

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8133
COMPANY NAME : Boustead Heavy Industries Corporation Berhad
FINANCIAL YEAR : December 31, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Boustead Heavy Industries Corporation Berhad (“BHIC” or “the Company”) is responsible for formulating and reviewing key policies of the Company. The Board, through the Board Committees, provides effective oversight of the Management's performance, risk assessment and controls over business operations and compliance with regulatory requirements. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategies objectives.</p> <p>The key responsibilities of the Directors are as follows:</p> <ul style="list-style-type: none">a) Promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviourb) Reviewing and deciding on management's proposals for the Company, and monitoring its implementation by managementc) Ensuring that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainabilityd) Supervising and assessing management performance to determine whether the business is being properly managede) Ensuring there is a sound framework for internal controls and risk managementf) Understanding the principal risks of the Group's business and recognising that business decisions involve the taking of appropriate risks

	<p>g) Ensuring that there is an appropriate risk management framework in place, for management to identify, manage and monitor significant risks</p> <p>h) Ensuring that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management</p> <p>i) Ensuring that the Group has in place procedures to enable effective communication with stakeholders</p> <p>j) Ensuring the integrity of the Company’s financial and non-financial reporting</p> <p>Furthermore, the Company has adopted the Code of Conduct and Business Ethics (“Code”) which outlines the standards of ethical, legal and professional behaviours required to be abide by its employees, directors and third parties. The Code is available on the Company’s website at www.bhic.com.my.</p>
<p>Explanation for departure</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>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</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.

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Chairman of the Board are clearly specified in Paragraph 4.1 of the Board Charter, which is available on the Company's website at www.bhic.com.my.</p> <p>The Chairman of the Board is responsible for instilling good corporate governance ("CG") practices in the organisation.</p> <p>The Chairman ensures the smooth functioning of the Board and its governance structure and inculcates positive culture in the Board. He ensures that the procedures and processes are in place to facilitate effective conduct of business of the Board.</p> <p>The Chairman also ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis.</p> <p>The Chairman encourages active participation and deliberations by Directors at every Board Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	The positions of Chairman and CEO of BHIC are held by different individuals. The distinct and separate roles and responsibilities of the Chairman and CEO are provided in Paragraph 4 of the Board Charter, which is available on the Company's website at www.bhic.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: BHIC is in compliance with Practice 1.4 of the MCCG. The Chairman of the Audit Committee is not the Chairman of the Board.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary of the Company, Rozana Ismail is a qualified and competent Company Secretary and qualified to act as Company Secretary pursuant to Section 235 of the Companies Act 2016.</p> <p>The Company Secretary assist the Board in implementing various corporate governance practices and ensure compliance with Companies Act 2016, Bursa Securities Listing Requirements, Capital Markets and Services Act 2007, Securities Commission's Guideline and the Company's Constitution. The Company Secretary takes the role in updating the Board on any development of the regulations from time to time.</p> <p>The Company Secretary ensure all deliberations during the Board of Directors' meeting, Board Committees' meeting and Annual General Meeting are documented, and action points are communicated to Management as appropriate.</p> <p>All directors have access to the advice and services of the Company Secretary.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>In facilitating the Directors to discharge their responsibilities efficiently and effectively, an <i>'Annual Meeting Calendar'</i> ("the Calendar") is prepared and circulated in advance of each new year. The Calendar provides Directors with scheduled dates for meetings of the Board and Board Committees, the Annual General Meeting, as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results. The Calendar is available on iPads provided to all Directors and Board Committee members, for easy reference to facilitate their time planning.</p> <p>With respect to the scheduled Board Meetings in the Calendar, a <i>'Board Meeting Agenda Schedule'</i> is also prepared in advance of each new year, setting out the tentative Agenda items for each scheduled Board meeting during the year. The Board Meeting Agenda Schedule serves to facilitate the Board and Management's planning in the preparation of matters for discussion at the meetings scheduled during the year.</p> <p>In this respect, BHIC has in place a formal process for Management's submission of Board Paper and presentation material for a Board/Board Committee meeting, which is set out in the <i>'BHIC Standard Operating Procedures on Proceedings and Conduct of Board of Directors Meeting'</i> ("the SOPs"). Under the SOPs, the deadline for submission of meeting materials is 7 days prior to the dates of meetings. This is to ensure that the Directors have enough preparation time and information to make an informed decision at each Board meeting. The Board emphasised on the importance in adhering to the SOPs to ensure completeness and accuracy of contents for the presentation of Board Paper at Board/Board Committee meetings of Bursa Malaysia which may be held physically, virtually or in hybrid.</p> <p>For every Board Meeting, the Chairman sets the Board Meeting agenda, and ensure adequate time is allocated for discussion of issues tabled to the Board for deliberation.</p> <p>BHIC provides digital access to meeting materials of all Board and Board Committee meetings instead of distribution of hard copies. The customised solution provides various functionalities which enable Directors and Committee members to access various Company documents, including Board policies, procedures, rules and guidelines,</p>

