

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 9474  
**COMPANY NAME** : Brahim's Holdings Berhad  
**FINANCIAL YEAR** : December 31, 2019

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board of Brahim's recognises the importance of practicing the high standards of Corporate Governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value with corporate accountability and transparency. As such, the Board continues to affirm its commitment in adhering to the Principles and Best Practices set out in the Malaysian Code on Corporate Governance 2017 ("the Code"). Set out below is a description of how the Group has applied the Principles of the Code and how the Board has complied with the Best Practices set out in the Code throughout the financial year ended 31 December 2019.</p> <p>An experienced and effective Board consisting of mainly Non-Executive members with a wide range of skills and experience from financial and business background to lead and control the Group. The directors bring depth and diverse expertise to the leadership of the challenging and highly competitive inflight catering, restaurant operations, logistics and warehousing businesses. The Board continues to give close consideration to its size, composition, spread of experience and expertise. No individual or group of individuals dominates the Board's decision making. This is to ensure that issues of strategy, performance and resources are fully discussed and examined to take into account the long term interests of stakeholders of the Company.</p> <p>The Board owes the fiduciary duties to the Company and, while discharging its duties and responsibilities, shall individually and collectively exercise reasonable care, skill and diligence at all times.</p> <p>The principal responsibilities of the Board of Directors of the Company are as follows:</p> <ul style="list-style-type: none"> <li>• Approval of financial results</li> <li>• Dividend policy</li> <li>• Issuance of new securities</li> <li>• Annual business plan</li> <li>• Annual financial budget</li> <li>• Acquisition or disposal of material fixed assets</li> <li>• Acquisition or disposal of group companies</li> </ul>

	<p>To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board’s authorities and discretion on the Board Committees and Management. The Board Members, in carrying out their duties and responsibilities, are firmly committed to ensuring that the highest standards of corporate governance and corporate conduct are adhered to, in order that the Company achieves strong financial performance for each financial year, and more importantly delivers long-term and sustainable value to stakeholders.</p> <p>The Board Committees are entrusted with specific responsibilities to oversee the Company’s affairs, in accordance with their respective Terms of References. The Board additionally provides stewardship to the Group’s strategic direction and operations, and ultimately the enhancement of long-term shareholder’s value.</p> <p>The Board is primarily responsible for:</p> <ul style="list-style-type: none"> <li>• adopting and monitoring progress of the Company’s strategies, budgets, plan and policies;</li> <li>• overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed;</li> <li>• considering management recommendations on key issues including acquisitions and divestments, restructuring, funding and significant capital expenditure;</li> <li>• succession planning including appointing and reviewing the compensation of the top management;</li> <li>• identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and</li> <li>• reviewing the adequacy and integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.</li> <li>• should there be a vacancy in the Board, it is a guideline to replace and appoint a suitable and qualified candidate, within an acceptable time frame.</li> </ul>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

**Intended Outcome**

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

**Practice 1.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Executive Chairman, Dato' Seri Ibrahim bin Haji Ahmad is primarily responsible for the orderly conduct and workings of the Board, and for the overall operations of the business and the implementation of Board strategy and policy.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The position of Executive Chairman and CEO are held by two different individuals. The Chairman, Dato' Seri Ibrahim bin Haji Ahmad leads and manages the Boards by focusing on strategy, governance and compliance whereas the acting CEO, Mohd Fadhli bin Abdul Rahman manages the business and operations of the company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All directors of the Company whether in full Board or in their individual capacity, have access to all information within the Company and are able to seek independent professional advice where necessary and, in appropriate circumstances, in furtherance of their duties.</p> <p>The Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its functions. The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary supports the Board in managing the Company's governance model, ensuring it is effective and relevant. The Company Secretary also ensures that deliberations at the Board meetings are well captured and minuted.</p> <p>During the financial year ended 31 December 2019, six (6) Board of Directors' meetings were convened. All proceedings, deliberations and conclusions of the Board and Board Committees Meetings are clearly recorded in the minutes of meetings by the Company Secretaries, confirmed by the Board and signed as correct record by the Chairman of the Meeting. The Board also exercises control on routine matters that require the Board's approval through the circulation of Directors' Resolutions in Writing as allowed under the Constitution of the Company.</p> <p>During the financial year ended 31 December 2019, the Company secretaries undertaken continuous professional development by attending the relevant conferences, trainings and seminars to keep abreast of the regulatory changes and development in Corporate Governance, Companies Act 2016 and the Listing Requirements of Bursa Malaysia Securities Berhad.</p>
<b>Explanation for departure</b>	:	

