

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5160
COMPANY NAME : HOMERITZ CORPORATION BERHAD
FINANCIAL YEAR : 31 AUGUST 2018

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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board sets the strategic direction of the Group and remains committed towards governing, guiding and monitoring the direction of the Company with the objective of enhancing long term sustainable value creation aligned to the interest of shareholders and other stakeholders.</p> <p>There is a division of functions between the Board and the Management. The Board is focused on the Group's overall governance and that accountability is monitored effectively through various KPIs and reporting systems.</p> <p>The Board does not actively manage but rather oversees the overall management of the Group with the day to day running of the Group delegated to the Executive Directors and Senior Management Team.</p> <p>The Board assumes, amongst others, the following principal responsibilities:</p> <ol style="list-style-type: none">1. Reviewing and adopting the Company's strategic plans;2. Overseeing the conduct of the Company's business;3. Identifying principal risks and ensuring the implementation of appropriate systems to manage them;4. Reviewing the competence of the Board members and senior management team and to ensure succession planning of the Board and senior management team is put in place;5. Overseeing the development and implementation of a communication policy for the Company; and6. Reviewing the adequacy and integrity of management information and internal control system of the Company. <p>To ensure the effective discharge of its function and responsibilities, the Board also delegates some of the Board's authorities and discretion to the properly constituted Board Committees, namely the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee, which are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. The ultimate responsibility for the final decision on all matters deliberated in these Committees, however, lies with the Board.</p> <p>The Independent Non-Executive Directors provide objective and independent judgment to the decision making of the Board and acts as an effective check and balance to the Board's decision-making process.</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 1.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Group is of the opinion that the current size of the Board is optimum and well-balanced under the leadership of the Board as a whole given the relatively small size of the Group. With a strong and effective representation of Independent Non-Executive Directors, which forms a majority in the Board, the necessary check and balance is in place. Hence, the Board is of the view to maintain the current well-balanced Board composition until such time where the need for a Chairman arises. The Board as a whole is responsible for matters pertaining to the overall conduct of the Group and is committed to good corporate governance practices.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board would review from time to time, and where the need arises, a Chairman to the Board would be appointed accordingly.	
Timeframe	:	No specific timeline set.	

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>Given the relatively small size of the Group, the Group does not have a Chairman and a CEO.</p> <p>The Group is of the opinion that the current Board size is optimum and caters effectively to the scope of the Group’s operations. The strong and majority representation of Independent Non-Executive Directors in the Board provides the necessary check and balance to safeguard the interest of the shareholders and stakeholders.</p> <p>The Board acts as a balance of authority, power and accountability separate from a Managing Director, who manages the business and operations of the Company and implements the Board’s decisions. He is subject to the control of the Board and is accountable for leading the Management team, implementing the policies/decisions approved by the Board, building a dynamic corporate culture with the requisite skills and competency.</p> <p>The distinct and separate roles of the Board and MD, with a clear division of responsibilities, in essence and substance, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.</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 1.4

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 is supported by two (2) professionally qualified Company Secretaries, namely Ms. Ng Mei Wan and Ms Tan Hui Khim. Both Company Secretaries are competent and suitably qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretaries play an important advisory role and is a source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures, regulations and governance matters. These include obligations of Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with the Group.</p> <p>The Company Secretary ensures that deliberations at Board and Board Committee meetings are well captured and documented, and proper records are maintained accordingly at the Registered Office of the Company, and produced for inspection, if required.</p> <p>The Board is of the view that the Company Secretaries are competent and have constantly kept themselves abreast with the evolving regulatory changes and developments by attending the relevant conferences and professional development programmes.</p> <p>All Directors have individual and independent access to the advice and dedicated support services of the Company Secretary.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their duties and functions.</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 1.5

