

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8761
COMPANY NAME : BREM HOLDING BERHAD
FINANCIAL YEAR : March 31, 2020

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>Brem Holding Berhad ("Brem" or "the Company") and its subsidiaries ("the Group") continues to be led and managed by an effective, active and experienced Board which ensures that the interests of the shareholders and stakeholders are protected by setting out the Group's values and standards.</p> <p>The Board plays a pivotal role in the stewardship of the Group's direction and operations, including enhancing long-term shareholder value.</p> <p>The Management is accountable to the Board and is to fulfill their responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year.</p> <p>In discharging its overall duties and responsibilities, the Board and Board Committee undertook the following activities during the financial year ended 31 March 2020 ("FYE 2020") :-</p> <p>(i) <u>Review the Company's business operations</u></p> <p>The management provide reports on the progress of the respective business operations and status for the deliberation by the Board.</p> <p>(ii) <u>Promote Good Corporate Governance Culture</u></p> <p>The Board's approach in discharging its Corporate Governance duties Includes reviewing and approving the publication of Annual Report.</p> <p>(i) <u>Succession planning</u></p> <p>The Board delegated its duty on succession planning to the Nomination Committee. The Nomination Committee reviews the required mix of skills, experience and other requisite qualified of the Directors.</p>

	<p>(ii) <u>Development and implementation of shareholder communications policy</u></p> <p>Shareholders and stakeholders are updated with the performance and results of the Group through engagements and public release of the relevant information on the Company's corporate website at www.bremholding.com.</p> <p>To ensure the effective discharge of its function and responsibilities, the Board has delegated specific tasks to 4 Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management and Sustainability Committee. The Board Committees have the authority to act on behalf of the Board within the authority as laid out in the Terms of Reference and reports to the Board. These Committee ensures greater attention, objectivity and independence are provided in the deliberation of specific board agenda. The ultimate responsibility for the final decision on all matters deliberated in these Committees, however, lies with the Board.</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>Dato' Hj. Abu Sujak Bin Hj. Mahmud was appointed as the Independent Non- Executive Chairman of Brem Holding Berhad.</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available at the corporate website at www.bremholding.com.</p> <p>The key responsibilities undertaken by the Chairman includes the following: -</p> <ul style="list-style-type: none">(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 the 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) Provides leadership to the Board so that the Board can perform its responsibilities effectively;(vii) Communicates with the Management from time to time to ensure the Group complies with all relevant laws and regulations; and(viii) Leads the Board in establishing and monitoring good Corporate Governance practices in the Group. <p>The Chairman with the assistance of the Company Secretary sets the Board agenda for each meeting based on the dates of scheduled Board meetings in the annual meeting calendar, and the same is circulated to the Board Members accordingly.</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	:	<p>The role of the Independent Non-Executive Chairman and the Managing Director (“MD”), Tan Sri Dato’ Khoo Chai Kaa is distinct and separate to ensure that there is a balance of power and authority. The Chairman of the Board 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 decision.</p> <p>The responsibilities of the MD are as follows: -</p> <ul style="list-style-type: none"> (i) Acts as the conduit between the Board and the Management in ensuring the success of the Group’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 polices, 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.
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

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 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 Board had appointed a qualified secretary who is a member of the Malaysian Institute of Accountants and is qualified to act as Company Secretary under Section 235(2)(a) of the Companies Act, 2016.</p> <p>The Company Secretary is responsible, amongst other, to ensure proper preparation of notices of all Board Meetings and Board Committees Meetings, attending all Board Meetings and Board Committees Meetings and to ensure that accurate and adequate records of the proceedings of meetings and decisions made are properly kept as well as preparation and submission of statutory returns and forms as and when required by the Companies Commission of Malaysia. The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.</p> <p>In this respect, the Company Secretary plays an advisory role to the Board, particularly with regard to the Company's Constitution, Board policies and procedures, CG best practices and its compliance with regulatory requirements, codes, guidance and legislations.</p> <p>The Company Secretary undertake relevant continuous professional development programmes to keep abreast of the evolving capital market environment, regulatory changes and developments in CG through attendance at relevant conferences and training programmes.</p> <p>During the FYE 2020, the Company Secretary undertook continuous professional development by attending the following seminars and trainings:</p> <ul style="list-style-type: none">(i) How to deal with Company shares of Deceased under Grant of Probate, Letter of Administration & Small Estate by Mah Li Chen;(ii) COVID-19 & MCO How to manage AGM and Related Issues of Public Listed Companies by Mah Li Chen