which are uploaded onto iPads for convenient reference. With that, Directors and committee members can access meeting materials and relevant information in a timely and efficient manner, thus improving Board performance and overall effectiveness of decision-making.

The Notice of Board meetings are sent to the Directors via e-mail at least seven (7) working days prior to a meeting. The same notification is sent to the Management, which includes the reminder on the deadlines for submission of meeting materials for the Management's attention. Upon receipt from the Management, the Company Secretary will ensure that the meeting materials are uploaded on iPads as soon as practicable.

The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes of meetings, including dissenting views and Directors' abstention from deliberation and decision on related matters.

The Company Secretary will communicate to the relevant Management members the Board's decisions/recommendations via circulation of Action Items from the minutes of meetings for appropriate actions to be taken. The Company Secretary will also follow up with the Management on status of actions taken with reference to the previous minutes of meetings for updating the Board. Action items remain as matters arising in the minutes of meetings until they are resolved or completed.

The agenda for Board meetings together with comprehensive management reports and proposal papers are furnished to the Directors within five (5) working days before the Board meeting. This is to allow time for the Directors to review the Board papers and to facilitate full discussion at the Board meeting.

The Directors could seek clarifications or obtain details concerning the Board agenda papers from the Management or the Company Secretaries or if they deem necessary to take independent professional advice at the Company's expenses.

The Directors are supplied with Board papers with necessary information that are accurate, clear and comprehensive to enable the Board to discharge its duties effectively.

The deliberations and conclusions of issues discussed in the Board meetings are duly recorded in the Board minutes, the draft of which is circulated for the Chairman's review within a reasonable timeframe after the meeting. The meeting minutes capture the decisions made, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views.

The decisions made at the Board meetings are also communicated to Management in a timely manner to ensure appropriate execution.