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 Directors are provided with an agenda, reports and other relevant information at least seven (7) days prior to the Board Meetings, covering various aspects of the Group's operations so that they have a comprehensive understanding of the matters to be deliberated upon to enable them to arrive at an informed decision.</p> <p>All scheduled meetings held during the year were preceded with a formal agenda issued by the Company Secretary. Management and advisers are invited to attend Board meetings, where necessary, to provide comprehensive explanations of pertinent issues.</p> <p>Decisions of the Board are made unanimously or by consensus. All proceedings, deliberations and conclusions of Meetings, including whether any director abstained from voting or deliberating on a particular matter are clearly recorded in the minutes of meetings. Such minutes are circulated to the other Board members for perusal prior to confirmation of the minutes at the following meetings. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings on routine matters as allowed under the Company's Articles of Association.</p> <p>All Directors are entitled to call for additional clarification, information and where necessary, to obtain independent professional advice and information on specific matters, in furtherance of their duties, at the cost of the Company in order to assist them in matters that require their decision-making. Every Director has individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for oversight and overall management of the Company. The Board is guided by its Board Charter which spells out the roles, functions, authorities, responsibilities, membership, key matters reserved for the Board, relationships with management and other matters.</p> <p>In order to ensure the effective discharge of its function and responsibilities, a Board Charter clearly delineates the roles of the Board, Board Committees and Management, providing a structured guidance for Directors and Management in carrying out their stewardship role in discharging their duties towards the Group as well as boardroom activities.</p> <p>Significant matters requiring deliberation and approval from the Board are also clearly defined in the Board Charter as matters reserved for the Board.</p> <p>The Board reviews and updates the Board Charter from time in accordance with the needs of the Company and any new regulations and best practices to ensure its effectiveness and relevance to the Board's objectives. The Board Charter was last reviewed and approved by the Board on 30 October 2018 taking into consideration the current corporate governance obligations, best practices and relevant regulations.</p> <p>The Board Charter can be viewed at the Company's website at http://www.homeritzcorp.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 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed in maintaining a corporate culture which engenders ethical conduct. A Code of Ethics and Conduct is formalised and incorporated in the Board Charter with the aim to cultivate good ethical conduct that permeates throughout the Group through transparency, integrity and accountability.</p> <p>This Code describes what the Company must endeavour to do proactively in order to increase corporate value, and describes the areas in daily activities that require caution in order to minimise any risks that may occur.</p> <p>The Code of Conduct is made available for reference in the Company's website at http://www.homeritzcorp.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 Board has established the Whistleblowing Policy & Framework (“WPF”) to further strengthen the Group’s governance process. This provides a mechanism for all levels of employees, stakeholders and business associates to report suspected or instances of wrongdoing in the conduct of its business, whether in matters of financial reporting or other malpractices, at the earliest opportunity and in an appropriate way.</p> <p>The implementation of the WPF is in line with Section 587 of the Companies Act 2016 where provisions have been made to protect Homeritz’s officers who make disclosures on breach or non-observance of any requirement or provision of the Act or on any serious offence involving fraud and dishonesty.</p> <p>The WPF is made available for reference on the Company’s website at http://www.homeritzcorp.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

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>The Board comprises of five Directors, of whom three are Independent Non-Executive Directors. In this respect, the Board has complied with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to have at least one-third (1/3) of the Board membership consisting of Independent Directors.</p> <p>The existing Independent Non-Executive Directors have accounted for more than fifty (50%) of the Board composition which is in line with the best practice recommended by MCCG 2017.</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
Explanation on application of the practice	:	<p>Currently, there are two (2) Independent Non-Executive Directors, namely Datuk Tay Puay Chuan and Encik Mohd Khasan Bin Ahmad, who have served on the Board for a cumulative term of nine (9) years.</p> <p>The Board strongly believes that a director's independence cannot be determined arbitrarily with reference only to the tenure of service but rather particular emphasis is placed on the role of independent directors to facilitate independent, unbiased and objective decision making in the Company.</p> <p>Following an assessment and recommendation carried out by the Nominating Committee, the Board was of the opinion that Datuk Tay Puay Chuan and Encik Mohd Khasan Bin Ahmad remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their services on the Board does not in any ways interfere with their exercise of independent judgement and ability to act in the best interest of the Company.</p> <p>Hence, the Board resolved to recommend to the shareholders for approval at the forthcoming 11th AGM to retain Datuk Tay Puay Chuan and Encik Mohd Khasan Bin Ahmad as Independent Non-Executive Directors.</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 4.3- Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted
Explanation on adoption of the practice	:	The Board has implemented a nine-year policy for Independent Non-Executive Directors. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In the event such Director was to be retained as an Independent Director, the Board would have to justify in the notice convening the Annual General Meeting and seek shareholders' approval at every Annual General Meeting.