	<p>The Company Secretary will manage the process of the Annual General Meeting to be held, by ensuring the proceedings are in place and properly managed. During the General Meeting, the Company Secretary will assist the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, particularly the questions raised by the shareholders.</p> <p>The Company Secretary also monitors the developments of Corporate Governance and assists the Board in applying best practices to meet the shareholders and stakeholders' expectations.</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

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

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>The Board is provided with appropriate information and comprehensive Board papers within sufficient time prior to Board meetings to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. Management is invited to attend the Board and Committees meetings and to brief and provide explanations to the Board and Board Committees on the operations of the Group. Upon conclusion of the meeting, minutes are circulated in a timely manner.</p> <p>Annual meeting calendar which provides details of scheduled dates for meetings of the Board, Board Committees and the Annual General Meeting are given to the Directors at the beginning of the year. The Directors also receive notifications on closed end periods for dealings in securities based on the targeted dates of announcements of the Group's quarterly results.</p> <p>The Notice of Board meetings are sent to the Directors via email and hard copy before the meeting. The same notification is sent to the Management, which includes the deadlines for submission of meeting materials for the Management's easy reference.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</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

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 has approved its Board Charter on 24 July 2013 and was reviewed on 24 May 2019 which sets out the composition, operations, processes, roles and a list of specific functions that are reserved for the Board. It is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.</p> <p>Key matters reserved for the Board’s approval includes managing conflict of interest issues, approval of material acquisitions and disposition of assets, corporate plans, annual budgets, new ventures, authority level, dividend policy and significant treasury policies.</p> <p>The Board Charter is periodically reviewed and updated in accordance with the needs of the Company and any new rules and regulations that may have an impact on the discharge of the Board’s responsibilities.</p> <p>The Board Charter are accessible to the public at the corporate website at www.bremholding.com.</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	:		
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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>In line with good Corporate Governance practices, the Board, the Management and employees of Brem Holding Berhad ("Brem" or "the Company") and its subsidiaries (collectively referred to as "the Group") have made a commitment to create a corporate culture within the Group to operate the businesses of the Group in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct.</p> <p>The Group has established a Code of Ethics and Conduct ("the Code") on 24 July 2013. The Code sets out the principles and standards of business ethics and conduct of the Group. The objective of the Code is to assist the Directors and employees in defining ethical standards and conduct at work.</p> <p>The Code covers managing conflicts of interest, maintaining confidential information, insider information and securities trading, protection of assets and funds, maintaining reliable business records and control, compliance with law, personal gifting, health and safety, sexual harassment, outside interest, fair and courteous behaviour and misconduct.</p> <p>The Board will periodically review and update the Code in accordance with the needs of the Group to ensure that they continue to remain relevant and appropriate. A summary of the Code is available at the corporate website at www.bremholding.com.</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 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has established a Whistle Blowing Policy (“WBP”) on 24 July 2013.</p> <p>The WBP was established to provide an avenue to encourage employees and stakeholders to raise genuine concerns about unethical behaviours, illegal activities, malpractices and/or failure in compliance with legal or regularity requirements at workplace.</p> <p>The whistle-blower acting in good faith and with reasonable belief can report or raise a genuine concern through established channels. The concern may be reported or raised to the line manager (for employees) or directly to the Independent Non- Executive Director as follows:-</p> <p>Name : Mr. Wong Miow Song E-mail : wongms@bremholding.com Attention : Independent Non-Executive Director</p> <p>The Board will periodically review and update the WBP in accordance with the needs of the Group to ensure that they continue to remain relevant and appropriate. A summary of the Whistle Blowing Policy is available at the corporate website at www.bremholding.com.</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

