

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5285  
**COMPANY NAME** : SIME DARBY PLANTATION BERHAD  
**FINANCIAL YEAR** : 31 December 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 PURSUANT TO 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 promotes and protects the interests of the Sime Darby Plantation Berhad ("SD Plantation" or "the Company" or "the Group"), i.e. the shareholders and stakeholders of each member of the Group. The Board shoulders the ultimate responsibility of determining the direction of the Group, thereby ensuring its long-term success and delivery of sustainable value to stakeholders. The Board provides leadership and advice in fine-tuning corporate strategies, championing good governance and ethical practices, and ensures the effective execution of these strategies.</p> <p><b>1. <u>Principal Responsibilities of the Board</u></b></p> <p>The Board is principally responsible for:</p> <p>a) Promoting together with Senior Management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour</p> <p>b) Reviewing and adopting a strategic plan for the Group</p> <ul style="list-style-type: none"><li>• Review, challenge and approve Management's proposal on a strategic plan for the Group by bringing objectivity and breadth of judgment to the strategic planning process;</li><li>• Ensure that the strategic plan for the Group supports long-term value creation and includes strategies on economic, environmental, safety &amp; health, social and governance considerations underpinning sustainability; and</li><li>• Monitor the implementation of the strategic plan by Management.</li></ul> <p>c) Overseeing the conduct of the Group's business</p> <ul style="list-style-type: none"><li>• Oversee the conduct of the Group's business, including the formulation of strategy and performance objectives, control</li></ul>

	<p>and accountability systems, corporate governance framework, risk management practices and human capital management;</p> <ul style="list-style-type: none"> <li>• Approve and monitor progress of major capital expenditure, fund-raising, acquisitions and divestitures;</li> <li>• Supervise and assess the performance of Management to determine whether the business is being properly managed and ensure that appropriate measures are in place against which Management’s performance can be assessed;</li> <li>• Review, challenge and decide on Management’s proposals for the Group and monitor its implementation by Management; and</li> <li>• Monitor compliance with established policies and procedures.</li> </ul> <p>d) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures</p> <ul style="list-style-type: none"> <li>• Understand the principal risks of the Group business and recognise that business decisions involve the taking of appropriate risks;</li> <li>• Fulfil statutory and fiduciary responsibilities by monitoring the operational, financial and risk management processes of the Group and ensuring that internal control procedures are in place;</li> <li>• Set the risk appetite within which the Board expects Management to operate and ensure that there is a sound risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; and</li> <li>• Comply with environment, safety and health legislation by understanding the operations being carried out by employees and the hazards and risks associated with such operations.</li> </ul> <p>e) Succession Planning</p> <ul style="list-style-type: none"> <li>• Ensure Senior Management has the necessary skills and experience; and</li> <li>• Ensure measures are in place to provide for orderly succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing Senior Management.</li> </ul> <p>f) Overseeing the development and implementation of a stakeholder communications policy for the Group</p> <ul style="list-style-type: none"> <li>• Ensure that the Group has in place a policy to enable effective communication with its stakeholders. This policy should include how feedback received from its stakeholders is considered by the Group when making business and other decisions.</li> </ul> <p>g) Reviewing the adequacy and the integrity of the management information and internal control systems of the Group</p> <ul style="list-style-type: none"> <li>• Ensure that there is a sound framework of reporting on internal controls and regulatory compliance;</li> </ul>
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- Review the efficiency and quality of the Group’s financial reporting process and systems of accounting and internal controls; and
- Ensure the integrity of the Group’s financial and non-financial reporting.

The Board Charter, which further details out the roles and responsibilities of the Board is available on SD Plantation’s website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com).

## **2. Leadership by the Board**

The Board is cognisant of its critical role in governing and setting the strategic direction of the Group, while upholding a high standard of corporate governance in providing valuable oversight and guidance to Management to navigate difficult and complex issues that affect the achievement of the Group’s medium to long term targets. The Board ensures that decisions taken are in the best interest of the Group and its stakeholders.

The Board is composed of persons with the necessary calibre and experience to drive the Group through transformation into the next phase of growth, which is to innovate, execute, and create value. This includes Board oversight of key strategic initiatives in the Group such as the “*RISE to APEX (Accelerating Performance Excellence) – The New Normal*”, which focused on the Group’s transformation in creating an entity that is agile and efficient; lean and productive, whilst maintaining an optimum level of governance and controls.

Through good governance practices, the Board promotes and protects the interests of the Group and its stakeholders. For the Board, governance is not just about adherence to a set of recommendations, but rather a way of doing business. Thus, the Board is committed to put Governance at the heart of everything we do and in line with this commitment, the Group has adopted a governance framework based on the following principles:

- To promote greater transparency, accountability and responsiveness;
- To balance the operating autonomy of the various Group Companies with appropriate checks and balances and performance benchmarks; and
- To cultivate ethical business conduct and instil desired behaviours based on the Group’s espoused Core Values and Business Principles as set out in our Code of Business Conduct (COBC) and Vendor Code of Business Conduct (VCOBC).

The Board also ensures that there are effective, transparent and regular communication with the Group’s stakeholders. This includes continuous engagements with stakeholders such as investors, policymakers, peers and non-governmental organisations, which allows

	<p>the Group to align its strategy with their expectations whilst keeping ourselves ahead of the curve.</p> <p>For further information on the key activities of the Board and Board Committees for the financial year ended 2019, please refer to our Annual Report 2019, which is also available on SD Plantation's website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</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

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>	<p>The Board Chairman presides over meetings of Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board. The duties of the Board Chairman include among others, the following:</p> <p>a) Leading and managing Board meetings to ensure robust decision-making by:</p> <ul style="list-style-type: none"><li>• setting the agenda for each Board meeting together with the Group Secretary and the Group Managing Director (GMD). Other Directors and key members of Management may also be consulted;</li><li>• ensuring the provision of accurate, complete, timely and clear information to the Directors;</li><li>• leading Board meetings and discussions;</li><li>• managing Boardroom dynamics by promoting a culture of openness and debate; encouraging active participation and allowing dissenting views to be freely expressed; and</li><li>• ensuring all Directors are properly briefed on issues arising at Board meetings in a timely manner.</li></ul> <p>b) Building a high performance Board by:</p> <ul style="list-style-type: none"><li>• providing leadership for the Board so that the Board can perform its responsibilities effectively;</li><li>• taking a leading role in establishing an effective corporate governance system and practices, including Board and Committee Charters, a Committee structure and ensuring that induction as well as ongoing education programmes for Directors are in place;</li><li>• arranging the regular evaluation of the performance of the Board, its Committees and individual Directors and discussing the performance assessment with individual Directors and Committee Chairmen;</li><li>• ensuring that prior to new appointments to the Board, an assessment is undertaken on the candidate, which may include a competency and behavioural analysis of the candidate and seeking third party feedback on the candidate; and</li><li>• ensuring that the Board and senior executive succession planning is considered on an ongoing basis.</li></ul> <p>c) Managing Board and Management interface by:</p> <ul style="list-style-type: none"><li>• acting as the conduit between Management and the Board, although all Directors shall have the opportunity to get to know key members of the</li></ul>