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

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

**Intended Outcome**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To facilitate the Directors' time planning, the annual tentative meeting 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 and the Annual General Meeting hosted by Brahim's, 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.</p> <p>The Notice of Board meeting are sent to the Directors via email at least seven (7) working days prior to a meeting. All proceedings, deliberations and conclusions of the Board and Board Committees Meetings are clearly recorded in the minutes of meetings by the Company Secretaries, confirmed by the Board and signed as correct record by the Chairman of the Meeting. The Board also exercises control on routine matters that require the Board's approval through the circulation of Directors' Resolutions in Writing as allowed under the Constitution of the Company.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter sets out the role, composition and responsibilities of the Board of Directors ("the Board") of Brahim’s Holdings Berhad. The Board has two (2) broad purposes, compliance and performance:</p> <ul style="list-style-type: none"> <li>• <b>COMPLIANCE:</b> Conform with or Exceed All Legal Requirements               <ul style="list-style-type: none"> <li>1.1 Legal                   <ul style="list-style-type: none"> <li>• monitor compliance with the Constitution, Companies Act 2016</li> <li>• comply with directors’ responsibilities</li> <li>• comply with laws</li> <li>• monitor insurance requirements</li> </ul> </li> <li>1.2 Accountability                   <ul style="list-style-type: none"> <li>• monitor financials</li> <li>• compliance audits</li> </ul> </li> </ul> </li> <li>• <b>PERFORMANCE:</b> Assist the organisation to perform to its best potential               <ul style="list-style-type: none"> <li>2.1 Strategy and policy                   <ul style="list-style-type: none"> <li>• approve vision/mission statement and ensure it is embedded into the organisation operations</li> <li>• approve strategic plan and policies and monitor regularly</li> </ul> </li> <li>2.2 Accountability                   <ul style="list-style-type: none"> <li>• overall performance of the organisation</li> <li>• board evaluation, succession planning</li> <li>• report outcomes to stakeholders</li> <li>• manage the Chief Executive Officer ("CEO")</li> </ul> </li> <li>2.3 Public Relations                   <ul style="list-style-type: none"> <li>• represent and participate</li> <li>• keep stakeholders informed</li> <li>• project a strong and positive image</li> <li>• promote the vision</li> <li>• facilitate cohesion</li> <li>• protect the interests of stakeholders</li> <li>• speak with one voice regarding Board decisions</li> </ul> </li> <li>2.4 Risk Management                   <ul style="list-style-type: none"> <li>• ensure up-to-date and effective risk profile and management strategy</li> <li>• monitor critical risks</li> </ul> </li> </ul> </li> </ul>

The Board, while meeting its responsibilities, is mindful of the organisation's mission and the objects of the organisation as embodied in its Constitution. The Board has delegated authority for the operations and administration of the organisation to the CEO.

The functions of the Board are to provide effective leadership and collaborate with the Executive management team in:

- articulating the organisation's values, vision, mission and strategies
- developing strategic (direction) plans and ordering strategic priorities
- maintaining open lines of communication and promulgating through the organisation and with external stakeholders the values, vision, mission and strategies
- developing and maintaining an organisation structure to support the achievement of agreed strategic objectives.
- Monitor the performance of the CEO against agreed performance indicators.
- Review and agree the business (action) plans and annual budget proposed by the Executive management team.
- Monitor the achievement of the strategic and business plans and annual budget outcomes.
- Establish such committees, policies and procedures as will facilitate the more effective discharge of the Board's roles and responsibilities.
- Ensure, through the Board committees and others as appropriate, compliance obligations and functions are effectively discharged.
- Initiate a Board self-evaluation programme and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programmes as the Board judges as appropriate.
- Ensure that all significant systems and procedures are in place for the organisation to run effectively, efficiently, and meet all legal and contractual requirements.
- Ensure that all significant risks are adequately considered and accounted for by the Executive management team.
- Ensure that the organisation has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate and social responsibility and sustainability.
- The Board has no operational involvement in the conduct of organisation's business activities and delivery of services. Its role is confined to setting and reviewing policy.

The Constitution provides for a minimum of two (2) directors (so that a quorum can be formed to transact business at meetings). Directors are free from any interest and any business or other relationship which could, or could reasonably be perceived to; materially interfere with the director's ability to act in the best interests of the organisation. Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent.