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

Practice 4.1

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	<p>As at the financial year ended 31 March 2020, the Board has 7 members comprising an Independent Non-Executive Chairman, a Managing Director, an Executive Director, 2 Non-Independent Non-Executive Directors and 2 Independent Non-Executive Directors.</p> <p>The composition of the Board is well balanced and complies with the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”) that require at least 2 directors or 1/3 of the total number of directors, whichever is the higher, must be independent.</p> <p>During the financial year ended 31 March 2020 an assessment of independence of the Independent Non- Executive Directors are conducted on an annual basis via Independent Director Self-Assessment Questionnaires.</p> <p>Based on the outcome of the evaluation done at the 4th quarter of 2020 the Independent Non-Executive Directors had declared that they are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.</p> <p>The Independent Non-Executive Directors are free to meet without the presence of management on a regular basis whereby they can candidly share concerns about the Group and exchange views on potential improvements in governance.</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 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application :	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice :	<p>Mr. Wong Miow Song ("Mr. Wong") was appointed to the Board on 24 May 2001 as an Independent Non-Executive Director and had served on the Board for a cumulative term of more than 19 years. The Board intends to retain him as an Independent Non-Executive Director of the Company therefore, the Board would seek shareholders' approval at the forthcoming 39th Annual General Meeting of the Company.</p> <p>Dato' Hj. Abu Sujak Bin Hj. Mahmud ("Dato' Hj. Abu Sujak") was appointed to the Board on 4 January 2006 as an Independent Non-Executive Director and had served on the Board for a cumulative term of more than 14 years. The Board intends to retain him as an Independent Non-Executive Director of the Company therefore, the Board would seek shareholders' approval at the forthcoming 39th Annual General Meeting of the Company.</p> <p>Based on the assessment done vide the NC, Dato' Hj. Abu Sujak and Mr. Wong have fulfilled the criteria under the definition of Independent Director as stated in MMLR of Bursa Securities. Notwithstanding the recommendation of the MCGG, the Board is presently of the view that, there is no necessity to fix a maximum tenure for Directors as there are significant advantage to be gained from long service Directors who possess in depth insights to the Group's business and affairs. The ability of a Director to serve effectively as an Independent Director is very much dependent on their integrity and objectivity and had no direct connection to their tenure as an Independent Director.</p> <p>Mr. Wong, being the Chairman of the Audit Committee and Dato' Hj. Abu Sujak, being the member of the Audit Committee, have demonstrated that they have the qualities and competencies to enable them to ensure the effectiveness of the Audit Committee in providing independent, objective and effective oversight to the Board.</p>

	They have also proven their commitment, experience and competency for informed and balance decision making. As such, the Board would be seeking shareholders' approval at the forthcoming AGM for them to continue in office as Independent 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 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to 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 4.4

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board and the Nomination Committee takes into account the Board diversity, including gender, ethnicity, age, experience and skills, to the effective functioning of the Board.</p> <p>The Board recognise a diverse Board in the Company could provide unique insights and broaden the Company's knowledge networks, bringing their varied perspectives to bear on the complex decision-making process that occurs at Board Level as compared to non-diverse Board whilst the diversity of Senior Management will lead to better discussions.</p> <p>The appointment of Key Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender. The detailed particulars of Directors and Key Senior Management are provided in the Annual Report 2020.</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 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	The Board is supportive of the gender diversity policy and currently has appointed 2 female Directors to the Board. In its selection for Board appointment, the Board provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender.	
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 4.6

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) carries out its responsibilities in respect of the nomination, selection and appointment process of the Board under the relevant laws and regulations .</p> <p>To ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, the criterion as agreed by the Board for determining candidates for potential Directors is that they must not hold directorships of more than 5 Public Listed Companies (as prescribed in Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities).</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 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) was established on 27 February 2002.</p> <p>The members of the NC, comprising exclusively of Non-Executive Directors, a majority of whom must be independent, are as follows: -</p> <p>Chairman: Wong Miow Song <i>(Independent Non-Executive Director)</i></p> <p>Members: Dato’ Hj. Abu Sujak Bin Hj. Mahmud <i>(Independent Non-Executive Chairman)</i> Khoo Hui Giok <i>(Non-Independent Non-Executive Director)</i></p> <p>The NC is responsible for making recommendations on any nomination to the Board and Committees of the Board. In making these recommendations, due consideration is given to the required mix of skills and experience that the proposed Directors could bring to the Board and to the respective Board Committees. The decision as to who shall be appointed shall be the responsibility of the full Board after considering the recommendations of the NC.</p> <p>The NC will also assess annually, the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual Director including Independent Non-Executive Directors.</p> <p>The NC had held 1 meeting during the financial year ended 31 March 2020 which were attended by all members.</p> <p>The Terms of Reference of the NC was last reviewed and updated on 27 February 2018 and is available at the corporate website at www.bremholding.com.</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 form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee has established a set of quantitative and qualitative performance criteria to evaluate the performance of each members of the Board, each Board Committees and to review the performance of the Board as whole. The effectiveness of the Board is assessed in the areas of the Board's role and responsibilities and composition, attendance record, intensity of participation at meetings. Besides, the effectiveness of the Board Committee is assessed in terms of structure and process, accountability and responsibility as well as the effectiveness of the Chairman of the respective Board Committees.</p> <p>The Nomination Committee also assessed the training needs of the Board and remind the Board to continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changes in market terms, legislations and regulations affecting the Company.</p> <p>The Board, through the Nomination Committee, shall assess the independence of Independent Directors annually. The assessment was done based on the independence criteria as set out under Paragraph 1.01 of the MMLR.</p> <p>The Nomination Committee had reviewed the independence of the Independent Directors for the financial year ended 31 March 2020 and is satisfied with the independency demonstrated.</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	:		
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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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a formal and transparent process for approving the remuneration of the Board and Board Committees, the Managing Director and Executive Directors</p> <p>The remuneration policy is periodically reviewed by the Remuneration Committee ("RC") prior to making its recommendations to the Board for approval. In its review, the RC considers various factors including the Non-Executive Director's ("NED's") fiduciary duties, time commitments expected of them and the Company's performance.</p> <p>The RC reviews the remuneration policy for the members of the Board, Board Committees, the Managing Director and Executive Directors and recommends to the Board for approval.</p> <p>The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors of the Company as well as other individuals.</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 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 6.2