	<p>Management team; and</p> <ul style="list-style-type: none"> <li>• developing a positive relationship with the GMD, acting as a confidant and advisor.</li> </ul> <p>d) Being the public face of the Group by:</p> <ul style="list-style-type: none"> <li>• acting as a spokesperson for the Board; and</li> <li>• representing the Company at shareholders’ meetings and on other occasions when actions are taken or statements are made in the name of the Group, both domestically and abroad.</li> </ul> <p>e) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.</p> <p>Further details on the roles and responsibilities of the Board Chairman are specified in the Board Charter, which is made available on SD Plantation’s website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>.</p>
<p><b>Explanation</b> :</p> <p><b>for</b></p> <p><b>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

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>	<p>The Board supports the principle of different individuals for the Chairman and Chief Executive Officer (CEO) roles. This principle is beneficial to the effective functioning of the Board and facilitates a powerful check and balance mechanism.</p> <p><b>1. <u>The Chairman</u></b></p> <p>Tan Sri Dato' Abdul Ghani Othman was appointed as the Company's Chairman on 1 July 2013. He leads the Board in setting the Company's key policies and direction, ensures effective operation of the Board and is the spokesperson for the Board. He principally ensures that the Board fulfils its obligations under the Board Charter and as required under the relevant legislations.</p> <p><b>2. <u>Group Managing Director (GMD)#</u></b></p> <p>Mohamad Helmy Othman Basha, 52, a Malaysian, was appointed as the GMD on 1 July 2019 to lead the Group in its overall operations. He ensures effective implementation of the Board's policies, achieves strategic vision and performance targets, exercises high-level business judgement and manages the relationship with stakeholders and the interface with the public.</p> <p><i>(Note #: The GMD has similar duties of a CEO. The previous Executive Deputy Chairman &amp; Managing Director, Tan Sri Dato' Seri Mohd Bakke Salleh retired from the Group effective 30 Jun 2019 and his role as the Group's CEO is replaced by the current GMD.)</i></p> <p>The roles and responsibilities of the Chairman and GMD are encapsulated in the Board Charter, which is available on SD Plantation's website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</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

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>The Board shall ensure that it is supported by a suitably qualified and competent Group Secretary, who plays an important advisory role and fulfils the functions for which he/she has been appointed.</p> <p>At SD Plantation, the function of the Group Secretary is not combined with any other position. This is to ensure that the Group Secretary's role which requires impartiality when providing advice on governance issues is not compromised. The Group Secretary, as key resource support, ensures that the Board operates effectively, and high standards of governance practices are upheld.</p> <p>The role of our Group Secretary includes:</p> <ul style="list-style-type: none"><li>• Advising the Board on its roles and responsibilities;</li><li>• Facilitating the orientation of new Directors and assist in Directors training and development;</li><li>• Advising the Directors on corporate disclosures and compliance with company and securities regulations and listing requirements including:<ul style="list-style-type: none"><li>– disclosure of interests in securities;</li><li>– disclosure of any conflict of interest in a transaction involving the Group;</li><li>– prohibition of dealing in securities; and</li><li>– restrictions on disclosure of price-sensitive information.</li></ul></li><li>• Managing processes pertaining to shareholders' meetings;</li><li>• Monitoring corporate governance development and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and</li><li>• Serving as a focal point for stakeholders' communication and engagement on corporate governance issues.</li></ul> <p>The Group Secretary also organises and provides assistance at Board and Board Committee meetings. In this respect, the Group Secretary has the following key responsibilities:</p> <ul style="list-style-type: none"><li>• Assists the Chairman in planning the Board activities;</li><li>• Drafts the schedule of Board activities for the financial year;</li><li>• Ensures meetings are arranged and held accordingly;</li><li>• Draws up meeting agendas in consultation with the Board Chairman and maintain the minutes;</li><li>• Ensures the presence of a quorum at the meeting;</li></ul>

	<ul style="list-style-type: none"> <li>• Attends Board and Board Committee meetings and ensure the proceedings of meetings are recorded and the minutes circulated in a timely manner;</li> <li>• Ensures structured communication channels between the Board and Board Committees; and</li> <li>• Ensures Board Committees' recommendations presented to the Board are supported by papers that explain the rationale for the Committees' recommendations.</li> </ul> <p>The Group Secretary, who is also a member of the Company's Plantation Leadership Committee (PLC), works closely with the Group Managing Director in ensuring timely and appropriate information flow between the Board, Board Committees and PLC.</p> <p>The Group Secretary's position is subject to a fixed tenure. The renewal of the contract, together with the performance of the Group Secretary is tabled to the Nomination &amp; Remuneration Committee (NRC) and the Board for recommendation and approval, respectively. In this respect, the former Group Secretary, Puan Norzilah Megawati Abdul Rahman, who was appointed on 1 December 2017 had retired from her position on 1 February 2020. Accordingly, the Board, upon recommendation of the NRC, had approved the appointment of Puan Azrin Nashiha Abdul Aziz as the Acting Group Secretary of SD Plantation effective 1 February 2020.</p> <p>Puan Norzilah holds a degree in Law from the University of Malaya and licensed by the Registrar of Companies. She was previously the Group Secretary of Sime Darby Berhad since September 2007, a conglomerate comprising five key businesses namely Plantation, Property, Motors, Industrial and Logistics. Prior to that, she held various senior positions in Kumpulan Guthrie Berhad and has working experience in many areas, among others, investment analysis, money market trading, corporate secretarial and legal.</p> <p>Puan Norzilah's successor, Puan Azrin, holds a degree in Law from the University of Newcastle-Upon-Tyne, United Kingdom and Certificate in Legal Practice from the Legal Profession Qualifying Board, Malaysia. She also holds a Postgraduate Diploma in Strategic Management from the University of Technology Malaysia. She is a licensed company secretary and a member of the Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>The profile of the Acting Group Secretary is available online on SD Plantation's website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>.</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

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><b>1. <u>Meeting materials</u></b></p> <p>The Board and Board Committees meeting schedules, together with their agendas are made available before the first quarter of each financial year to allow for adequate preparation before the meetings. The schedules include meetings of Board Committees and general meetings of shareholders and map out the flow of key items of business to ensure that sufficient time is set aside.</p> <p>The Board and the Board Committees require all Board materials and information (agenda, Board papers, minutes etc.) to be submitted five working days prior to each meeting, except for papers which the Chairman of the Board or Chairman of the Board Committees have agreed to be submitted in less than five working days.</p> <p>Apart from sensitive/confidential papers, Board materials are disseminated electronically using a Board Meeting Management Solution, which provides Directors with secured access to meeting papers globally. The solution is an initiative towards having paperless Board meetings and has made conference calls with Directors who are non-resident or are travelling more effective.</p> <p>Board papers deemed urgent may be submitted to the Group Secretary for tabling at Board meetings, subject to the approval of both, the Chairman and the Group Managing Director. Meeting agendas are also sequenced by taking into consideration the complexity of the proposals and whether they are items for approval or noting by the Board. These are done in order for Board meetings to be more effective and to enable in-depth deliberation of matters. Issues raised, deliberations and decisions including dissenting views made at Board meetings are recorded in the minutes.</p> <p>Senior Management may be required to make presentations on proposal papers and brief/update the Board on operational issues to further facilitate the Board's decision-making process.</p> <p>All the Directors have direct access to the advice and services of the Group Secretary, whether as the full Board or in their individual capacity, in the furtherance of their duties.</p>

