



BREM HOLDING BERHAD

BUILD . BALANCE . BEYOND

INVESTOR RELATIONS

BOARD CHARTER

1. INTRODUCTION

The Board of Directors (“the Board”) is accountable and responsible for the business and affairs of Brem Holding Berhad (“the Company” or “Brem”). The Board regards corporate governance as vitally important to the success of Brem’s business and is unreservedly committed to ensure that the principles of good governance is practiced in all its business dealings. All Board members are expected to act in a professional manner, thereby upholding the core values of integrity with due regard to their fiduciary duties and responsibilities.

2. PURPOSE

This Board Charter sets out the role, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

3. THE BOARD

3.1 Composition and Board Balance

3.1.1 Composition

The Board consists of qualified individuals with diverse set of skills, experience and knowledge necessary to govern the Company. The composition and size of the Board is such that it facilitates the decision making of the Company. The Articles of Association of the Company provides for a minimum of two (2) directors and a maximum of 11 directors. At any one time, at least two (2) directors or one-third (1/3) of the Board, whichever is higher, shall be Independent Directors as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The tenure of an Independent Director shall not exceed a cumulative term of 9 years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the Director’s re-designation as a Non-Independent Director. Otherwise, the Board must seek shareholders’ approval with justification at an Annual General Meeting (“AGM”) in the event it retains the Director as an Independent Director.



The Board shall appoint a Senior Independent Director who shall attend to any query or concern raised by shareholders.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

3.1.2 Appointments and Re-election

The appointment of a new Director is a matter for consideration and decision by the full Board upon recommendation from the Nomination Committee (“NC”). In making these recommendations, the NC will consider the required mix of skills, experience and diversity, including gender, which the new Director could bring to the Board. The Articles of Association of the Company provides that every newly appointed Director shall be subjected to re-election at the AGM following his appointment. It further provides that one third (1/3) of the Board shall retire from office and be eligible for re-election at every AGM, and each of the Directors shall submit himself for re-election at least once every three (3) years. New Directors are expected to have such expertise so that they are able to contribute positively to the Board in the performance of its duties and to give sufficient time and attention to the affairs of the Company.

3.1.3 Independence of Director

An Independent Director must fulfill the criteria as per the definition of Independent Director and provisions of the Listing Requirements of Bursa Securities at all times. The Board assesses the independence of the Directors annually by taking into consideration of their disclosed interests and having regard to the criteria for assessing the independence of Directors under the annual Board Assessment. A separate assessment on the Independent Directors is also undertaken annually.

3.1.4 Role of the Independent Director

The principal role of the Independent Directors is to bring independent judgment and objectivity to the Board room. They help to ensure that the interests of all shareholders, and not the interests of a particular fraction or group, are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

3.1.5 New Directorship

All Board members shall notify the Chairman of the Board before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment. A Director should not hold more than five (5) directorships in public listed companies in Malaysia. The Chairman shall notify the Board if he has any new directorship or significant commitments outside the Company.



3.2 Board Role and Responsibilities

3.2.1 Duties and Responsibilities

The Board assumes, amongst others, the following duties and responsibilities:-

- (i) Reviewing and adopting the overall strategic plans and programmes for the Company and Group;
- (ii) Overseeing the conduct of business of the Company and Group;
- (iii) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures to manage these risks;
- (iv) Succession planning;
- (v) Overseeing the development and implementation of a shareholder communications policy for the Company; and
- (vi) Reviewing the adequacy and the integrity of the management information and internal control systems of the Company and Group.

3.2.2 Matters Reserved for the Board

The following are matters which are specifically reserved for the Board:-

- (i) Conflict of interest issues relating to a substantial shareholder or a Director;
- (ii) Material acquisitions and disposition of assets not in the ordinary course of business;
- (iii) Approval of corporate plans and programmes;
- (iv) Approval of annual budgets, including major capital commitments;
- (v) Approval of new ventures and investments in capital projects;
- (vi) Authority levels; and
- (vii) Approval of significant treasury policies.

3.3 Relationship between the Board and Management

Subject to the formal delegations of authority, the Board delegates responsibilities for the operation and management of the Group business to the Managing Director and the management team. The Management is accountable to the Board and is to fulfill this responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year.



Non-Executive Directors may communicate with members of the senior management team at any time through the Managing Director and the Chair.

3.4 Chairman and Managing

Director (“MD”)The Company aims to ensure a balance of power and authority between the Chairman and MD with a clear division of responsibility between the running of the Board and the Company’s business respectively. The positions of Chairman (i.e. Non-Executive Chairman) and MD are separated and clearly defined.

The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the MD has overall responsibility for the day-to-day management of the business and implementation of the Board’s policies and decisions. The MD is responsible to ensure due execution of strategic policies, effective operation within the Company, and to explain, clarify and inform the Board on matters pertaining to the Company.