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

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is guided by its Board Charter which clearly sets out the roles and responsibilities of Board Committee, individual Directors and Management in upholding sound corporate governance standards and practice. and responsibilities in discharging its fiduciary and leadership functions. The Board Charter is reviewed periodically and updated in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives and corporate vision. The Board Charter serves as a primary reference point on governance matters for Directors as well as an induction for newly-appointed Directors.</p> <p>The Board Charter addresses, among others, the following matters:-</p> <ul style="list-style-type: none">• Roles and responsibilities of the Board;• Composition, Board balance and Board diversity;• The role of Chairman and Managing Director;• Supply of information and Board meetings;• Matters reserved for the Board;• Board effectiveness evaluation;• Board Committees;• Financial Reporting;• General Meetings; and• Communication with stakeholders. <p>The Board Charter was last reviewed on 18 August 2020. The Board Charter is accessible for reference on the BHC's website, www.bhic.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board consistently strives to set the “tone at the top” and instil ethical values and standards across every level of the Group. In this regard, the Company has put in place a Code of Ethics and Conduct which subject employees to a set of values and standards of conduct that is expected of them.</p> <p>The Code of Ethics and Conduct serves as a formal commitment by employees to conduct themselves professionally at all times and to do business in a transparent, appropriate and fair manner.</p> <p>The Code of Ethics and Conduct covers the following areas:</p> <ul style="list-style-type: none">• Conducting business ethically, fairly and with honesty;• Complying with laws including abuse of power, corruption, insider trading and money laundering;• Providing quality and safe products;• Protecting the Group’s assets and information;• Maintaining complete and accurate business records; and• Respecting others in the workplace and society. <p>The Code of Ethics and Conduct is published at the BHIC’s website at www.bhic.com.my. All employees of the Group are required to acknowledge that they have received, read and understood the provisions of the Code of Ethics and Conduct.</p> <p>The Board reviews the Code of Ethics and Conduct periodically or as and when the need arises to ensure it is kept updated.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	Following the formation of the Group Integrity Unit in 2022, the whistleblowing management is managed through the Group Integrity & Governance Department of Boustead Holdings Berhad. As it is controlled by an independent entity that is not involved in day-to-day operations, this step will enable greater transparency in the management and control of whistleblowing. The BHIC Audit Committee continues to oversee whistleblowing. The company's whistleblower policy and reporting channel are published on the company website: www.bhic.com.my
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>One of the key roles of the Board as stated in the Board Charter is that the Board is responsible for providing oversight and stewardship to the Company and assumes the following specific duties, inter alia:-</p> <ul style="list-style-type: none"> • promoting good Corporate Governance culture within the Company which reinforces ethical, prudent and professional behaviour; • b) reviewing and deciding on management’s proposals for the Company and monitoring its implementation by management; • c) ensuring that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. <p>Management Sustainability Committee (MSC) oversees the Environment & Social activities of sustainability. The Economic sustainability for the company is managed outside of MSC through various other activities mainly, Management meetings, Budget and performance review meetings and discussions.</p> <p>Accordingly, the Board is ultimately accountable for ensuring that sustainability is integrated into the strategic direction of BHIC Group and its operations. To achieve this, the Board continuously ensures that there is an effective governance framework for sustainability within the Group.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company ensures that its communication with the shareholders and various stakeholders are transparent and timely. The Company is committed to being accountable and responsive to the expectations and interests of its stakeholders.</p> <ul style="list-style-type: none"> • Internal – Company’s website, Email blast, Employee Engagement, etc. • External – Company’s website, Annual Report, Annual General Meeting, Stakeholders engagement, Press Releases, etc. <p>The Company conducted a materiality assessment in 2021 as part of the regular sustainability practice to ensure that the material issues remained relevant to the Company and stakeholders. The materiality surveys which were conducted online is to better understand the needs and concerns of the stakeholders, and their responses were used to review the Company’s list of material issues. Detail description of the Company’s stakeholder groups engagements and initiatives as well the performance is provided in the Integrated Report 2022 which can be found on the Company’s website.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	The Company is committed in making sure that the Board stays abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Evaluation Effectiveness (BEE) is to evaluate the performance of the Board, Board Committees and individual members of the Board as well as identifying any gaps or areas of improvement, where required. The Board reviews its performance, the Board Committees and individual Directors on an annual basis based on a set of predetermined criteria deliberated by the NRC.</p> <p>The Board through the Nominating and Remuneration Committee ("NRC") NRC reviewed the outcome of the BEE and noted the findings and areas that required further improvements. The NRC is satisfied that the composition of the Board and Board Committees have fulfilled the criteria required and features the right blend of knowledge, experience and appropriate skills.</p> <p>The Fit and Proper Policy ("Policy") as adopted by the Group in 2022, sets out the fit and proper criteria to ensure that the Company has put in place a formal and transparent process for the appointment and re-election of Directors.</p> <p>The Policy aims at guiding the NRC and the Board in their review and assessment of candidates who are to be appointed to the Board as well as Directors who are seeking re-election. The Policy ensure that each of the Directors of the Group possesses the requisite character, experience, qualification, integrity and competence and time to effectively discharge his/her role as director of the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Adopted
Explanation on adoption of the practice	:	A designated person, Head, Strategic Planning & Transformation has been assigned accordingly within the management to provide dedicated focus to sustainability initiatives of the Company. At current, the Company is streamlining and enhancing its integration of sustainability considerations into operations of the Company.