The Board has not adopted a tenure policy, but the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director.

The Board, upon recommendation of the Nomination Committee, shall justify and seek shareholders' approval in the event that it desires to retain a person who has served in that capacity for more than nine (9) years as an independent director.

	<p>The roles of the Chairman of the Board and CEO are strictly separated.</p> <p>The CEO is responsible for:</p> <ul style="list-style-type: none"> <li>• policy direction of the operations of the organization</li> <li>• the efficient and effective operation of the organization</li> <li>• bringing material and other relevant matters to the attention of the board in an accurate and timely manner.</li> </ul> <p>The CEO is not a member of the Board.</p> <p>The Board actively seeks to have an ‘engaged culture’ which is characterised by candour and willingness to challenge. This is evidenced by:</p> <ol style="list-style-type: none"> <li>1. Agendas <ul style="list-style-type: none"> <li>• The agendas of the Board limit presentation time and maximise discussion time.</li> <li>• There are lot of opportunities for informal interactions among Board members.</li> </ul> </li> <li>2. Behaviour <ul style="list-style-type: none"> <li>• Board members are honest yet constructive.</li> <li>• Members are ready to ask questions and willing to challenge leadership.</li> <li>• Members actively seek out other member’s views and contributions.</li> <li>• Members spend appropriate time on important issues.</li> </ul> </li> <li>3. Values <ul style="list-style-type: none"> <li>• The Board serves the community by actively participating in governance.</li> <li>• The Board is responsible to various stakeholders.</li> <li>• Board members are personally accountable for what goes on at the organisation.</li> <li>• The Board is responsible for maintaining the organisation’s stature in the sector.</li> <li>• Board members respect each other.</li> </ul> </li> </ol> <p>Proceedings of all meetings are minuted and signed by the Chairman of the meeting. Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting. Resolutions are first put to the Board in draft form (as a "Board Paper") and, once passed, are recorded in the Minutes Book.</p> <p>The Board will review this charter bi-annually to ensure it remains consistent with the Board’s objectives and responsibilities.</p> <p>The board charter is published in the Company’s website at <a href="http://brahmsgroup.com/board-charter/">http://brahmsgroup.com/board-charter/</a></p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	

<b>Timeframe</b>	:		
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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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>1. Brahim's Holdings Berhad will conduct its businesses honestly and ethically wherever we operate in the world. We will constantly improve the quality of our services, products and operations and will create a reputation for honesty, fairness, respect, responsibility, integrity, trust and sound business judgment. No illegal or unethical conduct on the part of its executives, directors, employees or affiliates is in the Company's best interest. Brahim's Holdings Berhad will not compromise its principles for short-term advantages. The ethical performance of this Company is the sum of the ethics of the human resources who work here. Thus, we are all expected to adhere to high standards of personal integrity.</p> <p>2. Executives, directors, and employees of the Company must never permit their personal interests to conflict, or appear to conflict, with the interests of the Company, its clients or affiliates. Executives, directors and employees must be particularly careful to avoid representing Brahim's Holdings Berhad in any transaction with others with whom there is any outside business affiliation or relationship. Executives, directors, and employees shall avoid using their company contacts to advance their private business or personal interests at the expense of the Company, its clients or affiliates.</p> <p>3. No bribes, kickbacks or other similar remuneration or consideration shall be given to any person or organisation in order to attract or influence business activity. Executives, directors, and employees shall avoid gifts, gratuities, fees, bonuses or excessive entertainment, in order to attract or influence business activity.</p> <p>4. Executives, directors, and employees of Brahim's Holdings Berhad will often come into contact with, or have possession of, proprietary, confidential or business-sensitive information and must take appropriate steps to assure that such information is strictly safeguarded. This information – whether it is on behalf of our Company or any of our clients or affiliates – could include strategic business plans, operating results, marketing strategies, customer lists, personnel records, upcoming acquisitions and divestitures, new investments, and manufacturing costs, processes and methods. Proprietary, confidential and sensitive business information about this company, other companies, individuals and entities should be treated with sensitivity and discretion and only be disseminated on a need-to-know basis.</p>