The responsibilities of the Chairman, amongst others, are as follows:-

- (i) Monitor the workings of the Board, especially the conduct of Board meetings to ensure that no Board member, whether executive or non-executive, dominates the discussion, and that appropriate discussion takes place and that relevant opinion among the Board members are forthcoming;
- (ii) Ensure that all relevant issues for the effective running of the Company’s businesses are on the agenda;
- (iii) Ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis;
- (iv) Encourage all Directors to play an active role in Board activities;
- (v) Chair general meetings of shareholders and to ensure effective communication with shareholders and relevant stakeholders;
- (vi) Liaise with the MD and the Company Secretary on the agenda for Board

The responsibilities of the MD, amongst others, are as follows:-

- (i) Acts as the conduit between the Board and the Management in ensuring the success of the Company’s governance and management functions;
- (ii) Has the executive responsibility for the day-to-day operation of the Group’s businesses and to ensure the efficiency and effectiveness of the operation for the Group;
- (iii) To supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group;



- (iv) To implement the policies, corporate strategies and decisions adopted by the Board;
- (v) To develop strategic direction and assess business opportunities which are of potential benefit to the Group; and
- (vi) To bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

3.5 Board Committees

The Board may from time to time establish Committees to assist it in carrying out its duties and responsibilities. The Board has established the following Committees :-

- (i) Audit Committee;
- (ii) Nomination Committee;
- (iii) and Remuneration Committee.

Independent Non-Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required.

The Committees shall operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers. Details of the membership and a summary of the terms of reference of each Committee appointed by the Board are published in the Annual Report.

3.6 Board Meetings

The Board shall conduct at least four (4) scheduled meetings annually, with additional meetings to be convened as and when necessary.

A full agenda of the meeting and all Board papers, including complicated issues or specific matters, would be distributed to all Directors on a timely basis prior to the scheduled Board meetings to ensure Directors are well informed and have the opportunity to seek additional information and clarification.

Where necessary, the services of other senior management or external consultants will be engaged to brief and clarify to the Directors on any doubt or concern.

3.7 Financial Reporting

In presenting the annual financial statements, quarterly announcements, and other price sensitive public reports to the authorities, public and/or shareholders, the Board aims to present a fair and objective assessment of the Group's position and prospects.



The Board shall ensure that the financial statements are prepared in accordance with the Companies Act and applicable approved accounting reporting standards so as to give a true and fair view of the state of affairs of the Group and the Company.

The Company's practice is to announce to Bursa Securities its quarterly financial results on a prompt and timely basis.

3.8 Directors' Remuneration

The Company shall set the Directors' remuneration at appropriate levels to attract and retain the Directors' services, taking into consideration all relevant factors including the function, workload and responsibilities involved.

The Remuneration Committee reviews and recommends to the Board the Company's remuneration policy for the MD and Executive Directors to ensure that they are appropriately rewarded for their contribution to the Group. Their remuneration shall be structured so as to link rewards to corporate and individual performance.

In the case of Non-Executive Directors, the level of remuneration reflects the contribution and level of responsibilities undertaken by the particular Non-Executive Director. The remuneration of the Non-Executive Directors is determined by the Board and subject to approval by the shareholders in the AGM of the Company.

3.9 Directors' Training & Continuing Education

In addition to the Mandatory Accreditation Programme as required by Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Board shall assess the training needs of the Directors from time to time.

4. COMPANY SECRETARY

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed. The removal of the Company Secretary shall be a matter for the Board as a whole.

The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.

The Company Secretary is responsible for ensuring that Board procedures are followed and that the applicable rules and regulations for the conduct of the affairs of the Board are complied with.

The Board members have unlimited access to the professional advice and services of the Company Secretary.



5. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board places great importance in ensuring the high standards of transparency and accountability in its communication to shareholders, as well as to potential investors, analysts and the public. The shareholders shall be informed of all material matters affecting the Company and Group.

The ways of communication to shareholders and investors, amongst others, are as follows:-

- (a) Timely release of the quarterly financial results to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year to Bursa Securities, which includes material acquisition/disposal, changes in the composition of the Group and any other material information that may affect investors' decision making;
- (b) Conducts dialogues with financial analysts, if so requested from time to time, as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interest;
- (c) Press conference which is normally held after the Company's AGM and/or Extraordinary General Meeting, if so requested by the media, for the purpose of addressing any queries or areas of interest of the media;
- (d) The Company's website provides easy access to corporate information pertaining to the Company and its activities; and
- (e) The Board will proactively address reports and rumors containing false or untrue facts on the Company for the benefits of the public and the shareholders.

The AGM is the principal forum for dialogue with the shareholders. The Board ensures that the AGM shall be a platform for effective communication with and receiving constructive feedback from the shareholders. The shareholders are encouraged to participate in the question and answer session at the AGM.

6. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognizes that no Company can exist by maximising shareholders value alone. In this regard, the needs and interest of other stakeholders are also taken into consideration.

6.1 Employees

The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.



6.2 Environment

The Board acknowledges the need to safeguard and minimise the negative impact to the environment in the course of achieving the Company's vision and mission. The Company supports initiatives on environmental protection.

6.3 Social Responsibility

The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates. The Company supports charitable causes and initiatives on community welfare development projects.

7. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Directors may seek independent professional advice and information in the performance of their duties at the Company's expense to enable them to make independent and informed decisions.

8.CODE OF ETHICS AND CONDUCT

The Code of Ethics and Conduct ("the Code") is to be observed by all Directors and employees of the Group. The Board will review the Code regularly to ensure that it continues to remain relevant and appropriate.

9. REVIEW OF THE BOARD CHARTER

The Board Charter has been adopted by the Board on 24 July 2013. Any subsequent amendment to the Charter can only be approved by the Board.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is made available for reference in the Company's website.

Signed for and on
Behalf of the Board of Directors,

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Dato' Hj. Abu Sujak bin Hj. Mahmud
Chairman of the Board
Date: 24 July 2013