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nominating and Remuneration Committee ("NRC") is responsible to assist the Board in the development and implementation of the policies on the nomination and appointment of Directors and Committee members in BHIC Group.</p> <p>In this respect, the Board is mindful that for it to be effective, its composition must include the right group of people, with an appropriate mix of skills, knowledge, experience and independence elements that fit the Company's objectives and strategic goals.</p> <p>Accordingly, the Board already has in place the 'Board 9-year tenure for Independent Director', to ensure continued effective functioning and progressive refreshing of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied	
Explanation on application of the practice	:	As of 31 December 2022, the Board of BHIC comprised of Nine (9) Directors i.e. seven (7) Independent Non-Executive Directors (“INEDs”) and two (2) Non-Independent Non-Executive Directors. All the seven (7) INEDs satisfy the independence test under the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The seven (7) INEDs constitutes more than half the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied	
Explanation on application of the practice	:	Currently, there are no Independent Directors serving beyond a cumulative term limit of nine years. Should the Board intend to retain an Independent Director beyond nine years, the Company shall provide justification and seek annual shareholders' approval through a two-tier voting process accordingly.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives in order to bring values to board deliberations. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.</p> <p>It is designed to be sufficiently large to capture the diversity of skills and expertise required to evaluate the best interests of shareholders, while not too large to ensure an effective decision-making process and active participation of every director. A balanced board in this regard can help dispel stereotyping, make commercial decisions that are aligned to customer and investor needs.</p> <p>The Board is of the view that the current composition will generate positive impact on business and create value for the Company. While the Board strives to promote diversity, appointments of Directors are still premised on merits, knowledge and expertise which must be relevant to the Company.</p> <p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level.</p> <p>The Nominating and Remuneration Committee (NRC) is responsible for assessing the candidate for proposed directorship and Senior Management and thereupon submitting their recommendation to the Board for decision.</p> <p>In making its recommendations to the Board, the NRC considers and assess the suitability of a new appointment based on objective criteria, and be guided by the Fit and Proper Policy including:</p> <ul style="list-style-type: none">• Qualification;• Required competencies, skills, expertise and experience;• Specialist knowledge or technical skills;• Professionalism and integrity; and

	<ul style="list-style-type: none"> Time commitment to the Company. <p>The roles of the NRC are detailed in its Terms of Reference, which is accessible for reference on the Company's website at www.bhic.com.my.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	The Nominating and Remuneration Committee (NRC) is responsible for recommending suitable candidates for Directorships to the Board. In undertaking this responsibility, the NRC can leverage on external sources, such as industry and professional associations, as well as independent search firms to identify candidates for proposed appointment as director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	The profiles of Directors are published in the Integrated Report 2022 and on BHIC's website at www.bhic.com.my . These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in BHIC, if any.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Nominating and Remuneration Committee (NRC) is chaired by Puan Rozi Baharudin, who is the Senior Independent Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	As of 31 December 2022, the Board comprises four (4) women Directors out of nine (9) Directors, which represents 45% women directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company does not have a formalised Board gender diversity policy alongside targets and measures. However, during the period under review, the Board comprised of 45% women Directors. The four (4) women Directors composition provide the Board with gender diversity that serves to bring value to Board discussions from the different perspectives and approaches.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Board has established an annual performance evaluation process to assess the performance and effectiveness of the Board and Board Committees, as well as the performance of each Director and Audit Committee Member via Board Effectiveness Evaluation (BEE) questionnaires.</p> <p>Each Director and Board Committee Member completes the evaluation form and submits it on a confidential basis to the Company Secretary who collates the responses and produces a report for tabling to the Nominating and Remuneration Committee (NRC).</p> <p>The NRC reviews the report and submit its findings to the Board for assessment of the performance and effectiveness of the Board and Board Committees and performance of each Members.</p> <p>The Board shall appoint independent experts to facilitate evaluations of the Board on a periodic basis.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Presently the Company does not have a formalised remuneration policies and procedures for Directors and Senior Management.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place a Nominating and Remuneration Committee (NRC) which made up of solely Independent Non-Executive Directors.</p> <p>The NRC reviews the remuneration packages, reward structure and fringe benefits applicable to Board and Key Senior Management and making the appropriate recommendations to the Board.</p> <p>The Terms of Reference of NRC is available on the Company's website at www.bhic.com.my. (As updated on 8 September 2022)</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	The details of the Directors' remuneration (including benefits-in-kind) of each Director for financial year 2022 are disclosed in BHC Integrated Report 2022. Details are as below:-