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 established a Remuneration Committee ("RC") on 27 February 2002, which comprise of a majority of Independent Non-Executive Directors: -</p> <p>Chairman: Dato' Hj. Abu Sujak Bin Hj. Mahmud <i>(Independent Non-Executive Chairman)</i></p> <p>Member: Wong Miow Song <i>(Independent Non-Executive Director)</i></p> <p>Member: Tan Sri Dato' Khoo Chai Kaa</p> <p>The RC's duty is to make recommendations to the Board on the remuneration framework for all Executive Directors. The policy practiced on Directors' remuneration is to provide the remuneration necessary to attract, retain and motivate Executive Directors of the quality required to manage the businesses of the Company.</p> <p>Annually, the RC reviews the remuneration of the Executive Directors to ensure that it commensurate with the market's expectation, the Directors' experience and competency and the performance of the Group. Directors do not participate in decisions regarding their own remuneration. Meetings of the RC are held as and when necessary, and at least once a year. The RC had held 1 meeting during the financial year ended 31 March 2020 and was attended by all the members.</p> <p>The Terms of Reference of RC was last reviewed and updated on 27 February 2018 and is available at the corporate website at www.bremholding.com.</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 7.1

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 detailed disclosure on named basis for the remuneration of individual directors are set out in the Corporate Governance Overview Statement in the Annual Report 2020.	
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 :	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 assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

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	:	Please provide an explanation for the departure.								
Explanation for departure	:	<p>Details of the remuneration of each Key Senior Management on named basis is not disclosed due to confidentiality reasons and such disclosure may be prejudicial to the Company's business interests given that poaching of qualified Senior Management is common.</p> <p>As an alternative, details of Key Senior Management whose remuneration falls within successive bands of RM50,000 is set out below: -</p> <table border="1"> <thead> <tr> <th>Range of Remuneration</th> <th>Number of Key Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM100,001 to RM150,000</td> <td>1</td> </tr> <tr> <td>RM400,001 to RM450,000</td> <td>1</td> </tr> <tr> <td>RM650,001 to RM700,000</td> <td>1</td> </tr> </tbody> </table> <p>The Board is of the view that the transparency and accountability aspects of the MCCG 2017 on disclosure of the remuneration are appropriately served by the above remuneration disclosures in bands of RM50,000.</p>	Range of Remuneration	Number of Key Senior Management	RM100,001 to RM150,000	1	RM400,001 to RM450,000	1	RM650,001 to RM700,000	1
Range of Remuneration	Number of Key Senior Management									
RM100,001 to RM150,000	1									
RM400,001 to RM450,000	1									
RM650,001 to RM700,000	1									
<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 assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - 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	:	