	<p><b>2. <u>Minutes circulation</u></b></p> <p>The minutes of the meeting is action oriented and record the deliberations and decisions of the Board. The minutes include compiled Board instructions as Matters Arising for discussion at each Board meeting to ensure proper follow through.</p> <p>The minutes are distributed to Board members and approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.</p> <p>Every Board member is responsible to ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.</p> <p>The Group Secretary is responsible for ensuring that the proceedings of meetings are recorded, and the minutes circulated in a timely manner.</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

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 Board's strategic intent and outlines the roles and powers that the Board specifically reserves for itself, and those which it delegates to Management and in so doing, also sets the tone of the various Board Committees.</p> <p>Specific matters reserved for the Board include:</p> <ul style="list-style-type: none"> <li>• Group strategy, plans and budgets;</li> <li>• Acquisitions and disposals and transactions exceeding the authority limits of the Group Managing Director;</li> <li>• Changes to Senior Management; and</li> <li>• Changes in the key policies, procedures and delegated authority limits of the Group.</li> </ul> <p>Paragraph 16 of the Board Charter specifies that the Charter and the Terms of Reference of each Committee established by the Board shall be periodically reviewed and updated by the Board taking into consideration the needs of the Group as well as any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities. In view of the above, the Board Charter was last revised on 16 April 2020.</p> <p>The Board Charter is available in the Governance section on SD Plantation's website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>.</p> <p>Reports on each of the Board Committees are featured in the Company's Annual Report 2019, which is available on SD Plantation's website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>.</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

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>The Board formalises and maintains a set of ethical standards of behaviour expected of all Directors, Employees and, where applicable, Counterparties and Business Partners to address potential issues in managing conflicts of interest and preventing the abuse of power, corruption, insider trading, and money laundering. These are integrated into our group-wide management practices which include:</p> <ol style="list-style-type: none"> <li>1. <b><u>Code of Business Conduct (COBC)</u></b>            The standards of behaviour are derived from the Group's Core Values: Integrity, Respect &amp; Responsibility, Enterprise and Excellence, and Business Principles: Health, Safety and Environment, Compliance, Working with Local Communities and Fair Business Practices.             The COBC applies to all Directors and Employees of the Group. This includes Employees on secondment to Joint Ventures, affiliates or associates. Counterparties are also expected to comply with this handbook while our Business Partners are encouraged to adopt similar principles and standards of behaviour. The COBC applies to all businesses and countries in which the Group operates.</li> <li>2. <b><u>Vendor Code of Business Conduct (VCOBC)</u></b>            Our VCOBC emphasises our commitment to work closely with our Vendors (such as Service Providers, Suppliers, Contractors and Consultants) to ensure that our values and principles are carried through in every aspect of our business operation by outlining the standards of behaviour required from the Vendors in relation to labour &amp; human rights, sustainability, health, safety &amp; environment, and ethics &amp; management practices.             This VCOBC applies to:           <ul style="list-style-type: none"> <li>• All Vendors of the Group when conducting work for the Group.</li> <li>• All Vendor's subsidiaries, affiliates and all other parties that they have appointed to conduct work for the Group.</li> </ul> </li> </ol>

	<p><b>3. <u>Vendor Integrity Pledge (VIP)</u></b> The VIP is a formal affirmation by any Vendor who intends to conduct business transaction(s) with us that the said Vendor will comply with all applicable laws or regulations, is not involved with any offence of bribery, corruption or fraud; and will not engage in bribery, corruption or fraud with the Group.</p> <p><b>4. <u>Anti-Corruption</u></b> Our Anti-Corruption Compliance Framework promotes the implementation and enforcement of effective systems to counter corruption by providing the principles and guidelines to address corruption risks in a coordinated and consistent manner and defining roles, responsibilities and accountabilities of key parties within the Group.</p> <p>Amongst others, this Framework entails the development of relevant policies and procedures on corruption management, corruption risk assessment as well as relevant training and awareness programmes for our Directors and Employees.</p> <p><b>5. <u>Policies and procedures</u></b> Our Group Policies &amp; Authorities (GPAs) define the lines of responsibility, accountability, and authority limits and represent a formal delegation of the Board’s powers and functions to Management. The GPAs are designed to empower Management to achieve business objectives within the boundaries of business ethics governance. Thereafter, policies, procedures and guidelines are developed to support the achievement of the principles stipulated in the GPAs, all of which, are mandatory to be complied with by Directors and Employees of the Group.</p> <p>Details on the COBC, VCOBC and Anti-Corruption Policy Statement are available on SD Plantation’s website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>.</p>
<p><b>Explanation for departure</b> :</p>	
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<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>The Board establishes, reviews, and together with Management, implement appropriate policies and procedures on whistleblowing at the Group level. The oversight of the whistleblowing function is under the purview of the Senior Independent Non-Executive Director (SINED), who ensures that all reported violations are properly investigated. The SINED is also responsible for reviewing the effectiveness of the actions taken in response to all concerns raised. In discharging her duties, the SINED is assisted by the Whistleblowing (WB) Unit that is housed under the independent Group Integrity, Governance &amp; Assurance Department.</p> <p>WB channels are established to help all stakeholders raise concerns, without fear of retaliation, on any wrongdoing that they may observe in the Group.</p> <p>Upon receipt of a WB complaint, the WB Unit will channel the WB case for investigation. At the completion of the investigation, the investigation team will report to the WB Unit on the results of the investigation, including a conclusion on the validity of the allegations (proven or not proven) and the proposed recommendation(s) to address the wrongdoing and/or process limitations.</p> <p>Throughout the WB process, the identity of the WB complainant is kept confidential at all times and will not be disclosed to any of the above parties. The separation of roles among the WB administrator, investigation team and oversight body provides the required check and balance on the independence of the WB reporting mechanism.</p> <p>Further details on the Group’s WB policies and processes are described on SD Plantation’s website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>.</p>
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<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> :	Applied																			
<b>Explanation on application of the practice</b> :	<p>The Board acknowledges the importance of Independent Directors (IDs), in particular those who are subject matter experts in the fields of business that the Group is involved in, to support objective and independent deliberation, review, and decision making. Presently, the Board comprises 55% IDs, with the following composition:</p> <p><b>i) Independent Directors</b></p> <table border="1"> <thead> <tr> <th>Designation</th> <th>Total Member</th> </tr> </thead> <tbody> <tr> <td>Senior Independent Non-Executive Director</td> <td>1</td> </tr> <tr> <td>Independent Non-Executive Director</td> <td>5</td> </tr> <tr> <td><b>Total Independent Directors</b></td> <td><b>6</b></td> </tr> </tbody> </table> <p><b>ii) Non-Independent Directors</b></p> <table border="1"> <thead> <tr> <th>Designation</th> <th>Total Member</th> </tr> </thead> <tbody> <tr> <td>Chairman, Non-Independent Non-Executive Director</td> <td>1</td> </tr> <tr> <td>Group Managing Director, Executive Director</td> <td>1</td> </tr> <tr> <td>Non-Independent Non-Executive Director</td> <td>3</td> </tr> <tr> <td><b>Total Non-Independent Directors</b></td> <td><b>5</b></td> </tr> </tbody> </table>		Designation	Total Member	Senior Independent Non-Executive Director	1	Independent Non-Executive Director	5	<b>Total Independent Directors</b>	<b>6</b>	Designation	Total Member	Chairman, Non-Independent Non-Executive Director	1	Group Managing Director, Executive Director	1	Non-Independent Non-Executive Director	3	<b>Total Non-Independent Directors</b>	<b>5</b>
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<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 4.2