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	Rozi Baharudin	Independent Director	164	21	-	-	-	-	185	200	25	-	-	-	-	225
2	Dato' Maznah Abdul Jalil (Retired on 1 November 2022)	Non-Executive Non-Independent Director	102	40	-	-	-	-	141	132	40	-	-	-	-	172
3	Fahmy Ismail* (Appointed on 22 February 2023)	Non-Executive Non-Independent Director	0	0	-	-	-	-	0	0	0	-	-	-	-	0
4	Tan Sri Dato' Wira Aziah Ali	Independent Director	105	24	-	-	-	-	129	153	26	-	-	-	-	179
5	(Dr.) Salihin Abang	Independent Director	197	25	-	-	-	-	222	233	26	-	-	-	-	179
6	Hajah Saadatul Nafisah Bashir Ahmad	Independent Director	142	30	-	-	-	-	172	178	33	-	-	-	-	211
7	Vice Admiral Dato' Syed Zahiruddin Putra Syed Osman (Retired)	Independent Director	203	29	-	-	-	-	232	203	29	-	-	-	-	232
8	Datuk Norliza Abdul Rahim (Resigned on 16 January 2023)	Independent Director	92	9	-	-	-	-	101	92	9	-	-	-	-	101
9	Datuk Seri Mohammed Shazali Ramli* (Resigned on 30 November 2022)	Non-Executive Non-Independent Director	72	7	-	-	-	-	78	71	7	-	-	-	-	78
10	Dato' Ahmad Nazim Abd Rahman #	Non-Executive Non-Independent Director	77	14	-	-	-	-	91	77	14	-	-	-	-	91

11	Encik Irfan Hashim, (Alternate Director to Dato' Ahmad Nazim Abd Rahman)	Non-Executive Non- Independent Director	1	5	-	-	-	-	6	1	5	-	-	-	-	6
12	Datuk Nasarruddin M Zin (Resigned on 16 January 2023)	Independent Director	72	14	-	-	-	-	85	71	14	-	-	-	-	85
13	Izaddeen Daud	Non-Executive Non- Independent Director	82	23	-	-	-	-	105	82	23	-	-	-	-	105
14	Input info here	Non-Executive Non- Independent Director	Input info here													
15	Input info here	Choose an item.	Input info here													

Intended Outcome

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

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure												
Explanation on application of the practice	:													
Explanation for departure	:	<p>The Board opined that disclosing the remuneration component of Senior Management on a named basis including salary, bonus, benefits-in-kind and other emoluments will neither be in the best interest nor to the advantage of the Group, considering the highly competitive employment market for talents.</p> <p>Remuneration paid to the top five (5) Senior Management for the financial year ended 31 December 2022 are disclosed in an aggregate basis as follows: -</p> <table border="1" data-bbox="600 1227 1294 1529"> <thead> <tr> <th>Top Five Senior Management (not including Executive Directors)</th> <th>Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>From RM300,001 to RM400,000</td> <td>-</td> </tr> <tr> <td>From RM400,001 to RM500,000</td> <td>-</td> </tr> <tr> <td>From RM500,001 to RM600,000</td> <td>-</td> </tr> <tr> <td>From RM600,001 to RM700,000</td> <td>1</td> </tr> <tr> <td>From RM800,001 to RM900,000</td> <td>1</td> </tr> </tbody> </table> <p>Currently, the performance of Senior Management is evaluated on an annual basis and measured against their KPIs set for the year. The Board will ensure that the remuneration for the Senior Management commensurate with their performance, to attract, retain and motivate the talent in the Group.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>	Top Five Senior Management (not including Executive Directors)	Number of Senior Management	From RM300,001 to RM400,000	-	From RM400,001 to RM500,000	-	From RM500,001 to RM600,000	-	From RM600,001 to RM700,000	1	From RM800,001 to RM900,000	1
Top Five Senior Management (not including Executive Directors)	Number of Senior Management													
From RM300,001 to RM400,000	-													
From RM400,001 to RM500,000	-													
From RM500,001 to RM600,000	-													
From RM600,001 to RM700,000	1													
From RM800,001 to RM900,000	1													
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>														

Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here						
2	Input info here	Input info here						
3	Input info here	Input info here						
4	Input info here	Input info here						
5	Input info here	Input info here						

