BESHOM

BESHOM HOLDINGS BERHAD
(Registration No. 202101001114 (1401412-A))

Code of Ethics for Company Director

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("The Code")

A. INTRODUCTION

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 www.ssm.com.my. 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.

The Board is also guided by the new Guidelines on Conduct of Directors of Listed Issuers and Their Subsidiaries ("Guidelines") issued by the 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 the duties and responsibilities of boards in the company's group structures and requirements for establishing a group-wide framework to enable, among others, oversight of the group performance and the implementation of corporate governance policies. The revised Guidelines serve 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 are available at the SC's website at www.sc.com.my.

B. PRINCIPLES

The core principles on which this Code rely on are those that related to transparency, integrity, accountability, corporate liability and sustainability.

C. OBJECTIVES

The complexity of the business environment and corporate laws has imposed a greater demand for higher competency skills among company directors. This Code of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with a view to achieving the following intended objectives:

1. To establish standards of ethical conduct for company directors based on acceptable belief and values one upholds;

2. To uphold the spirit of accountability and transparency in line with the legislations, regulations and guidelines governing a company; and

3. To promote the sustainability of a company by pursuing "Environmental, Social, and Governance" (ESG) strategies in its business.

D. DEFINITION

In the context of this Code, a company director means any person occupying the position of director of a corporation by whatever name called. This includes a person in accordance with whose directions and instructions the majority of directors of a corporation are accustomed to act and an alternate or substitute director. A director also includes both executive and non-executive directors as some companies will not necessarily use the designation "director".

A company limited by guarantee may call their officers various names including "governors", "trustees", "chief executive officer" and "managing director". These persons are directors of the company if they occupy the position of a director or carry out such functions including primarily responsible for the management of the company.

E. CODE OF CONDUCT [N1]

In the performance of his duties, a director should at all times observe the following principles:

(a) Corporate Governance

A director: -

(i) Should have a clear understanding of the aims and objectives, capabilities and capacity of the company;

(ii) Should devote time and effort to attend and participate at meetings and to know what is required of the board and each of its directors, and to discharge those functions;

(iii) Should ensure at all times that the company is properly managed and effectively controlled;

(iv) Should stay abreast of the affairs of the company and be kept informed of the company's compliance with the relevant legislations and contractual requirements;

(v) Should insist on being kept informed on all matters of importance to the company in order to be effective in corporate management;

(vi) Should limit his directorship to a manageable number of companies to which he can best devote his time and effectiveness. Therefore, each director is his own judge pertaining to his abilities and how best to manage his time effectively in the companies in which he holds directorships;

(vii) Should have access to the advice and services of the company secretary, who is responsible to the board to ensure proper governance practices, procedures, rules and regulations are adhered to or complied with;

N[1] Updated following the revision of the Code issued by CCM dated 11 September 2023

(viii) Should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the company;

(ix) Should disclose immediately and fully all contractual interests whether directly or indirectly with the company;

(x) Should neither divert to his own advantage any business opportunity that the company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;

(xi) Should at all times act with utmost good faith towards the company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties;

(xii) Should be willing to exercise independent judgment and, if necessary, in his fiduciary duty, openly oppose if the vital interest of the company is at stake;

(xiii) Should attend continuous professional development programmes to keep abreast with corporate governance developments and regulatory requirements; and

(xiv) Should ensure that reasonable steps are taken in accordance with relevant laws to properly wind up or strike off the company register if the company is not likely to commence business or has ceased to carry on business and is not likely to commence business in the future or again to carry on business, as the case may be.

(b) Relationship with Shareholders, Employees, Creditors, Customers and Other Stakeholders

A director: -

(i) Should be conscious of the interest of shareholders and other stakeholders, among others, employees, creditors, suppliers and customers of the company;

(ii) Should ensure employees fully understand and appreciate the value of good corporate governance practices and procedures through ongoing training, awareness programmes and robust communication;

(iii) Should ensure adequate safety measures and provide proper protection to workers and employees at workplaces;

(iv) Should at all times promote professionalism and raise the competency of management and employees; and

(v) Should adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with governmental authorities or regulatory bodies.

(c) Sustainability Practices

A director must take accountability for the "Environmental, Social, and Governance" (ESG) in the company by:

(i) integrating sustainability considerations into all aspects of decision-making, including strategic planning, risk management and investment decisions;

(ii) ensuring that the company sets its sustainability strategies, goals and targets which are aligned with the company's overall strategy and vision;

(iii) being more proactive to the needs of the community and to adopt appropriate policies and initiatives towards achieving sustainability in the social, economic and environmental conditions in furtherance of the pursuit of profitability;

(iv) striving to treat employees fairly and promote quality of life by adopting sustainable corporate social responsibilities;

(v) ensuring that the company's policies are in line with international trends to promote human rights in the corporate environment;

(vi) ensuring that the activities and the operations of the company do not harm the interest and well-being of the environment and the society at large; and

(vii) ensuring effective use of natural resources and continuously reducing its carbon footprint.

(d) Corporate Liability

The development of adequate procedures[N2] to be implemented to prevent the occurrence of corrupt practices in relation to the business activities of a company is vital.

In this regard, a director must ensure that the company have established an adequate procedure which can be used to reasonably protect both the company and top management from the liabilities arising from the section 17A of the Malaysian Anti-Corruption Commission Act (MACCA) 2009.

A director must ensure that the company –

(i) practices the highest level of integrity and ethics;

(ii) complies fully with the applicable laws and regulatory requirements on anti-corruption;

(iii) effectively manages the key corruption risks of the organisation;

(iv) puts in place the appropriate controls and contingency measures that are reasonable and proportionate to the nature and size of the organisation, in order to address any corruption risks arising from weaknesses in the organisation's governance framework, processes and procedures;

N² For this purpose, reference may be made to the "Guidelines on Adequate Procedures pursuant to subsection 17A(5) under the Malaysian Anti-Corruption Commission Act 2009 (MACCA 2009)" which was issued by the Prime Minster Department, through the National Centre For Governance, Integrity and Anti-Corruption (GIACC)

(v) conducts corruption risk assessments periodically to identify, analyse, assess and prioritise the internal and external corruption risks of the organisation;

(vi) provides employees and business associates[N3] with adequate training to promote their understanding of the organisation's anti-corruption position, especially in relation to their role within or outside the commercial organisation2 in the context of the company;

(vii) conducts regular reviews to assess the performance, efficiency and effectiveness of the anti-corruption programme and ensure the programme is enforced; and

(viii) ensures that the company's anti-corruption policy be made publicly available and should also be appropriately communicated to all employees and business associates.

(e) Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT)

To prevent the company from risk of being exposed to AML/CFT activities, a director must ensure that the company –

(i) adopts policies and procedures which are consistent with the principles set out under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA) and the Guidelines, and keeps the shareholders and employees abreast on matters under AMLA and Guidelines;

(ii) conducts its business in conformity with high ethical standards to ensure that laws and regulations are adhered to; and

(iii) remains vigilant against undertaking any business transaction that is or may be connected with or may facilitate money laundering/terrorism financing (ML/TF) and ensure that approval is not given for transactions where there are good reasons to suppose that transactions are associated with Money Laundering/Financing of Terrorism (ML/TF) activities.

N3 Please refer to the Appendix of "Guidelines on Adequate Procedures Pursuant To Subsection (5) of Section 17A under The Malaysian Anti-Corruption Commission Act 2009" which provides key definitions under Section 17A of the MACCA 2009 and the guidelines