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>	: Applied - Annual shareholders' approval required for independent directors serving beyond nine years Applied - Two-Tier Voting process for Independent Director(s) serving beyond twelve years																					
<b>Explanation on application of the practice</b>	<p>The Board has adopted the nine-year rule for Independent Non-Executive Directors (INEDs). Upon completion of the nine years, an INED may continue to serve on the Board as a Non-Independent Non-Executive Director. If the Board intends to retain an INED beyond nine years, it will justify and seek annual shareholders' approval.</p> <p>However, none of the INED have served beyond nine years from the Company's listing date of 30 November 2017, as shown below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #003366; color: white;"> <th style="text-align: left;">Name</th> <th style="text-align: left;">Designation</th> <th style="text-align: left;">Tenure Since Appointed As INED<sup>1</sup></th> </tr> </thead> <tbody> <tr> <td>Tan Sri Datuk Dr. Yusof Basiran</td> <td>Independent Non-Executive Director</td> <td>2 years 6 months</td> </tr> <tr> <td>Muhammad Lutfi</td> <td>Independent Non-Executive Director</td> <td>2 years 6 months</td> </tr> <tr> <td>Datuk Zaiton Mohd Hassan</td> <td>Senior Independent Non-Executive Director</td> <td>2 years 6 months</td> </tr> <tr> <td>Tan Ting Min</td> <td>Independent Non-Executive Director</td> <td>2 years 6 months</td> </tr> <tr> <td>Lou Leong Kok</td> <td>Independent Non-Executive Director</td> <td>2 years 6 months</td> </tr> <tr> <td>Dato' Henry Sackville Barlow<sup>2</sup></td> <td>Independent Non-Executive Director</td> <td>1 year 1 month</td> </tr> </tbody> </table> <p><u>Notes:</u></p> <ol style="list-style-type: none"> <li>1. As at 31 May 2020.</li> <li>2. Dato' Henry Sackville Barlow was appointed on 5 April 2019</li> </ol>	Name	Designation	Tenure Since Appointed As INED <sup>1</sup>	Tan Sri Datuk Dr. Yusof Basiran	Independent Non-Executive Director	2 years 6 months	Muhammad Lutfi	Independent Non-Executive Director	2 years 6 months	Datuk Zaiton Mohd Hassan	Senior Independent Non-Executive Director	2 years 6 months	Tan Ting Min	Independent Non-Executive Director	2 years 6 months	Lou Leong Kok	Independent Non-Executive Director	2 years 6 months	Dato' Henry Sackville Barlow <sup>2</sup>	Independent Non-Executive Director	1 year 1 month
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<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> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## 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><b>1. <u>Appointment of Board of Directors</u></b></p> <p>The Board aims to have an appropriate level of diversity in the Boardroom to reflect the diverse nature of the Company's operations and to support the achievement of the Company's strategic objectives. Diversity in terms of skills, background, knowledge, international and industry experience, culture, independence, age and gender, among many other factors, will be taken into consideration when seeking to appoint a new Director to the Board so as to bring relevant perspectives to Board discussions.</p> <p>The Company has an experienced Board with extensive capabilities and diversified backgrounds. The Board members have held prominent positions and directorships in areas such as plantation, the banking and finance sectors, as well as in governmental, regulatory and professional bodies. Thus, the Board has the strength to drive the Company through transformation into the next phase of growth, which is to innovate, execute, and create value. The Board's ability to adapt to various cultures, operating environments and sustainability requirements is crucial in ensuring the Company's success.</p> <p>The Nomination &amp; Remuneration Committee (NRC) shall assess the Board composition by:</p> <ol style="list-style-type: none"><li>a) Establishing a policy formalising the Group's approach to Boardroom diversity (including diversity in gender, nationality, age, culture, socio-economic background, skills, experience and independence).</li><li>b) Annually evaluating, reviewing and recommending to the Board the appropriate size of the Board, required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors shall bring to the Board to ensure that these are in line with the Group's requirements.</li><li>c) Considering and recommending any policy regarding the period of service of Non-Executive Directors, tenure of Independent Directors and the term of office of Board Committee members, including Chairmen of Board Committees.</li></ol>

The above statements are in line with paragraph 3.3 of the Board Charter where, *“Members of the Board should possess the relevant knowledge, skills, competencies, functional and management experience, characteristics and mind-set to contribute effectively to the Board. The Board shall also regularly review its membership to ensure the Board remains relevant and should formalise its succession planning practices.”*

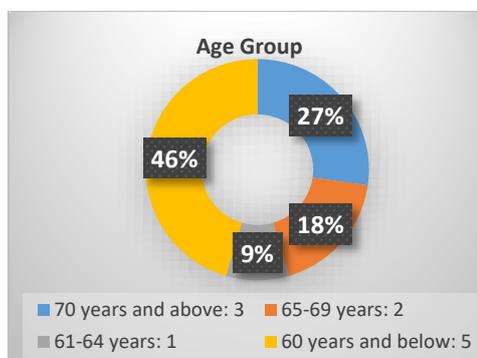
On 5 April 2019, the Board approved the appointment of Dato’ Henry Sackville Barlow as an Independent Non-Executive Director of the Board and as the Chairman or Member of the following Board Committees of the Company:

Board Committee	Designation
Sustainability Committee	Chairman
Nomination & Remuneration Committee	Member
Governance & Audit Committee	Member

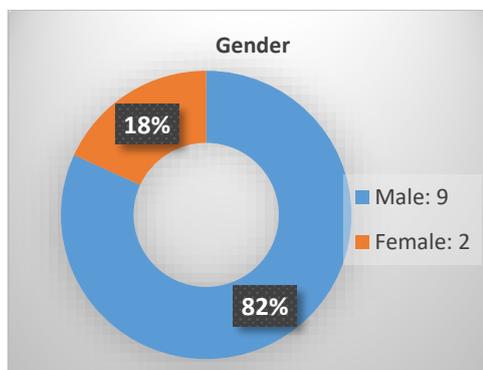
Dato’ Henry Sackville Barlow’s appointment ensures that the Board continues to comprise of a majority Independent Directors. In addition, the participation of majority Independent Non-Executive Directors in our Board Committees is assured.