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>Appointment of Board and Senior Management are based on objective criteria, merit and besides gender diversity, due regard are placed for diversity in skills, experience, age, cultural background, candidates' ability to satisfy the test of independence and spend sufficient time on Company's matters.</p> <p>The Board recognises that a diverse Board can offer greater depth and breadth compared to non-diverse Board. Board diversity provides for discussion of the same ideas in differing ways, allowing constructive debates that lead to better decision-making.</p> <p>Please refer to the Directors' Profile and Key Senior Management's Profile on pages 7 to 8 and 30 and respectively of the Annual Report 2018 for further information.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges the importance of boardroom diversity and the recommendation of the MCCG pertaining to the establishment of a gender diversity policy. Hence, the Board is in support of a policy of non-discrimination on the basis of race, religion and gender.</p> <p>The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.</p> <p>Insofar as board diversity is concerned, the Board does not set gender diversity policy as the appointment of new directors is based on merits and other qualities which would bring value to the Board as a whole.</p> <p>However, the Board through the Nominating Committee will consider gender diversity as part of its future selection and will endeavour to appoint suitably qualified woman director to the Board.</p> <p>The Board currently has 20 % female representation on the Board.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	Female representation will be considered when a vacancy arises and/or suitable candidates are identified. However, the appointment of a new Board member will not be guided solely by gender but will also take into account the skills-set, experience and knowledge of the candidate.
Timeframe	:	No specific timeline set

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 Board has stipulated specific terms of reference for Nominating Committee (“NC”), which cover inter-alia assessing and recommending to the Board the candidature for directors. In nomination and election of new directors, NC carries out the requisite evaluation and assessment of the candidate’s ability to discharge his/her duties effectively, before making recommendation to the Board for approval.</p> <p>NC may also obtain and rely upon independent sources such as directors’ registry, open advertisement or use of independent search firms in furtherance of their duties at the Company’s expense, subject to approval of the Board. Where the selection of the candidates is based on the recommendations made by Management, the existing Board member(s) or major shareholder(s), NC will explain why other sources are not used.</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 Nominating Committee consists of entirely Independent Non-Executive Director and is chaired by Senior Independent Director (“SID”) Datuk Tay Puay Chuan.</p> <p>The Nominating Committee is responsible for assessing the performance of the existing Directors and identifying, nominating, recruiting, appointing and orientating new Directors. It assists the Board in reviewing on an annual basis the overall composition, training needs of Directors, independence of the Independent Directors, appropriate balance and size of Non-Executive participation and in establishing evaluation procedures and processes.</p> <p>An annual assessment of the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee members is carried out and appropriate recommendations are made and subject to the endorsement of the Board.</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

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 Board through the Nominating Committee conducts its formal annual evaluation and appraisal on the composition, performance and the effectiveness of the Board, its Committees as well as individual director independence of independent directors. The assessment is conducted internally and facilitated by the Company Secretary.</p> <p>The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, relationship with management, roles and responsibilities of the Board, the Board Committee and the Chairman, and corporate governance.</p> <p>The assessment of individual director is based on specific criteria, covering areas such as board composition and structure, principal responsibilities of the Board, the board process, succession planning and board governance.</p> <p>On 05 December 2018, NC conducted an annual assessment via questionnaire where rooms for comment are allowed and the results were summarised and reported to the Board. Thus, allowing the Directors to know their standing and the Board to take appropriate remedial actions.</p> <p>None of the directors hold directorships at more than five PLCs as prescribed by Paragraph 15.06 of Listing Requirements. The present directorships held by the directors do not give rise to any conflict of interests nor impair their ability to discharge their responsibilities.</p> <p>Based on the annual board assessment and evaluation, the NC was satisfied that all the Directors have discharged their fiduciary duties effectively and recommended the re-election Datuk Tay Puay Chuan and Encik Mohd Khasan bin Ahmad as directors at the forthcoming 11th AGM. The Board (saved for the interested directors) is satisfied that these two (2) directors have continued to contribute to the Board effectiveness and have discharged their responsibilities as directors in accordance to the Terms of Reference.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The objective of the Group's remuneration policy is to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of Executive Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities</p> <p>The Board is mindful of the recommendation of MCCG pertaining to the establishment of the remuneration policy. The Board will take steps towards formalizing remuneration policy which takes into account the demands, complexities and performance of the Company as well as skills and experience required.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	The Company does not have any alternative plan to meet the intended outcome.
Timeframe	:	No specific timeline set