	<p>5. Misuse of material inside information in connection with trading in the Company's securities can expose an individual to civil liability and penalties under the Capital Markets and Services Act 2007 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Under this Act, directors, executives, and employees in possession of material information not available to the public are "insiders". Spouses, friends, suppliers, brokers, and others outside the Company who may have acquired the information directly or indirectly from a director, officer or employee are also "insiders". The Act prohibits insiders from trading in, or recommending the sale or purchase of, the Company's securities, while such inside information is regarded as "material", or if it is important enough to influence you or any other person in the purchase or sale of securities of any company with which we do business, which could be affected by the inside information. The following guidelines should be followed in dealing with inside information:</p> <ul style="list-style-type: none"> <li>• Until the material information has been publicly released by the Company, an employee must not disclose it to anyone except those within the Company whose position require use of the information.</li> <li>• Employees must not buy or sell company's securities when they have knowledge of material information concerning the Company until it has been disclosed to the public and the public has had sufficient time to absorb the information.</li> <li>• Employees shall not buy or sell securities of another corporation, the value of which is likely to be affected by an action by the Company of which the employee is aware and which has not been publicly disclosed.</li> </ul> <p>6. Executives, directors and employees will seek to report all information accurately and honestly, and as otherwise required by applicable reporting requirements.</p> <p>7. Executives, directors, and employees will remain personally balanced so that their personal life will not interfere with their ability to deliver quality products or services to the Company and its clients. Executives, directors, and employees agree to disclose unethical, dishonest, fraudulent and illegal behaviour, or the violation of company policies procedures, directly to management.</p> <p>8. Violation of this Code of Ethics can result in discipline, including possible termination. The degree of discipline relates in part to whether there was a voluntary disclosure of any ethical violation and whether or not the violator cooperated in any subsequent investigation.</p> <p>The Code of Ethics is published in the Company's website at <a href="http://brahimsgroup.com/code-of-ethics/">http://brahimsgroup.com/code-of-ethics/</a>.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All employees are urged to promptly report illegal or unethical behaviour including financial misconduct and other violations of the code of ethics. All concerns or complaints made by the employees will be kept confidential and their identity will be kept anonymous, though they may be required by law to reveal this information in some circumstances. The group will not allow any retaliation against employees if they report misconduct of other in good faith.</p> <p>The following are some guidelines employees may follow in reporting violations of the code or other misconduct, or if are unsure about how to handle a situation:</p> <ol style="list-style-type: none"> <li>1. Employee are encouraged as a first step to speak openly and freely to his/her superior or department manager;</li> <li>2. If for any reason an employee are not comfortable approaching his/her superior or department manager, or he/she is not satisfied that his/her complaint has not been handled fairly and appropriately, then the employee can contact the Chief Integrity Officer or any one from the board of directors who he/she feel that they will act accordingly on the complaint.</li> </ol> <p>It is the Group wishes to create an ethical environment across the company from which we can all benefit. The group undertake that if any concerns are raise, arising from this policy, every reasonable effort will be made to maintain the confidentiality of the person raising the issue concerned.</p> <p>The whistle-blowing policy is available on the Company's website at <a href="http://brahimsgroup.com/whistle-blowing-policy/">http://brahimsgroup.com/whistle-blowing-policy/</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Board of Brahim's Holdings Berhad, comprises five (5) Directors i.e. two (2) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors, one (1) Executive Chairman.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 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.

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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.

<b>Application</b>	:	Adopted				
<b>Explanation on adoption of the practice</b>	:	The Board has adopted a 9-years policy for Independent Non-Executive Directors (“NEDs”) and taking into account the need for progressive refreshing of the Board. All Independent NEDs have served the Board for less than nine (9) years. Their length of service, together with that of the CEO, as at 28 February 2019 is set out in the Board of Directors’ profiles in the Annual Report, and summarised as follows:-				
		<b>Years of Service (#)</b>	<b>0 &lt; # ≤ 1</b>	<b>1 &lt; # ≤ 3</b>	<b>3 &lt; # ≤ 6</b>	<b>6 &lt; # ≤ 9</b>
		Number of Directors	0	0	2	0