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 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Terms of Reference of AC was updated to follow the recommendations in MCCG 2017 to have a policy that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee.</p> <p>None of the members of the Board is a former key audit partner. Hence, no member of the AC appointed is a former key audit partner.</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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application :	Applied
Explanation on application of the practice :	<p>During the financial year ended 31 March 2020, the External Auditor, Baker Tilly Monteiro Heng ("Baker Tilly") made 2 presentations which are as follows :-</p> <ul style="list-style-type: none">(i) Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters with reference to the International Standard on Auditing 701; and(ii) Audit Review Memorandum for the financial year ended 31 March 2020 which highlights the Key Audit Matters identified during the audit, any significant deficiencies in internal control and Baker Tilly's assessment of the risks or material misstatement with reference to ISA 260 – Communications with those charged with governance. <p>The AC conducts an annual assessment of the External Auditors via a questionnaire covering areas such as on the quality of audit, performance, competency and sufficiency of resources of the External Audit team provided to the Group.</p> <p>Based on the outcome of its assessment, the Board had on 19 August 2020 approved the AC's recommendation for the shareholders' approval to be sought at the 39th AGM on the appointment of Baker Tilly as External Auditors of the Company for the financial year ending 31 March 2021.</p> <p>The AC was also satisfied in its review that the provision of the non-audit services by Baker Tilly to the Company and the Group for the financial year ended 31 March 2021 did not in any way impair their objectivity and independence as External Auditors of the Company.</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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	Please provide an explanation on the adoption.

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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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>Mr. Wong Miow Song, was appointed to the Board of the Company on 24 May 2001 as an Independent Non- Executive Director. He was also elected as Chairman of the Audit Committee of the Company with effect from 24 May 2001. He holds a Bachelor of Engineering (Honours) degree in Civil Engineering from University of Malaya. He has over 41 years of experience in building construction and housing development. Currently he is a director of a private construction company involved in the construction of houses, shop houses and apartments in Klang Valley area. He is a member of The Institution of Engineers, Malaysia and a professional engineer with practising certificate registered with the Board of Engineers, Malaysia. He is the Chairman of the Audit Committee and Nomination Committee and also a member of the Remuneration Committee and Risk Management and Sustainability Committee of Brem Holding Berhad.</p> <p>Dato' Hj. Abu Sujak Bin Hj. Mahmud, was appointed to the Board of the Company on 4 January 2006 as Independent Non-Executive Director. He began his career as an audit clerk in Jabatan Pembangunan Koperasi Malaysia in 1958. He then joined the Maktab Perguruan Bahasa in 1960 and then taught for a period of five (5) years before pursuing his degree in the University of Malaya. He obtained Bachelor of Arts in Malay Studies in 1970. In 1971, he joined Dewan Bandaraya Kuala Lumpur and subsequently was appointed as Secretary of Majlis Perbandaran Klang and Majlis Perbandaran Shah Alam. In 1986, he was chosen to stand for election, which marked his career as a politician. He served as a member of the Selangor State Legislative Council for three (3) terms and was also a member of the Selangor State Executive Council from 1986 to 1995. He was also appointed as Timbalan Menteri Besar Selangor Darul Ehsan in 1990 until 1995. In the year 2000, he was appointed as the Datuk Bandar Majlis Bandaraya Shah Alam and was in office until 2002. Dato' was elected Chairman of the Board of Directors on the 28 July 2010. He is also the Chairman of the Remuneration Committee and a member of</p>

	<p>the Audit Committee, Nomination Committee and Risk Management and Sustainability Committee of Brem Holding Berhad.</p> <p>Ms. Khoo Hui Giok, was appointed to the Board of the Company on 26 May 2008 as a Non-Independent Non- Executive Director. She holds a Bachelor of Business Accounting, Charles Sturt University. She is a certified practicing accountant of CPA Australia and a member of the Malaysian Institute of Accountants. She has over 18 years of experience in financial management. Currently she is a financial controller of a chain of hotels in Malaysia. She is also a member of the Audit Committee and Nomination Committee of Brem Holding Berhad. She is the daughter of Tan Sri Dato’ Khoo Chai Kaa.</p> <p>Accordingly, this meets the requirements of paragraph 15.09(1)(c) of the Main Market Listing Requirement of Bursa Securities which requires at least 1 member must be a member of the Malaysian Institute of Accountants.</p> <p>The Audit Committees had discharged their functions, duties and responsibilities in accordance with the AC’s Terms of Reference and supported the Board in ensuring the Group upholds appropriate Corporate Governance standards.</p> <p>All members of the AC are mindful that they should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>The composition of the AC, its Terms of Reference, attendance of meetings by the individual members and the summary of activities are set out in the AC Report in the Annual Report 2020.</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

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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board recognises its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. In view of the limitations that are inherent in any systems of internal control, the systems of internal control are designed to manage risk within tolerable levels rather than eliminate the risk of failure to achieve business objectives. Hence, such system by its nature can only provide reasonable and not absolute assurance against material misstatement, error or losses.
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 9.2

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>The Board with the assistance of the out-sourced internal audit function has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board.</p> <p>The Statement on Risk Management and Internal Control is set out in the Annual Report 2020 which provides an overview on the state of risk management and internal controls within the Group.</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 9.3 - 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	:	Not Adopted
Explanation on adoption of the practice	:	