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 Remuneration Committee ("RC") comprises of three (3) members of whom all are Independent Non-Executive Directors.</p> <p>The RC is entrusted by the Board to set, review and recommend policies and procedures on matters relating to remuneration of the Board and Senior Management.</p> <p>The RC makes recommendation to the Board on the remuneration package of Executive Directors, linked to the Group's performance whilst Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration. All Directors' fees are subject to shareholders' approval at AGM.</p> <p>The Terms of Reference of the Remuneration Committee and specific responsibilities of RC are available on the Company's website at http://www.homeritzcorp.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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>While the Board is cognisant on the importance of transparency, to retain talents that are instrumental to the Company's operations, the Board believes that individual disclosure on named basis for the remuneration of directors is not in the best interest of the Group. Further, such non-disclosure does not prejudice stakeholders' interest.</p> <p>The Board is of the opinion that disclosure in bands of RM50,000 without named basis as provided in the Corporate Governance Overview Statement of the Annual Report on Page 18 to Page 19 is sufficient and has appropriately served the transparency and accountability aspects. The Board wishes to give assurance that the remuneration of the Executive Directors commensurate with their individual performance and is structured to link experience, expertise, time commitment and level of responsibility undertaken by the Directors, taking into consideration the Group's performance and achievement of its key performance indicators. The Board is of the view that the current remuneration level suffices to attract and retain talents that are instrumental to the Company's operations. Further, Directors' Fees are based on a standard fixed fee and are subject to approval by Shareholders at the Annual General Meeting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	No specific timeline set

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	:		
Explanation for departure	:	The Board is of the opinion that the disclosure of Senior Management's individual remuneration components (salary, bonus, benefits in-kind and other emoluments) would not be in the best interest of the Group due to confidentiality and concerns over poaching of these Senior Management by competitors or head hunters.	
		Further, the Board wishes to give assurance that the remuneration of the Management commensurate with their individual performance, taking into consideration the Group's performance and achievement of its key performance indicators. The remuneration packages of the Management are based on experience, expertise, skills and comparative to the market in order to attract and retain talent.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	No specific timeline set	

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	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The Audit and Risk Management Committee comprises of three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit and Risk Management Committee is Encik Mohd Khasan Bin Ahmad, who is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 the Audit and Risk Management Committee have been amended and approved by the Board on 05 December 2018 to incorporate the policy whereby no former key audit partner of the External Auditor of the Company shall be appointed as a member of the Audit Committee unless he has ceased as a key audit partner for a period of at least two years.</p> <p>As at the date of this Statement, none of the Audit and Risk Management Committee nor Board members is a former audit partner.</p> <p>The said Terms of Reference is contained in the Board Charter which is publicly made available on the Company's website at http://www.homeritzcorp.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