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board and the Nomination and Remuneration Committee take into account the current diversity in skills, experience, age, cultural background and gender.</p> <p>The terms of reference of the Nomination Committee include:</p> <ul style="list-style-type: none"><li>• annual review of the composition and required mix of skills and experience and other qualities, including core competencies which Non-Executive and Executive Directors should possess.</li><li>• assess on an annual basis, the effectiveness of the Board and assessing the contribution of each individual Director, including Independent Non-Executive Directors.</li><li>• to review the term of office and performance of the audit committee and each of its members annually and to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.</li><li>• to recommend to the Board Suitable Directors to fill the seats of various Board Committees.</li><li>• be entitled to the services of the Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the Company's own record and for the purposes of meeting statutory obligations, as well as obligations arising from the Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory requirements.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board recognises the importance of gender diversity, female on Board increase board effectiveness by contributing to better and more constructive discussions, leading to a better decision-making process during board meetings.</p> <p>The Board continually keeps in view the need to appoint suitable female Directors to the Board.</p> <p>The Board is of the view that while it is important to promote diversity, the normal selection criteria of a Director, based on effective blend of competencies, skills, experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on capabilities, experience and qualification.</p> <p>The Board is putting its efforts in getting other suitable women who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age and cultural background to join the Board.</p> <p>However, the female company's director is currently only one (1) out of all five (5) which only 20% instead of 30% as required by the Code of Corporate Governance.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The company always adopt an open-door policy and willing to even advertise or use the service of executive search company to fill up the vacancy for directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee comprise exclusively of the following Non-Executive Directors:</p> <ol style="list-style-type: none"> <li>1) Kamil bin Dato' Haji Abdul Rahman (Chairman) Independent Non-Executive Director</li> <li>2) Dato' Choo Kah Hoe (Member) Non-Independent Non-Executive Director</li> <li>3) Professor Dr. Jinap binti Salamet (Member) Independent Non-Executive Director</li> </ol> <p>The terms of reference of the Nomination Committee include:</p> <ul style="list-style-type: none"> <li>• annual review of the composition and required mix of skills and experience and other qualities, including core competencies which Non-Executive and Executive Directors should possess.</li> <li>• assess on an annual basis, the effectiveness of the Board and assessing the contribution of each individual Director, including Independent Non-Executive Directors.</li> <li>• to review the term of office and performance of the audit committee and each of its members annually and to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.</li> <li>• to recommend to the Board suitable Directors to fill the seats of various Board Committees.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Formal and objective evaluation as to determine the effectiveness of the board, its committees and individuals' director are done annual basis.</p> <p>The company also Initiate a Board self-evaluation programme and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programmes as the Board judges as appropriate.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

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

## Practice 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Remuneration Committee is responsible for recommending the level of remuneration of individual directors. The interested Directors shall abstain from any discussion on their own remuneration packages. As at the reporting date, the Remuneration Committee comprises the following Directors:</p> <ul style="list-style-type: none"> <li>a) Dato' Choo Kah Hoe (Chairman) Non-Independent Non-Executive Director</li> <li>b) Kamil bin Dato' Haji Abdul Rahman (Member) Independent Non-Executive Director</li> <li>c) Professor Dr. Jinap binti Salamet (Member) Independent Non-Executive Director</li> </ul> <p>The terms of reference of the Remuneration Committee include:</p> <ul style="list-style-type: none"> <li>• review, assess and recommend to the Board of Directors the Directors' fees, with other independent professional advice or outside advice, if necessary.</li> <li>• be entitled to the services of the Company Secretary who must ensure that all decisions made on the remuneration packages of the executive directors be properly recorded and minuted.</li> </ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

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

## Practice 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.

<b>Application</b>	:	Applied																						
<b>Explanation on application of the practice</b>	:	<p>The Code states that remuneration for directors should be determined so as to ensure that the Company attracts and retains the directors needed to run the Company successfully. In the case of Non-Executive Directors, the level of remuneration should reflect the level of experience and responsibilities undertaken.</p> <p>The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company during the financial year can be found on the following:</p> <table border="1"> <thead> <tr> <th></th> <th>Chairman (RM'000)</th> <th>Non-Executive Director (RM'000)</th> <th>Total (RM'000)</th> </tr> </thead> <tbody> <tr> <td>Fees</td> <td>72</td> <td>261</td> <td>333</td> </tr> <tr> <td>Salary &amp; other emoluments</td> <td>1,448</td> <td>4</td> <td>1,452</td> </tr> <tr> <td>Benefits-in-kind ("BIK")</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,520</b></td> <td><b>265</b></td> <td><b>1,785</b></td> </tr> </tbody> </table> <p>The Term of Reference of the Remuneration Committee is published in the Company's website at <a href="http://brahimsgroup.com/terms-of-reference/">http://brahimsgroup.com/terms-of-reference/</a></p>				Chairman (RM'000)	Non-Executive Director (RM'000)	Total (RM'000)	Fees	72	261	333	Salary & other emoluments	1,448	4	1,452	Benefits-in-kind ("BIK")	-	-	-	<b>Total</b>	<b>1,520</b>	<b>265</b>	<b>1,785</b>
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## Intended Outcome

