk Assessment; (iii) Control Activities; (iv) Information and Communication; and (v) Monitoring. The Group IAD conducted the audit with reference to the guidelines of the International Professional Practise Framework, International Standards for the Professional Practice of Internal Auditing, and following the guideline of the Institute Auditors’ Code of Ethics as well as the Group’s and the Company’s policies.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b><u>Investor Relations</u></b></p> <p>An Investor Relations Policy enables the Company to communicate effectively with its shareholders, prospective investors, fund managers, investment analysts and public generally with the intention of giving them a clear picture of the Group's performance and operations.</p> <p>The shareholders and other stakeholders are kept informed of all major developments and performance of the Group through timely quarterly results announcements and various disclosure and announcements made to Bursa Securities through Bursa Link, press releases, the Company's annual report and circular to shareholders, if applicable.</p> <p>The Company periodically organises briefings and meetings with analysts and fund managers and also facilitates communications through tele-conference to give stakeholders a better understanding of the businesses and developments of the Group. The corporate presentations and interim financial highlights are made available at the Company's website <a href="http://www.beshom.com">www.beshom.com</a>.</p> <p>To maintain a high level of transparency and effectively address any issues or concerns, the Company maintains a dedicated electronic mail, <a href="mailto:ir@beshom.com">ir@beshom.com</a> to which stakeholders can direct their queries for investor relations purposes.</p> <p><b><u>Corporate Disclosure Policy and Procedure</u></b></p> <p>The Group recognises the importance of transparency and accountability in the disclosure of the Group's business activities to its shareholders and investors. The Board has adopted a Corporate Disclosure Policy and Procedure for the Group which sets out, among others, the scope and extent of disclosure by the various parties within the organisation, timeliness of disclosure as well as assessment of materiality and if it is reasonably expected to have a material effect on the price, value or market activity of any of the Company's securities; or the decision of a member of the Company or an investor in determining his choice of action.</p>

	<p><b><u>Leverage on Information Technology for effective dissemination of Information</u></b></p> <p>The Group has also leveraged on information technology for broader and effective dissemination of information and has established an Investor Relations Section within the Corporate website to provide all relevant information including corporate governance, public announcements, annual reports, financial highlights, corporate information, corporate calendar, dividends history, notice of general meetings, minutes of annual general meeting and others.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

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

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

**Practice 12.2**

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

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



**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Notice of AGM was served to the shareholders of the Company on 29 August 2022, at least 28 days prior to the 2<sup>nd</sup> AGM which is scheduled on 27 September 2022. The notice of the 2<sup>nd</sup> AGM was published in the Annual Report and uploaded on the Company’s website upon release to Bursa Securities.</p> <p>The Notice of AGM provides detailed explanation for resolutions proposed that are relevant, where required and necessary, to enable shareholders to make informed decisions regarding AGM business agenda of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All Directors attended the 46<sup>th</sup> AGM, the Court Convened Meeting and the Extraordinary General Meeting which were held virtually during the financial year 2022 by Hai-O Enterprise Bhd.</p> <p>The Directors together with the Senior Management team, External Auditors were present at all the above meetings to response to relevant questions addressed to them.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year 2022, Hai-O Enterprise Berhad (“Hai-O”) held its Court Convened Meeting (CCM) and Extraordinary General Meeting (EGM) on 19 May 2021 to consider the Proposed Internal Reorganisation exercise and the 46<sup>th</sup> AGM on 21 October 2021. All the above three (3) meetings were held virtually from the broadcast venue located in Kuala Lumpur.</p> <p>Likewise, for conducting virtual general meeting, the Board must also ensure that the meeting supports meaningful engagement between the Board, Senior Management and shareholders. This includes having in place the required infrastructure and tools to among others, to ensure a smooth broadcast of the general meeting and interactive participation by shareholders. The virtual meeting facilities have enabled the shareholders of the Company to exercise their right to participate (including the right to pose questions to the Board of Directors and/or Management of the Company) and vote in absentia in accordance with the Company’s constitution which allows electronic voting and remote shareholders participation. All resolutions were put to vote by poll.</p> <p>The Group MIS Department has also taken necessary steps in respect of the enhancement of cyber security including data privacy and security to prevent cyber threats.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>During the financial year 2022, Hai-O Enterprise Berhad (“Hai-O”) held its Court Convened Meeting (CCM) and Extraordinary General Meeting (EGM) on 19 May 2021 to consider the Proposed Internal Reorganisation exercise and the 46<sup>th</sup> AGM on 21 October 2021. All the above three (3) meetings were held virtually from the broadcast venue located in Kuala Lumpur.</p> <p>Shareholders and proxies were allowed to pose questions at the beginning of the CCM/EGM/46<sup>th</sup> AGM as well as during the meetings and submitted votes in real time whilst the meetings were in progress through electronic meeting portal. The Chairman provided ample time for the Questions and Answers session during the above meetings.</p> <p>The shareholders were also allowed to submit questions in advance to our IR email before the meeting day. Answers to the Questions received prior to the meeting day were presented were made visible to all meeting participants during the above meetings.</p> <p>The Directors together with the Senior Management team, External Auditors were present at all the above meetings to response to relevant questions addressed to them and responded to the relevant questions which were submitted by remote participants via the messaging window of the electronic meeting portal during the meetings.</p> <p>The corporate adviser was invited to brief the participants the summary of the corporate proposals during the CCM and EGM held on 19 May 2021. The Group Executive Director cum CFO also gave a presentation on the 2021 financial performance and business segment overview updates during the 46<sup>th</sup> AGM.</p> <p>The Company has also dedicated an email address <a href="mailto:ir@beshom.com">ir@beshom.com</a> to which stakeholders can direct their queries or concern and for Investor Relations purposes.</p>

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

### Intended Outcome

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

### Practice 13.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>For the virtual general meetings (CCM/EGM/46<sup>th</sup> AGM) held during the financial year 2022, the shareholders or proxies who registered to attend the virtual general meetings joined the meetings remotely, submitted questions in advance to our IR email before the meetings and also posed questions during the meetings through electronic voting portal.</p> <p>The published notice of general meeting included Administrative Details which provided a guide for shareholders and proxies to understand and participate in virtual general meeting including but not limited to guidelines detailing the usage of remote participation and electronic voting facilities.</p> <p>All relevant questions with answers received before the CCM/EGM/46<sup>th</sup> AGM were made visible to all meeting participants and read out by the Company Secretary during the respective meetings.</p> <p>The relevant questions posed during the CCM/EGM/46<sup>th</sup> AGM were answered live. All the relevant questions and answers received before and during CCM/EGM/46<sup>th</sup> AGM were published to our corporate website at <a href="http://www.beshom.com">www.beshom.com</a> under Investor Relations – “AGM/EGM” after the respective meetings.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Minutes of the CCM and EGM and also the 46 <sup>th</sup> AGM held by Hai-O Enterprise Berhad during the financial year 2022, including the Questions and Answers session posed by the shareholders as well as our responses to the letters issued by MSWG were made available on our corporate website within 30 business days after the CCM/EGM/46 <sup>th</sup> AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



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

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

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