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>The Audit and Risk Management Committee is responsible for the annual assessment of the competency and independence of the external auditors. Having assessed their performance, the Audit and Risk Management Committee will recommend their re-appointment to the Board, who will then seek the shareholders' approval at the AGM.</p> <p>The Audit and Risk Management Committee has obtained written assurance and declaration confirming their independence throughout the course of audit engagement as specified by the By-Laws of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.</p> <p>The Audit and Risk Management Committee at its meeting held on 05 December 2018 undertook an annual evaluation of the performance, suitability, independence, professionalism and remuneration of the external auditors. In its evaluation, the Audit and Risk Management Committee considered several factors, which included adequacy of experience and resources of the firm and the professional staff assigned to the audit together with the independence of Crowe Malaysia ("formerly known as Crowe Horwath") ("Crowe") for the financial year ended 31 August 2018.</p> <p>Being satisfied with Crowe's performance, independence and suitability, the Audit and Risk Management Committee recommended the re-appointment of Crowe as external auditors of the Company.</p> <p>The Board at its meeting held on 05 December 2018 approved the Audit and Risk Management Committee's recommendation for the approval to be obtained at the 11th AGM on the re-appointment of Crowe as external auditors of the Company for the financial year ending 31 August 2019.</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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on application of the practice	:	The Audit and Risk Management Committee comprises of the following members, all of whom are Independent Non-Executive Directors: Chairman Encik Mohd Khasan Bin Ahmad
Explanation on adoption of the practice	:	Members Datuk Tay Puay Chuan Mr Teo Seng Kuang All the Independent Directors satisfied the independence test under the Main Market Listing Requirements of Bursa Securities.
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 8.5

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>The members of the Audit and Risk Management Committee have a mix of commercial, financial skills, banking, management and accounting experience.</p> <p>The Board, through the recommendation of the Nominating Committee is generally satisfied that all the Audit and Risk Management Committee members are financially literate and carried out their duties in accordance with the Terms of Reference.</p> <p>All members of the Audit and Risk Management Committee have undertaken continuous professional development to keep themselves abreast of relevant development in accounting and auditing standards, practices and rules.</p> <p>During the year 2018, the Audit and Risk Management Committee members had attended various training courses. Details of their training are disclosed on page 17 the Corporate Governance Overview Statement of the Annual Report 2018.</p> <p>Besides, during the Audit and Risk Management Committee meetings, all the members were updated by the external auditors, Crowe Malaysia ("formerly known as Crowe Horwath") and Company Secretaries, on the key areas of Financial Reporting developments, adoption of Financial Reporting Standards, Malaysian Code on Corporate Governance and other changes in regulatory environment.</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

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	:	<p>The Board affirms its overall responsibilities for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and effectiveness.</p> <p>Appropriate internal control system has been applied to identify, assess, monitor and manage significant business risks on an ongoing basis. Where necessary, actions are taken to mitigate risks within cost levels appropriate to the significance of the risks as well as Company's level of risk tolerance</p> <p>The Group has an out-sourcing arrangement with an independent internal audit service provider for its internal audit function and reports directly to the Audit and Risk Management Committee during the quarterly Audit and Risk Management Committee meetings.</p> <p>The Group's risk management function has been assigned to Audit and Risk Management Committee with the responsibilities to review and advise the Board on risk related issues and measures to put in place to mitigate key risks with the objective to safeguard shareholders' investments and Company's assets.</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 9.2

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 has adopted a systematic approach to oversee the actual performance and provides guidance to the Management on measures to improve the business performance and minimise risk impacts. The Group has an adequate and effective risk management framework, and a sound internal control system in place.</p> <p>The Group's risk management function is assigned to the Audit and Risk Management Committee to monitor and mitigate significant key business risks. The Audit and Risk Management Committee will perform a risk oversight role by reviewing the adequacy and effectiveness of the Group's system of internal control and risk management function, and advises the Board accordingly.</p> <p>The Board is committed towards improving the risk management to meet its corporate objectives and to support all types of businesses and operations within the acceptable level of risks which are aligned with the Group's risk appetite. The Board is of the view that the existing system of risk management and internal control is sound, and sufficient to protect the Group's interest and that of its stakeholders.</p> <p>The features of risk management and internal control framework are adequately disclosed in the Audit and Risk Management Committee Report, Corporate Governance Overview Statement, and Statement on Risk Management and Internal Control of the Annual Report.</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