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

### Practice 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.

<b>Application</b>	:	Applied																																												
<b>Explanation on application of the practice</b>	:	<p>The remuneration received by each of the current Non-Executive Directors and Executive Chairman in 2019 is set out in the tables below:-</p> <p>(1) Non-Executive Directors</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Names of Current Non-Executive Directors</th> <th>Directors' Fees for FY 2019 (RM'000)</th> <th>Other Allowances (RM'000)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Tan Sri Dato' Mohd Ibrahim bin Mohd Zain</td> <td>60</td> <td>-</td> </tr> <tr> <td>2</td> <td>Dato' Choo Kah Hoe</td> <td>60</td> <td>2</td> </tr> <tr> <td>3</td> <td>Tan Sri Datuk Seri Panglima Sulong bin Matjeraie (Retired on 4 May 2019)</td> <td>21</td> <td>-</td> </tr> <tr> <td>4</td> <td>Professor Dr. Jinap binti Salamet</td> <td>60</td> <td>-</td> </tr> <tr> <td>5</td> <td>Kamil bin Dato' Haji Abdul Rahman</td> <td>60</td> <td>2</td> </tr> <tr> <td>6</td> <td>Ahmad Fahimi bin Ibrahim</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>(2) Executive Chairman</p> <table border="1"> <thead> <tr> <th></th> <th>Directors' Fee (RM'000)</th> <th>Salary (RM'000)</th> <th>Other Allowances (RM'000)</th> <th>Benefit-in-kind (RM'000)</th> <th>Total (RM'000)</th> </tr> </thead> <tbody> <tr> <td>Dato' Seri Ibrahim bin Haji Ahmad</td> <td>72</td> <td>1,260</td> <td>188</td> <td>-</td> <td>1,520</td> </tr> </tbody> </table>					No.	Names of Current Non-Executive Directors	Directors' Fees for FY 2019 (RM'000)	Other Allowances (RM'000)	1	Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	60	-	2	Dato' Choo Kah Hoe	60	2	3	Tan Sri Datuk Seri Panglima Sulong bin Matjeraie (Retired on 4 May 2019)	21	-	4	Professor Dr. Jinap binti Salamet	60	-	5	Kamil bin Dato' Haji Abdul Rahman	60	2	6	Ahmad Fahimi bin Ibrahim	-	-		Directors' Fee (RM'000)	Salary (RM'000)	Other Allowances (RM'000)	Benefit-in-kind (RM'000)	Total (RM'000)	Dato' Seri Ibrahim bin Haji Ahmad	72	1,260	188	-	1,520
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## Intended Outcome

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

### Practice 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	:
<b>Explanation for departure</b>	:	<p>The Company is of the view that it would not be in its best interest to make such disclosure on a named basis in view of the competitive nature of human resource market and the Company should maintain confidentiality on employees' remuneration packages. The retention of Senior Management is critical to the successful implementation of our Company's strategy plan.</p> <p>The Company is of the view that disclosing the remuneration of Senior Management will be a detriment to our Company as it may lead to other competitor companies attempting to 'poach' our experienced Senior Management as well as putting upward pressure on executive remuneration packages as lesser paid senior executives will demand remuneration comparability.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Stakeholders are able to 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.