The Group Secretary ensures that all appointments are properly made and that all necessary information is obtained from the Directors, both for the Company’s own records and for the purposes of meeting statutory obligations as well as obligations arising from the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Overview of the Board Diversity is shown below:

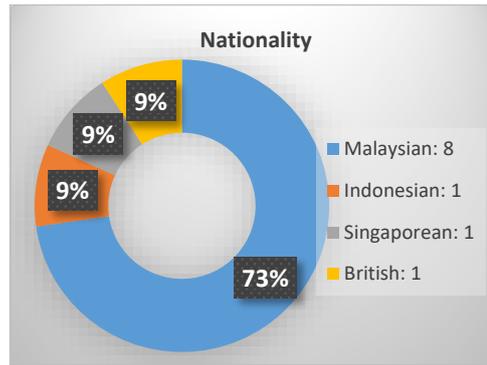
**Age Group**



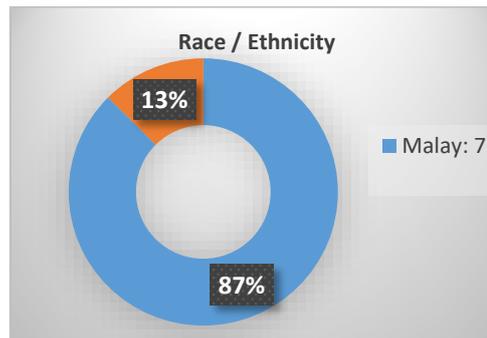
**Gender**



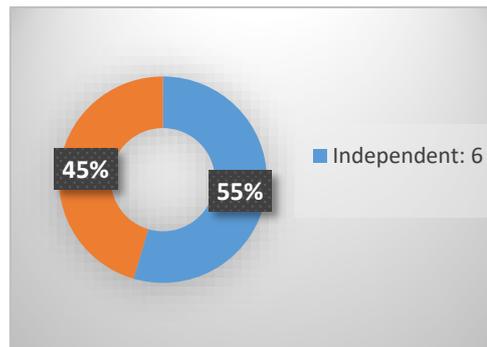
### Nationality



### Race/Ethnicity (Not applicable to foreign Directors)



### Independent



Further information on the Directors' background and experience are available on SD Plantation's website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com).

The Board will continuously enhance the Board's composition in line with the evolving circumstances and needs of the Group given its size, business diversity and geography.

## 2. Appointment of Key Management Positions (Senior Management)

The NRC's nomination functions and duties on the appointment of key Management positions include the following:

- Review and recommend to the Board the appointment, evaluation, acceptance of resignation, disciplinary actions and termination of the Group Managing Director (GMD) position;
- Review and if deemed appropriate, endorse for the Board's approval, the recommendations of the GMD on the appointment, evaluation, promotion, acceptance of resignation, disciplinary actions and termination of the key Management positions of the Company and the Group;

- In the case of the Chief Financial Officer position, the NRC shall interview the candidate(s) as part of the review process. The NRC reserves the right to interview any key Management position candidate recommended by the GMD; and
- Ensure that appointments of key Management positions are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The following key Management positions have been appointed during the year under review:

No.	Positions	Name
1.	Chief Operations Services Officer	Adi Wira Abd. Razak <i>(Appointed on 1 November 2019)</i>
2.	Acting Group Secretary	Azrin Nashiha Abdul Aziz <i>(Appointed on 1 February 2020 to replace the former Group Secretary who retired effective the same date)</i>

The GMD is supported by the Plantation Leadership Committee (PLC), comprising of the following key Management positions:

- 1) Chief Advisor & Value Officer
- 2) Chief Financial Officer
- 3) Managing Director, Sime Darby Oils
- 4) Chief Human Resources Officer
- 5) Chief Sustainability Officer
- 6) Chief Strategy & Innovation Officer
- 7) Chief Research & Development Officer
- 8) Chief Operations Services Officer
- 9) Group Secretary
- 10) Chief Communications Officer
- 11) Group General Counsel
- 12) Chief Integrity & Assurance Officer
- 13) Chief Risk Officer
- 14) Chief Digital Officer

The PLC, with each member having an average working experience of about 16 years in the plantation industry, has the ability to drive the Group through the next phase of growth by innovating, executing and creating value.

The PLC members' profile including skills, experience, age, cultural background and gender are featured in our Annual Report 2019 and available on SD Plantation's website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com).

**Explanation for departure** :

*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

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>A Board Composition Policy is established to set out the approach of the Board on the composition of the Board of Directors of the Company. This Policy has been prepared to address the specific requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements) and the Malaysian Code on Corporate Governance (MCCG) 2017 and in cognisance of any directives or regulations announced, where relevant.</p> <p>The Board believes that the current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all stakeholders and to effectively govern the Group.</p> <p>Currently, the Company has two or 18% women directors. Nevertheless, the Board is highly committed in achieving and sustaining high standards of corporate governance and endeavours to comply with the Practice to achieve diversity in our boardroom. This is clearly specified in our Board Composition Policy, which states that the Board will maintain at least two women Directors on the Board and will actively work towards having a minimum of 30% women as members of the Board by 31 December 2020.</p> <p><b>Board of Directors</b></p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Gender</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Tan Sri Dato' Abdul Ghani Othman</td> <td>Male</td> </tr> <tr> <td>2</td> <td>Tan Sri Datuk Dr. Yusof Basiran</td> <td>Male</td> </tr> <tr> <td>3</td> <td>Muhammad Lutfi</td> <td>Male</td> </tr> <tr> <td>4</td> <td>Datuk Zaiton Mohd Hassan</td> <td>Female</td> </tr> <tr> <td>5</td> <td>Dato' Mohd Nizam Zainordin</td> <td>Male</td> </tr> </tbody> </table>	No.	Name	Gender	1	Tan Sri Dato' Abdul Ghani Othman	Male	2	Tan Sri Datuk Dr. Yusof Basiran	Male	3	Muhammad Lutfi	Male	4	Datuk Zaiton Mohd Hassan	Female	5	Dato' Mohd Nizam Zainordin	Male
No.	Name	Gender																	
1	Tan Sri Dato' Abdul Ghani Othman	Male																	
2	Tan Sri Datuk Dr. Yusof Basiran	Male																	
3	Muhammad Lutfi	Male																	
4	Datuk Zaiton Mohd Hassan	Female																	
5	Dato' Mohd Nizam Zainordin	Male																	

	6	Dato' Henry Sackville Barlow	Male
	7	YM Tunku Alizakri Raja Muhammad Alias	Male
	8	Zainal Abidin Jamal	Male
	9	Tan Ting Min	Female
	10	Lou Leong Kok	Male
	11	Mohamad Helmy Othman Basha	Male
	<p>The Board Composition Policy is available in the Governance Section on SD Plantation's website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>.</p> <p><u>Alternative Practice</u>: The Board will maintain at least two women Directors on the Board and will actively work towards having a minimum of 30% women as members of the Board by December 2020.</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>	:	The Board will continuously enhance its composition in line with the evolving circumstances and needs of the Company given its size, business diversity and geography.	
<b>Timeframe</b>	:	31 December 2020	

## 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> :	<p>The Company has a combined Nomination and Remuneration Committee. The Board has delegated the responsibility to establish a formal and transparent procedure for the nomination and appointment of new directors to the Nomination &amp; Remuneration Committee (NRC).</p> <p>This is further specified in the NRC's Terms of Reference requiring the Committee to identify, consider and recommend suitable persons for appointment as directors of the Group and members of the Board Committees, relying on sources from existing Board members, Management, major shareholders, independent search firms and other independent sources.</p> <p>Prior to the listing of SD Plantation in November 2017, potential directors were identified and recommended by Board members, Management and major shareholders. In addition, <u>an independent international recruiter</u> was engaged to source for suitable talents to be considered for appointments to the Board of the Company.</p> <p>An Interview Panel comprising NRC members was formed and tasked with interviewing shortlisted candidates, where the NRC then considered the composition of the Board and Board Committees based on the recommendation of the Interview Panel.</p> <p>Since the date of the previous Annual General Meeting of the Company in May 2019, the following individuals have been appointed by the Board as Directors of SD Plantation:</p> <ul style="list-style-type: none"><li>(i) Mohamad Helmy Othman Basha as an Executive Director on 1 July 2019. Mohamad Helmy was an internal candidate identified through the succession planning for the position of the Group Managing Director. Prior to his appointment, he was assessed by the NRC and Linkage Asia, an independent third-party consultant.</li><li>(ii) Tunku Alizakri Raja Muhammad Alias as a Non-Independent Non-Executive Director on 1 January 2020 due to change of the nominee director of Kumpulan Wang Simpanan Pekerja, a substantial shareholder of SD Plantation.</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 4.7