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Board and Chairman of the Audit Committee are held by different individuals.</p> <p>The Chairman of AC, (Dr.) Salihin bin Abang is a Chartered Accountant of Malaysian Institute of Accountants (MIA), ASEAN Chartered Professional Accountant and a Fellow International Accountant of the Association of International Accountants, United Kingdom (AIA). He is a graduate from Universiti Islam Antarabangsa Malaysia.</p> <p>He is not the Chairman of the Board. As per Practice 9.1 of the MCGG, where it is recommended that the Chairman of AC is not the Chairman of the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The composition, quorum, frequency of meeting as well as the specific duties and responsibilities and authority of the Audit Committee are set out in its Terms of Reference which is available on the Company's website at www.bhic.com.my.</p> <p>The Audit Committee has in place a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before he can be considered for appointment as a committee member.</p> <p>The Audit Committee will review its Terms of Reference to align with the application of 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.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee (AC) is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment, or termination of the external auditor.</p> <p>Under AC Terms of Reference, the AC reviews the suitability, objectivity and independence of the external auditor of the Company on an annual basis. The review process covers the assessment of the independence of the external auditor, the evaluation of the external auditor's performance, quality of work, audit fees and the adequacy of resources.</p> <p>During the financial year, the Audit Committee met with the external auditor namely, Messrs. Ernst & Young PLT (EY), twice in the absence of Management. The Audit Committee has also monitored and reviewed the performance and independence of Ernst & Young and is satisfied that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the Committee.</p> <p>For the audit of the financial year ended 31 December 2021, the AC was further assured by EY by way of written confirmation that its personnel were and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Pursuant to the assessment on the suitability and independence of the external auditor, the AC made its recommendation to the Board on the re-appointment on the external auditor alongside the accompanying audit fees.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All the Audit Committee members as of 31 December 2022 comprise solely of Independent Directors as stated below:- <ol style="list-style-type: none">1. (Dr) Salihin Abang (Independent Non-Executive Director) - Chairman2. Hajah Saadatul Nafisah Bashir Ahmad (Independent Non-Executive Director)3. Tan Sri Dato' Wira Aziah Ali (Independent Non-Executive Director)4. Datuk Norliza Abdul Rahim (Independent Non-Executive Director) (Resigned w.e.f 16 January 2023)

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>To date, the Audit Committee (AC) comprises majority Independent Non-Executive Directors. The Board had reviewed the Terms of Reference (TOR) of the AC members and assessed the performance of the AC through the Nominating & Remuneration Committee (NRC). The NRC is satisfied with the performance of the AC and each of its members and that they had carried out their duties in accordance with the TOR of the AC.</p> <p>(Dr.) Salihin Abang, the Chairman of AC, has vast experience in the field of finance and accounting. He is a member of Malaysian Institute of Accountants (MIA), and thus, fulfilling paragraph 15.09(1)(c) of Main Market Listing Requirement, which calls for one member of the audit committee to be a member of a professional accountancy body.</p> <p>In order to strengthen the present financial literacy of each member, all members of the AC will balance their participation in continuous professional development programmes on accounting and auditing standards, practices and rules continuously.</p> <p>The members of the AC have also been briefed on the relevant changes in financial reporting standards by the Chief Financial Officer and External Auditors during the AC's meetings held during the financial period.</p> <p>Majority of the AC members are financially literate except for one member who has legal background. In addition, AC members undertake continuous professional development to keep themselves abreast of development in various aspects, including development in accounting and auditing standards, practices and rules.</p>

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

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a risk management and internal control system that enables the identification, measurement, continuous monitoring, and reporting of all relevant risks.</p> <p>The establishment of the risk management and internal control system is driven by the Group Enterprise Risk Management (ERM) Framework, which was approved by the Board for implementation across the Group. The key components of the Framework outlining the requirements for effective risk management are Risk Governance, Risk Appetite, Risk Management Process and Risk Culture.</p> <p>The Framework articulates that the Board has oversight responsibility on the soundness of the risk management and internal control system and for ensuring the Framework is effective for managing and controlling risk-taking activities in line with the risk appetite and group strategies.</p> <p>Please refer to the Statement of Risk Management and Internal Control in the BHIC Integrated Report 2022 for the current state of the Company’s risk management and internal control system.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>Risk assessment, monitoring and review of the various risks are conducted periodically and embedded into the business process in all business and functional units. Group Risk Management Department (GRMD) playing a pivotal role in performing risk monitoring and independent roles.</p> <p>The Group's Enterprise Risk Management Framework adopts ISO 31000:2018 (Risk Management Principles and Guidelines) outlines the guiding principles and key structural elements of risk management practices and activities for the BHIC Group which includes:</p> <ol style="list-style-type: none">1. Demonstrating how risk management is embedded in BHIC Group's organisational systems to ensure it is integrated at all levels and work contexts. It describes the key principles, elements and processes to guide all employees in effectively managing risk, making it part of day-to-day decision-making and business best practices.2. Comprehensive, structured, systematic, and proactive process that identify, assess, manage and report on the significant Group, Division, Business and Functional risks related to the achievement of the BHIC Group's objectives inherent in the business strategy and operations at any point in time. The Group also established the following SOP to guide the business unit in managing their risks:<ol style="list-style-type: none">a) Risk Assessment Procedure. To guide the Division/Business and Functional Units to understand the objectives and process flows of the risk assessment.b) Key Risk Indicators (KRI) Procedure. To guide the Division/Business and Functional Units in establishing appropriate KRIs for monitoring of risk exposure within their areas.