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director with Kamil bin Dato' Haji Abdul Rahman as Chairman of the Committee.</p> <p>Kamil bin Dato' Haji Abdul Rahman is an Independent NED and is appointed as the AC Chairman since 25 February 2016. Dato' Seri Ibrahim bin Haji Ahmad is the Chairman of the Brahim's Holdings Berhad.</p> <p>Whilst this practice has always been adopted by Brahim's Holdings Berhad, to reflect the requirements in Practice 8.1 of the Malaysian Code on Corporate Governance that "<i>The AC Chairman is not the Chairman of the Board</i>".</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The company has always recognised the need to uphold independence. As included in the Terms of Reference of Audit Committee, a former key audit partner of the Company's external auditors firm is required to observe a cooling-off period of at least two (2) years before being appointed as member of the Audit Committee.</p> <p>None of the members of the Audit Committee were former key audit partners.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As part of ongoing good corporate governance initiative, the boards of Brahim's Holdings Berhad ("BHB") and Brahim's SATS Food Services ("BSFS"), are of the view that it would be timely to effect a change of auditors. A change of auditors would also enable company to benefit from fresh perspectives and views of another professional audit firm, and thus, enhance the value of the audit of the group.</p> <p>The previous auditor has been the auditor for main subsidiary BSFS for more than 15 years. Hence, to maintain suitability, objectivity and independence of the external auditor, in accordance with the International Standards on Auditing ("ISA") 260 (Communication with Those Charged with Governance), our board of directors meeting agreed for change of auditors subject to the relevant formalities.</p> <p>The current practice of Brahim's is formalised in the Auditor Independence Policy which was approved by the Board. It provides that:-</p> <ul style="list-style-type: none"> <li>i. Recommend the appointment or re-appointment of the external auditors and audit fee to the Board, after reviewing the suitability, resources, competency and independence of external auditors and the accounting firm.</li> <li>ii. Make appropriate recommendations to the Board on matters of resignation, dismissal or cessation of office of the external auditors and secure the reason of such resignation, dismissal or cessation of office.</li> <li>iii. Review and discuss the nature and scope of the external audit strategy and plan for the year.</li> <li>iv. Review and discuss issues arising from external auditors' interim and final letters of recommendation to management, including management responses and the external auditor's evaluation of the system of internal control and any other matters the external auditor may wish to discuss (in the absence of Management, if required).</li> </ul> <p>The Audit Committee has recommended the re-appointment of Messrs. Baker Tilly Monteiro Heng PLT to the Board, upon which the shareholders' approval will be sought at the 38<sup>th</sup> AGM.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

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

### **Intended Outcome**

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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	The composition of AC is two (2) members are independent NED and only one (1) member is non-independent NED. This is in view of the non-independent director number of years experiences in the business and in the group.



## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The review of the composition of the Audit Committee ("AC") shall be conducted annually in accordance with Paragraph 15.20 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad. The AC members shall be appointed by the Board of Directors for a term of one (1) year, and the AC members may be eligible for re-appointment.</p> <p>The Board reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee effectiveness evaluation.</p> <p>The AC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>The Chairman and members of the AC are financially literate, and have carried out their duties in accordance with the Terms of Reference of the AC.</p> <p>Based on the outcome of the AC effectiveness assessment of the Board Effectiveness Evaluation 2018/2019, the Board is satisfied with the AC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC. The AC was involved in the following:-</p> <ul style="list-style-type: none"><li>a) Risk Management &amp; Internal Control</li><li>b) Financial Reporting</li><li>c) External Audit</li><li>d) Internal Audit</li><li>e) Related Party Transactions</li></ul> <p>Among others, the summary of AC activities are:</p> <ul style="list-style-type: none"><li>• Reviewed and discussed the observations, recommendations and Audit Report and the Management's comments in respect of the issues raised by the internal auditor on the evaluation of the system of internal controls.</li><li>• Reviewed the adequacy of the scope, functions and resources</li></ul>

	<p>of the internal audit function and that it has the necessary authority to carry out its work.</p> <ul style="list-style-type: none"> <li>• Reviewed and discussed the internal audit reports. The Committee was briefed by the head of internal auditors that in a few instances, the audit process identified certain control and operational weaknesses which were brought to the attention of the management and that corrective action had been taken to rectify the weaknesses.</li> <li>• Reviewed the quarterly and year end financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on: <ul style="list-style-type: none"> <li>- changes in implementation of major accounting policy changes;</li> <li>- the going concern assumptions;</li> <li>- significant adjustments resulting from audit;</li> <li>- major judgemental areas, significant and unusual events; and</li> <li>- compliance with accounting standards and other legal requirements.</li> </ul> </li> <li>• Reviewed the related party transactions and conflict of interest situation that may arise within the Company or Group including any transactions, procedures or course of conduct that raise questions of management integrity which were incurred during the financial year, were done in the ordinary course of business.</li> </ul> <p>The AC met with the external auditors twice during the year without members of management being present.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## Intended Outcome