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 membership of our Nomination &amp; Remuneration Committee (NRC) is set out in the Committee's Terms of Reference (TOR). The NRC members are appointed by the Board from amongst their number and shall consist of not less than four members, all of whom shall be Non-Executive Directors, and a majority of whom shall be Independent Directors.</p> <p>The Chairman of the NRC, Tan Sri Datuk Dr. Yusof Basiran, is an Independent Non-Executive Director. The list of NRC members is shown below:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Member</th> <th>Directorship</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>1</td> <td><b>Tan Sri Datuk Dr. Yusof Basiran</b></td> <td><b>Independent Non-Executive Director</b></td> <td><b>Chairman</b></td> </tr> <tr> <td>2</td> <td>Datuk Zaiton Mohd Hassan</td> <td>Senior Independent Non-Executive Director</td> <td>Member</td> </tr> <tr> <td>3</td> <td>Dato' Mohd Nizam Zainordin</td> <td>Non-Independent Non-Executive Director</td> <td>Member</td> </tr> <tr> <td>4</td> <td>Dato' Henry Sackville Barlow<sup>1</sup></td> <td>Independent Non-Executive Director</td> <td>Member</td> </tr> </tbody> </table> <p><i>Note</i>  <sup>1</sup> Dato' Henry Sackville Barlow was appointed as a member of the NRC on 5 April 2019</p> <p>The NRC's TOR is available in the Governance section on SD Plantation's website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>.</p>			No.	Member	Directorship	Designation	1	<b>Tan Sri Datuk Dr. Yusof Basiran</b>	<b>Independent Non-Executive Director</b>	<b>Chairman</b>	2	Datuk Zaiton Mohd Hassan	Senior Independent Non-Executive Director	Member	3	Dato' Mohd Nizam Zainordin	Non-Independent Non-Executive Director	Member	4	Dato' Henry Sackville Barlow <sup>1</sup>	Independent Non-Executive Director	Member
No.	Member	Directorship	Designation																				
1	<b>Tan Sri Datuk Dr. Yusof Basiran</b>	<b>Independent Non-Executive Director</b>	<b>Chairman</b>																				
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<b>Explanation for departure</b> :																							
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<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>The Nomination &amp; Remuneration Committee (NRC) assists the Board in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and each Board Committee (including its size and composition), as well as the contribution of each individual Director. The method/approach of the assessment and outcome of the evaluation are documented and disclosed in the annual report.</p> <p>The NRC develops, maintains and reviews the criteria for evaluating the Board's, Board Committees', and each individual Director's performance. This evaluation is undertaken annually. The NRC ensures that appropriate actions are taken based on the results of the annual assessments to continuously enhance the Board's overall performance and identify opportunities for improvement.</p> <p>Appropriate actions were taken based on the findings of the previous Board Evaluation Assessment 2018 (BEA 2018), which include the following:</p> <p><b>(i) Board Evaluation</b></p> <p><u>Board operations – Timely receipt of board papers</u></p> <p>(a) Receiving well organised papers in a timely manner allows directors to contribute to board discussions more effectively. Board papers for the Board and Board Committee meetings are circulated at least five working days prior to the respective meetings. Except for sensitive/confidential papers, Board materials are disseminated electronically using a Board Meeting Management Solution (Diligent Board), which provides Directors with secured access to meeting papers globally. Diligent Board is an initiative towards having paperless Board meetings and has made conference calls with Directors who are non-resident and are travelling more effective.</p> <p>(b) In order to allow more time for the Board to review the Board papers, the Board papers are uploaded on Diligent Board on a staggered basis once approved by the Group Managing Director.</p>

- (c) The Board’s meeting agenda is divided into ‘Matters for Decision’ and ‘Matters for Noting’. This would allow the Board to give more priority on most important items of the agenda and focus on ‘Matters for Decision’ that requires more strategic decisions. At the same time, routine matters under ‘Matters for Noting’ are discharged in an appropriate manner.
- (d) The format of the Board paper also sets out the objective for which the paper is sought, and the specific approvals requested from the Board and/or Board Committee.

**Board roles and responsibilities**

- (a) A Board & Management Retreat was held on 6 September 2019 to deliberate on the Company’s Strategic Plan and Budget for 2020.
- (b) The Risk Report discussing the forward-looking risk components affecting the Group’s business and operations is presented to the Risk Management Committee (RMC) at its quarterly meeting. Country risk assessment in relation to Indonesia, Papua New Guinea, South Africa and China have been presented to the RMC.
- (c) Group Risk Management issues a newsletter on key risk perspectives on a bi-weekly basis.

**(ii) Board Committees Evaluation**

**Board Structure**

- (a) The composition of the RMC consists of four Non-Executive Directors (NED) with a majority of Independent NED. In supporting the RMC, the Chief Risk Officer was appointed on 1 June 2018 and reports to the Chairman of the RMC.
- (b) The summary of the discussion and the recommendations of the respective Board Committees are presented by the Chair of the Committees in a slide presentation format.

The Board has endorsed the following assessment criteria for the Board Evaluation Assessment 2019 (BEA 2019):

Questionnaire	Assessment Criteria
Board Evaluation	Board structure, operations, roles and responsibilities and the Chairman’s roles and responsibilities.
Board Committees Evaluation	Board Committees’ composition, relevant expertise, Board Committee Chairman’s competency and responsibilities, reporting and recommendation to the Board.
Director’s Peer Evaluation	Individual Directors’ qualification, experience, knowledge, contribution, performance, calibre and personality.