	<p>c) Project Risk Management Plan Preparation Procedure. To guide the project manager and project risk manager in developing the Project Risk Management Plan for specific project undertaken.</p> <p>d) Risk Incidents Reporting Procedure. To provide the Division/Business and Functional Units within the BHIC Group the objectives and process flows of risk incidents reporting.</p> <p>3. Improve BHIC Group’s governance model through resilient leadership, responsible and ethical decision making, management and accountability, and performance improvement.</p> <p>4. independent risk assessment on new business proposals, major investments or business ventures initiated by the Business Units.</p> <p>5. Periodical reporting of risk issues through management committee and board risk committee.</p> <p>Further details pertaining to the Company’s risk management and internal control are provided in the Statement of Risk Management and Internal Control of BHIC’s Integrated Report 2022.</p>
<p>Explanation for departure :</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>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board established its own Risk Committee separate from the Audit Committee in year 2020.</p> <p>The Risk Committee (RC) is chaired by Vice Admiral Dato' Syed Zahiruddin Putra Syed Osman, an Independent Non-Executive Director.</p> <p>The other RC members are:</p> <ol style="list-style-type: none">1. Dato' Maznah Abdul Jalil (Non-Independent Non-Executive Director) (Retired w.e.f 1 November 2022)2. Izaddeen Daud (Non-Independent Non-Executive Director)3. (Dr.) Salihin Abang (independent Non-Executive Director)4. Datuk Norliza Abdul Rahim (Resigned w.e.f 16 January 2023)