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 10.1

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 Group has out-sourced the Internal Audit Function to an independent internal audit service company to provide an independent assessment of the adequacy, efficiency, effectiveness of the Group's internal control system. The independent Internal Auditors reports directly to the Audit Committee on its activities based on approved annual internal audit plan.</p> <p>The principal responsibility of the Internal Audit Function is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the internal auditor reviews and assesses the Group's systems of internal control and report to the Committee directly. Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the Committee for review and approval. This ensures that the audit direction is in line with the Committee's expectations.</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 10.2

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 Audit Committee (“AC”) assessed and was satisfied on the credential of Smart Focus. Smart Focus is a reputable firm with vast exposure and having adequate resources and expertise in internal audit. The AC was satisfied its appointment as the new Internal Auditors of the Group. It also believed that the internal audit personnel are free from any relationships or conflicts of interest with the Group, which could impair their objectivity and independence.</p> <p>The Internal Auditors reports directly to the AC on its activities based on the approved annual Internal Audit Plans. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.</p> <p>During the financial year under review, the Internal Auditors carried out a review on: -</p> <ul style="list-style-type: none"> (a) Internal Audit Report on Recurrent Related Party Transactions on 2/7/2019 (b) Internal Audit Report on Project Management in Bandar Ainsdale Project on 29/8/2019 (c) Internal Audit Report on Naga Istimewa Sdn. Bhd. (Brem Mall, Kepong) on 26/11/2019 (d) Internal Audit Reports on Brem Holding Berhad, Harmony Property Sdn Bhd, GJH Ventures Sdn Bhd and Bintang Urusjuta (M) Sdn Bhd on 18/2/2020 <p>The findings of their audits were tabled at the AC meeting for deliberation.</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 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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa which includes the quarterly financial results, audited financial statements and Annual Reports. This information is also electronically published at the Bursa Securities' and the Company's website at http://www.bursamalaysia.com and http://www.bremholding.com respectively and it is accessible by public.</p> <p>(i) Bursa Malaysia Securities Berhad</p> <p>The Company releases all material information publicly through Bursa Malaysia Securities Berhad and the shareholders and the public in general may obtain such announcements and financial information from the website of Bursa Malaysia Securities Berhad.</p> <p>(ii) Corporate Website</p> <p>The Corporate's website, http://www.bremholding.com, incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by both shareholders and the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company.</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 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is mindful on the benefit of integrated reporting which is applicable for Large Companies. As the Company is not under the category of Large Companies, the Board had not adopted the Integrated Report.	
		Presently, the Annual Report provides a fairly comprehensive overview on the Group's financial and non-financial information including the outlook and prospect of the Group to shareholders and stakeholders.	
<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 12.1

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

Application	:	Applied	
Explanation on application of the practice	:		
Explanation for departure	:	Due to the uncertainty of the Covid-19 outbreak, the notice of AGM is not able to be issued at least 28 days. However, it had fully complied with the Company's Constitution which require at least 21 days' notice before the meeting The Board believes that 21 days also serve as sufficient notice and time given to the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney. Shareholders are still able to properly consider the resolutions that will be discussed and decided at the meeting.	
<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 12.2

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	:	The Board took note that the presence of all Directors will provide opportunity for shareholders to effectively engage with each Director. Besides, having the chair of the Board subcommittees present facilitates these conversations and allows shareholders to raise questions and concerns directly to those responsible. Accordingly, barring unforeseen circumstances, all directors as well as the Chairman of respective Board Committees (i.e. Audit Committee, Nomination Committee, Remuneration Committee and Risk Management and Sustainability Committee) will be present at the forthcoming AGM of the Company to enable the shareholders to raise questions and concerns directly to those responsible.
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 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	.
Explanation for departure	:	The Board assessed and of the opinion that meetings in remote locations is not necessary and costly to the Company in view of the current numbers of shareholders of the Company. Furthermore, the Company's AGM was held in the city centre and not in any remote location.
	:	In line with the Practice 12.3 of the MCCG 2017 in promoting electronic voting, the Board will consider adopting electronic voting taking into consideration the following advantages of electronic voting:- <ul style="list-style-type: none">• more accurate and transparent voting results;• shorter turnaround time for declaration of results;• making voting more accessible even for the disabled;• reduce administrative cost and paper work; and• remove the need for physical ballot papers.
<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
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.

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