	The BEA 2019 covering the 6-month financial period ended 31 December 2018 and for the financial year ended 31 December 2019 was undertaken through an internal survey-based evaluation in November 2019. The assessments were based on the Corporate Governance Guide (3 <sup>rd</sup> Edition) on the Guidance on Board Leadership and Effectiveness issued by Bursa Malaysia Securities Berhad. The results of the assessments were tabled to the Board in February 2020.	
<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>	: Applied						
<b>Explanation on application of the practice</b>	<p>All matters pertaining to Directors and Senior Management remuneration are under the purview of the Board's Nomination &amp; Remuneration Committee (NRC). The NRC reviews and recommends to the Board a formal and transparent remuneration policy and framework for Directors and Senior Management of the Company and the Group drawing on external consultants' advice as necessary.</p> <p>To attract and retain the right talent, the NRC ensures that compensation policies and packages of Directors and Senior Management are reflective of the Group's demands, complexities and performance as a whole, as well as skills and experience required, and in line with the strategic objectives of the Company which rewards contribution to the long-term success of the Company. The NRC periodically review the remuneration framework, policies and procedures.</p> <p>1. The salient elements of the Directors' remuneration policy are outlined below:</p> <table border="1" data-bbox="496 1496 1388 2031"> <thead> <tr> <th data-bbox="496 1496 914 1536">Non-Executive Directors</th> <th data-bbox="914 1496 1388 1536">Executive Director</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 1536 914 1715">Fixed annual Directors' fees as members of the Board and Board Committees.</td> <td data-bbox="914 1536 1388 1715">The NRC considers and recommends to the Board for approval the framework for the Executive Director's remuneration and the final remuneration package.</td> </tr> <tr> <td data-bbox="496 1715 914 2031">Level of remuneration reflects the level of responsibilities undertaken by the Non-Executive Director. The Company also reimburses reasonable expenses incurred by the Directors in the course of their duties.</td> <td data-bbox="914 1715 1388 2031">Components of the remuneration are structured to link rewards to corporate and individual performance.  Performance is measured against profits and other targets set in accordance with the Company's annual budget and plans.</td> </tr> </tbody> </table>	Non-Executive Directors	Executive Director	Fixed annual Directors' fees as members of the Board and Board Committees.	The NRC considers and recommends to the Board for approval the framework for the Executive Director's remuneration and the final remuneration package.	Level of remuneration reflects the level of responsibilities undertaken by the Non-Executive Director. The Company also reimburses reasonable expenses incurred by the Directors in the course of their duties.	Components of the remuneration are structured to link rewards to corporate and individual performance.  Performance is measured against profits and other targets set in accordance with the Company's annual budget and plans.
Non-Executive Directors	Executive Director						
Fixed annual Directors' fees as members of the Board and Board Committees.	The NRC considers and recommends to the Board for approval the framework for the Executive Director's remuneration and the final remuneration package.						
Level of remuneration reflects the level of responsibilities undertaken by the Non-Executive Director. The Company also reimburses reasonable expenses incurred by the Directors in the course of their duties.	Components of the remuneration are structured to link rewards to corporate and individual performance.  Performance is measured against profits and other targets set in accordance with the Company's annual budget and plans.						

The remuneration package comprises fees, benefits-in-kind and other emoluments.

Non-Executive Directors

Remuneration for the Non-Executive Directors of the Board and as members of the Board Committees, in the form of fees, for the financial year ended 31 December 2019 is tabulated below:

Board/Board Committee	Chairman (RM/Year)	Member (RM/Year)
<b>Board</b>	600,000	240,000 <sup>1</sup> 400,000 <sup>2</sup>
<b>Governance &amp; Audit Committee</b>	80,000	50,000
<b>Nomination &amp; Remuneration Committee</b>	60,000	35,000
<b>Risk Management Committee</b>	60,000	35,000
<b>Sustainability Committee</b>	60,000	35,000
<b>Tender Committee</b>	60,000	35,000

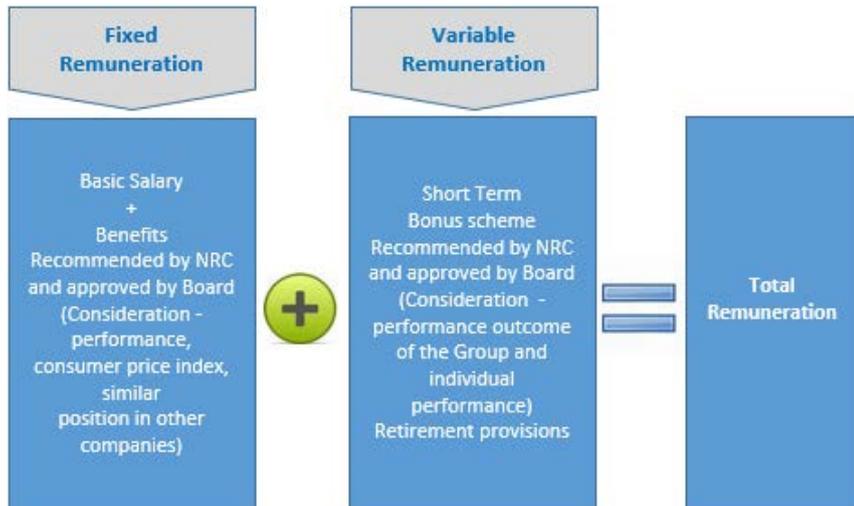
Notes:

<sup>1</sup> Fee for Resident Director

<sup>2</sup> Fee for Non-Resident Director

Executive Director

The Executive Director’s remuneration package comprises the following components:



- 2. Remuneration of other Senior Management personnel is determined based on similar remuneration principles as the Executive Director.

The Directors and Senior Management remuneration policies are periodically reviewed and available in the Governance section on SD Plantation’s website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com).

<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 6.2

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 Board has established the Nomination &amp; Remuneration Committee (NRC) to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.</p> <p>The NRC comprises a majority of Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director, Tan Sri Datuk Dr. Yusof Basiran.</p> <p><b><u>Authority</u></b></p> <p>The NRC is authorised by the Board and at the expense of the Group to perform the following:</p> <ul style="list-style-type: none"><li>a) Secure the resources in order to perform its duties as set out in its terms of reference;</li><li>b) Have full and unrestricted access to Group Human Resources Department, including without limitation, its information, records, properties and personnel;</li><li>c) Obtain independent professional advice, service and/or expertise to perform its duties, or obtain the assistance of Management where necessary;</li><li>d) Be directly responsible for compensation and oversight of such professional or legal advisor and shall have the sole authority to approve such advisor's fees and other retention terms in the event that the NRC retains any such independent professional advisor. Prior to the selection of such advisor, the Committee shall carry out an independent assessment of such advisor; and</li><li>e) Provide its recommendations to the Board for the Board's consideration and approval.</li></ul>

	<p><b><u>Remuneration Function and Duties</u></b></p> <p>Amongst the NRC’s specific Remuneration functions and duties outlined in its Terms of Reference (TOR) are:</p> <ul style="list-style-type: none"> <li>a) Review and recommend to the Board a formal and transparent remuneration policy and framework for Directors and Senior Management of the Company and the Group, drawing on external consultants’ advice as necessary;</li> <li>b) Review and if deemed appropriate, endorse for the Board’s approval, the annual bonus and salary increment framework for the Group, as recommended by the Group Managing Director (GMD), including the total quantum of payment;</li> <li>c) Review and recommend to the Board the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the GMD position;</li> <li>d) Review and if deemed appropriate, endorse for the Board’s approval, the recommendations of the GMD on the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the key Management positions;</li> <li>e) Review and recommend the extension of service, remuneration and compensation and benefits packages of the key Management positions who have reached the age of retirement; and</li> <li>f) Periodically review the remuneration framework, policies and procedures</li> </ul> <p>The NRC’s TOR was last reviewed and updated on 6 January 2020 and further details of the NRC’s authorities and duties are specified in its TOR, which is accessible in the Governance section on the SD Plantation’s website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</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