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>An annual assessment of the effectiveness and independence of the internal audit function has been conducted by the Audit and Risk Management Committee for the financial year ended 31 August 2018. The Audit and Risk Management Committee has opined that the internal audit team has carried out their duties objectively, impartially and independently in accordance with the Internal Audit Charter, International Professional Practice Framework for Internal Auditing and Code of Ethics for Internal Auditors.</p> <p>The Audit and Risk Management Committee is satisfied that the Internal Auditor has maintained a high degree of independence and professionalism in carrying out their duties. The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.</p> <p>An overview of the state of internal controls function within the Group, which includes the risk and key internal control structures, are set out in the Audit and Risk Management Committee Report and the Statement on Risk Management and Internal Control of this Annual Report.</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

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 and Risk Management Committee has reviewed the adequacy of resource requirements and competencies of the audit staff as well as the annual audit plan and their audit works.</p> <p>The internal auditors, NGL Tricor Governance Sdn. Bhd. which are led by Mr Chang Ming Chew (CIA(USA), CMIIA, CCA(UK)), consist of 18 staffs. The internal auditors carry out the internal audit reviews independently in accordance with a recognised framework.</p> <p>The Audit and Risk Management Committee has obtained reasonable assurance that the internal audit function has remained effective and advised the Board accordingly. As such, the Board is confident that the Internal Auditor is competent enough to provide value added services, and able to meet all its audit objectives.</p> <p>The processes of corporate governance, risk management and internal control framework are adequately disclosed in the Audit and Risk Management Committee Report, Corporate Governance Overview Statement, and Statement on Risk Management and Internal Control of the Annual Report.</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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board adheres strictly to the Bursa Securities' disclosure framework to provide investors and the public with accurate and complete information on a timely basis. The Board ensures that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information. The Board is also mindful that information which is expected to be material must be announced immediately.</p> <p>The Board has established its Corporate Disclosure Policy to promote timely and high quality disclosure of material information to the public. The Corporate Disclosure Policy is available on the Company's website.</p> <p>Towards this, the Company's website incorporates a corporate section which provides all relevant information on the Company and is accessible by the public. This corporate section enhances Investor Relations by including share price information, all announcements made, press releases, quarterly financial reports, annual reports as well as the corporate and governance structure of the Company</p> <p>To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail at nursufie@yahoo.com to which stakeholders can direct their queries or concerns.</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	:	The Company does not fall under the category of "Large Companies" as defined in the Malaysian Code of Corporate Governance for the time being. Hence, such requirement is not applicable.	
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 12.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company dispatched its notice of AGM to shareholders at least 21 days before the AGM in 2018 in compliance with the Companies Act 2016 and Main Market Listing Requirements. The Board believes the current practice would still allow shareholders to make the necessary arrangements to attend and participate either in person , by corporate representative, by proxy or by attorney	
<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	:	<p>All the Directors shall endeavour to attend the Company's Annual General Meeting to engage directly with, and be accountable to the shareholders for their stewardship of the Company.</p> <p>The Chairman of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee shall be present on stage to provide response for any questions addressed to them.</p> <p>The Board will also share with the shareholders the Company's responses to questions submitted in advance of the 11th Annual General Meeting by the Minority Shareholder Watchdog Group, if any.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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	:	Applied
Explanation on application of the practice	:	<p>Due to the Company having a relatively small number of shareholders and that the Company's AGM are not held in remote areas, voting in absentia and remote shareholders' participation are not facilitated as advocated in MCCG's Practice 12.3.</p> <p>Shareholders are entitled to appoint proxy/proxies to vote on their behalf in their absence, provided further that it is filed at the Registered Office of the Company at least twenty-four (24) hours before the Annual General Meeting.</p> <p>Under Paragraph 8.29A(1) of the Main Market Listing Requirements, a public listed company must, among others, ensure that any resolution set out in the notice of any general meeting, is voted by poll. For this purpose, the share registrar will be appointed as the Poll Administrator and an independent scrutineer will be appointed to validate the votes cast at the 11th Annual General Meeting.</p> <p>The poll voting result of all the resolutions tabled in the general meetings will published at the Bursa Securities' and the Company's websites at http://www.bursamalaysia.com and respectively and it is accessible by public.</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	:	