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied	
Explanation on application of the practice	:	<p>The internal audit function is carried out by the Group Internal Audit (GIA) of Boustead Holdings Berhad, which reports directly to the Audit Committee and has direct access to the Board through the Chairman of the Audit Committee and is independent of the activities it audits. GIA’s authority, scope and responsibilities are governed by an Internal Audit Charter.</p> <p>The Audit Committee reviews and subsequently approves the Annual Internal Audit Plan and ensures the GIA is accorded with appropriate standing, resources, and authority to facilitate the discharge of its duties.</p> <p>Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The GIA provides assurance and recommendations to the Audit Committee on the Group’s governance, risk management and internal control systems.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit Charter states that the Group Internal Audit (GIA) personnel shall have impartial, unbiased attitude and avoid conflicts of interest in carrying out their duties. If independence or objectivity is impaired in fact or appearance, the details of the impairment should be disclosed to the Audit Committee. The Head of GIA, along with other internal audit personnel, are free from any family relationship with any Directors and/or major shareholder and do not have any conflict of interest with the Group.</p> <p>The GIA adopts internal audit standards and best practices based on the International Professional Practices Framework (IPPF), promulgated by the Institute of Internal Auditors.</p> <p>Nine (9) internal auditors from GIA were allocated to audit BHIC. The number of resources in the GIA is reviewed by the Audit Committee on a quarterly basis to ensure adequacy of resources to undertake the internal audit function.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	As stewards of the Company, Directors are accountable to shareholders as well as other stakeholders of the Company for the performance and operations of the Company. As such, the Board endeavours to ensure that communication with stakeholders is conducted in a regular and forthcoming manner. The Board aims to maintain a positive relationship with the different group of stakeholders through active two-way communication. It also strives to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure of information about the Company and to enhance the stakeholders’ understanding of the Company, its core businesses and operations, thereby, enabling investors to make informed decisions in valuing the Company’s shares.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>BHIC Integrated Report 2022 (IR 2022) followed from the 1st IR 2021 presents a balanced and transparent information about our business operations, enabling shareholders to make an informed assessment of our value-creation activities.</p> <p>The IR 2022 serves to inform stakeholders about what we have achieved and the implementation of our plans to realise our goal of being a world-class and sustainable port operator, practicing the concept of a green port.</p> <p>In line with best practices, the IR 2022 adopts the International Integrated Reporting Council (IIRC) framework to provide a holistic view of our operations. The reporting is also aligned to and guided by the Malaysian Code on Corporate Governance (as at April 2021) (MCCG 2021), the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad, the Companies Act 2016 and the Malaysian Financial Reporting Standards.</p> <p>The IR 2022 details BHIC financial and non-financial performance for the period 1 January 2022 to 31 December 2022. The reporting scope looked at internal and external impacts on the business and sustainability efforts, as well as trends, opportunities and risks that could significantly affect the Company's value-creation abilities.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board recognises that the Annual General Meeting (AGM) serves as an invaluable platform for shareholders to engage both the Board and Senior Management in a productive dialogue and provide constructive feedback that contributes to the overall performance of the Group. The Board therefore endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the AGM and to facilitate informed decision-making by the shareholders.</p> <p>In this regard, the notice for the 51st AGM in 2023 was provided to shareholders on 28 April 2023, at least 21 days before the meeting, to be held on 13 June 2023. The Board is of the view that the notice period, which complies with the provisions of the Main Market Listing Requirements, which call for a 21-days' notice period for public companies or listed issuers respectively, provides sufficient time for the shareholders to make the necessary arrangements to attend the meeting.</p>	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>All Directors attended the BHIC 50th Annual General Meeting held on 15 June 2022 as well as the past Annual General Meetings.</p> <p>The Board and the respective Board Committees Chairman were present to facilitate discussions and address any questions shareholders may have on matters that fall under the purview of the Committees.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied	
Explanation on application of the practice	:	The Company conducted its fully virtual 50 th Annual General Meeting via TIIH Online platform at https://tiih.online . on 15 June 2022 by leveraging technology. Save for the few essential individuals, attendance to the 50 th AGM was all done remotely via Remote Participation and Voting facilities.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Board recognises the importance of balancing the expectations of its shareholders and the Group's capabilities in creating value. Hence, providing avenues for effective two-way communication between the Company and its shareholders during the general meetings has always been the paramount consideration.</p> <p>During the 50th virtual AGM, the Chairman of the Meeting gave opening speech with brief introduction of the Company's current development and plans to the shareholders. The CEO of the Company was invited to present in details the Company's business strategies and future with financial insights of the Group.</p> <p>At the 50th virtual AGM, the Chairman of the Meeting encouraged the participation of the shareholders/proxies and responded to questions posed by the shareholders/proxies covering business prospects, financial performance, non-financial or administrative matters. The shareholders/proxies were given sufficient time to initiate and continue with online interaction with the Board via the RPV facilities.</p> <p>The Chairman of the Meeting and the Board with the support of the Senior Management addressed the shareholders'/proxies' questions/concerns at their best endeavours. All proposed resolutions were tabled for the shareholders' voting after the Chairman of the Meeting had attended to the questions/suggestions from the shareholders.</p>
Explanation for departure	:

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Company's Share Registrar, Tricor Investors and Issuing House Services Sdn. Bhd. was appointed by the Company to conduct a fully virtual AGM of the Company in 2022 through Remote Participation and Voting ("RPV") Facilities via TIIH Online platform at https://tiih.online.</p> <p>Through this method of AGM, shareholders were given ample time and opportunity to pose questions to the Company and to the Board in extension prior to the AGM.</p> <p>The Board together with the Senior Management had at its best endeavour addressed the prior list of questions received before the date of the AGM. During the AGM itself, questions were answered based on questions posed at the meeting itself. Finally, upon the conclusion of the AGM, the minutes of the AGM was uploaded to the Company's website together with the list of Questions and Answers at www.bhic.com.my.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The Minutes of Meetings of the 50 th AGM held on 15 June 2022 was uploaded to the BHIC website at www.bhic.com.my on 6 July 2022.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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