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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Board recognises and affirms its overall responsibility for the Group's system of risk management and internal controls practices for good corporate governance. The Board, through its various committees, continuously review the adequacy and effectiveness of the system in particular the financial, operational, as well as compliance aspects of the Group throughout the financial year.</p> <p>There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The process has been in place during the year up to the date of approval of this statement and is subject to review by the Board. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives.</p> <p>In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.</p> <p>In 2019, the adequacy and effectiveness of internal controls were reviewed by the Audit Committee ("AC") in relation to the audits conducted by the Internal Auditor ("IA") during the year. Audit issues and actions taken by Management to address the issues tabled by IA were deliberated on during AC meetings. At every quarterly meeting of the Board, an AC report would be presented for consideration by the Board.</p> <p>The Board is assisted by Senior Management in implementing the Board approved policies and procedures on risk and control by identifying and analysing risk information; designing, operating suitable internal controls to manage and control these risks; and monitoring effectiveness of risk management and control activities.</p> <p>The Board had reviewed the risk management and internal control systems of its subsidiaries. The management of these companies provides the board with information for timely decision-making on the continuity of the Group's investments based on the performance and critical business decision contemplated.</p>
<b>Explanation for departure</b> :	

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

## Intended Outcome

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

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

## Practice 9.2

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Board's review of risk management and internal control effectiveness is based on information from:</p> <ul style="list-style-type: none"><li>• Senior management within organisation responsible for the development and maintenance of the risk management and internal control system; and</li><li>• The work by the internal audit function which submit reports to the AC together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.</li></ul> <p>The Board considers the system of internal controls described in this statement to be satisfactory and the risk to be at an acceptable level within the context of the Group's business environment.</p> <p>The Board and Senior Management will continue to take measures to strengthen the risk and control environment and monitor the health of the risk and internal controls framework.</p> <p>The Board also received assurances from Senior Management that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects based on the risk management and internal control system of the Group.</p> <p>As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	

<b>Timeframe</b>	:		
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**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.

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

**Intended Outcome**

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

**Practice 10.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In ensuring the independency of the Internal Audit (“IA”) function and to allow this function to be effective, the Company has in-house IA function. The IA reports directly to the AC of the Company and the internal audit function is independent of the activities or operations of other operating units. The IA performed its duties in accordance with its annual audit plan covering management, operational and system audit of the Companies within the Group.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Companies 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Internal Auditors provided the audit strategy and audit planning to the board via AC at least annually. By having the function in-house, the Audit Charter and guidelines has been introduced as to upkeep the same standard and compliance to the respective and recognised framework i.e. Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The company ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. The company also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on Brahim's website and engagement through the investor relations function.</p> <p>In 2019, a number of events were held during the year as to maintain an open communication with the issuers, investors, shareholders, intermediaries, regulators, employees and other communities. All of those are as provided in the 2019 annual report under section 6, Financial and Investor Calendar 2019.</p> <p>Brahim's via its website at <a href="http://brahimsgroup.com/about/corporate-information/">http://brahimsgroup.com/about/corporate-information/</a>, includes a Corporate Information section which provides all relevant information on the Company, and it is accessible to the public.</p> <p>The Company's website has a "Contact Us" section via <a href="mailto:info@brahimsgroup.com">info@brahimsgroup.com</a> where shareholders and potential investors may direct their enquiries to the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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.

<b>Application</b>	:	Not applicable	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not applicable as the Company is not a large Company as defined by the Malaysian Code on Corporate Governance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>It has been the practice of the Company that adequate notice period (at least 28 days) is given to the shareholders prior to the 38<sup>th</sup> AGM. In the current year, notice is given on 30 June 2020 for the AGM to be held on 22 August 2020.</p> <p>This has also met the requirements under Section 316(2) of Companies Act 2016 and Paragraph 7.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which require the notice to be at least 21 days.</p> <p>In addition to being dispatched individually to shareholders, the Notice of AGM was also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Malaysia Securities Berhad. This allows shareholders to have immediate access of the notice of AGM and make the necessary preparations for the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	At the 37th AGM, four (4) out of six (6) Directors were present in person to engage directly with shareholders and be accountable for their stewardship of the Company. Amongst them, three (3) Directors were the Chairman of the Board, Chairman of the Audit Committee and Nomination Committee and Chairman of Remuneration Committee respectively.	
		The proceedings of the 37th AGM included the Executive Chairman's presentation of the Company's operating and financial performance for 2018, the presentation of the external auditors' unqualified report to the shareholders, and a Questions & Answers session during which the Chairman invited shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Company is of the view that the above practice is not cost effective nor practical for the Company to leverage on technology to facilitate shareholders to vote in absentia or having remote shareholders’ participation in general meetings.</p> <p>Nevertheless, shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at a general meeting.</p> <p>Perhaps the company to leverage on the technology as to facilitate voting in absentia and remote shareholders’ participation at AGM when the overall system are fit for the purpose which might take at least 3 years.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
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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