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> :	The total Directors' fees, salary (including other remuneration) and benefits-in-kind paid to our Directors for their services rendered to the Group for the financial year ended 31 December 2019 are as follows:																																																																						
	<table border="1"> <thead> <tr> <th rowspan="2">Name</th> <th>Salary &amp; Other Remuneration</th> <th>Total Directors' Fees<sup>1</sup></th> <th>Benefits-in-kind<sup>2</sup></th> <th>Total</th> </tr> <tr> <th>(RM'000)</th> <th>(RM'000)</th> <th>(RM'000)</th> <th>(RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Executive Directors</b></td> </tr> <tr> <td>Mohamad Helmy Othman Basha<sup>3</sup></td> <td>1,070</td> <td>N/A<sup>6</sup></td> <td>14</td> <td>1,084</td> </tr> <tr> <td colspan="5"><b>Non-Executive Directors</b></td> </tr> <tr> <td>Tan Sri Dato' Abdul Ghani Othman<sup>4</sup></td> <td rowspan="11">N/A<sup>6</sup></td> <td>600</td> <td>69</td> <td>669</td> </tr> <tr> <td>Tan Sri Datuk Dr Yusof Basiran</td> <td>479</td> <td>11</td> <td>490</td> </tr> <tr> <td>Muhammad Lutfi<sup>5</sup></td> <td>485</td> <td>2</td> <td>487</td> </tr> <tr> <td>Datuk Zaiton Mohd Hassan</td> <td>390</td> <td>117</td> <td>507</td> </tr> <tr> <td>Dato' Mohd Nizam Zainordin</td> <td>325</td> <td>2</td> <td>327</td> </tr> <tr> <td>Dato' Henry Sackville Barlow</td> <td>411</td> <td>9</td> <td>420</td> </tr> <tr> <td>Zainal Abidin Jamal</td> <td>386</td> <td>8</td> <td>393</td> </tr> <tr> <td>Tan Ting Min</td> <td>403</td> <td>10</td> <td>414</td> </tr> <tr> <td>Lou Leong Kok<sup>5</sup></td> <td>435</td> <td>2</td> <td>437</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,070</b></td> <td><b>3,914</b></td> <td><b>244</b></td> <td><b>5,228</b></td> </tr> </tbody> </table>					Name	Salary & Other Remuneration	Total Directors' Fees <sup>1</sup>	Benefits-in-kind <sup>2</sup>	Total	(RM'000)	(RM'000)	(RM'000)	(RM'000)	<b>Executive Directors</b>					Mohamad Helmy Othman Basha <sup>3</sup>	1,070	N/A <sup>6</sup>	14	1,084	<b>Non-Executive Directors</b>					Tan Sri Dato' Abdul Ghani Othman <sup>4</sup>	N/A <sup>6</sup>	600	69	669	Tan Sri Datuk Dr Yusof Basiran	479	11	490	Muhammad Lutfi <sup>5</sup>	485	2	487	Datuk Zaiton Mohd Hassan	390	117	507	Dato' Mohd Nizam Zainordin	325	2	327	Dato' Henry Sackville Barlow	411	9	420	Zainal Abidin Jamal	386	8	393	Tan Ting Min	403	10	414	Lou Leong Kok <sup>5</sup>	435	2	437	<b>Total</b>	<b>1,070</b>	<b>3,914</b>	<b>244</b>	<b>5,228</b>
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		<p><b>Notes:</b></p> <p><sup>1</sup> Paid by SD Plantation and Subsidiary Companies of SD Plantation</p> <p><sup>2</sup> Benefits-in kind include Healthcare, Insurance and Mobile Phone</p> <p><sup>3</sup> Appointed as the Group Managing Director of SD Plantation on 1 July 2019</p> <p><sup>4</sup> Company car, petrol and driver for Non-Executive Chairman</p> <p><sup>5</sup> Non-Resident Director</p> <p><sup>6</sup> N/A - Not Applicable</p>																																																																					

Additionally, details of remuneration (including benefits-in-kind) for Directors who had retired or resigned during the financial year ended 31 December 2019 are as follows:

Name	Salary & Other Remuneration	Total Directors' Fees	Benefits-in-kind <sup>1</sup>	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Tan Sri Dato' Seri Mohd Bakke Salleh <sup>2</sup>	2,923	N/A <sup>3</sup>	27	2,950
Dato' Mohamad Nasir Ab. Latif	N/A <sup>3</sup>	275	7	282
<b>Total</b>	<b>2,923</b>	<b>275</b>	<b>34</b>	<b>3,232</b>

**Notes:**

<sup>1</sup> Benefits-in-kind include Healthcare, Insurance & Mobile Phone

<sup>2</sup> Retired as the Executive Deputy Chairman & Managing Director on 30 June 2019

<sup>3</sup> Not Applicable

**Explanation :**  
**for departure**

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

**Measure :**

**Timeframe :**

## Intended Outcome

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>	: Applied																																		
<b>Explanation on application of the practice</b>	<p>The disclosure on the remuneration (inclusive of salary, bonus, benefits in-kind and other emoluments) of the Company's top five Senior Management personnel, excluding the Group Managing Director who is an Executive Director, for the financial year ended 31 December 2019 is shown below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Name</th> <th>Salary &amp; Other Emoluments<sup>1</sup></th> <th>Defined Contribution Plan<sup>2</sup></th> <th>Benefits-in-Kind<sup>3</sup></th> <th>Total Remuneration</th> </tr> <tr> <th>(RM'000)</th> <th>(RM'000)</th> <th>(RM'000)</th> <th>(RM'000)</th> </tr> </thead> <tbody> <tr> <td>Datuk Franki Anthony Dass</td> <td>2,150 – 2,200</td> <td>100 - 150</td> <td>0 - 50</td> <td>2,300 – 2,350</td> </tr> <tr> <td>Dr. Simon Lord</td> <td>2,000 – 2,050</td> <td>0 – 50</td> <td>0 – 50</td> <td>2,050 – 2,100</td> </tr> <tr> <td>Renaka Ramachandran</td> <td>1,250 – 1,300</td> <td>150 - 200</td> <td>0 – 50</td> <td>1,450 – 1,500</td> </tr> <tr> <td>Mohd Haris Mohd Arshad</td> <td>1,150 – 1,200</td> <td>150 – 200</td> <td>0 – 50</td> <td>1,350 – 1,400</td> </tr> <tr> <td>Zulkifli Zainal Abidin</td> <td>1,050 – 1,100</td> <td>150 - 200</td> <td>0 – 50</td> <td>1,250 – 1,300</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p><sup>1</sup> Salary &amp; other emoluments include salary, allowances, bonus and other benefits</p> <p><sup>2</sup> Defined Contribution plan comprises employer contribution on SOCSO, Employee Insurance Scheme (EIS) and EPF</p> <p><sup>3</sup> Benefits-in-kind comprises the provision of car, petrol &amp; driver, mobile phone usage and utilities</p> <p># Mohamad Helmy Othman Basha, the former Deputy to the Managing Director and Chief Operating Officer, Upstream had vacated his position with effect from 30 June 2019 to helm the Company as the Group Managing Director on 1 July 2019. Accordingly, his remuneration as an Executive Director is disclosed together with other directors' remuneration (under Practice 7.1 of this Corporate Governance Report). His former position as the Chief Operating Officer, Upstream is vacant as of 31 December 2019.</p>	Name	Salary & Other Emoluments <sup>1</sup>	Defined Contribution Plan <sup>2</sup>	Benefits-in-Kind <sup>3</sup>	Total Remuneration	(RM'000)	(RM'000)	(RM'000)	(RM'000)	Datuk Franki Anthony Dass	2,150 – 2,200	100 - 150	0 - 50	2,300 – 2,350	Dr. Simon Lord	2,000 – 2,050	0 – 50	0 – 50	2,050 – 2,100	Renaka Ramachandran	1,250 – 1,300	150 - 200	0 – 50	1,450 – 1,500	Mohd Haris Mohd Arshad	1,150 – 1,200	150 – 200	0 – 50	1,350 – 1,400	Zulkifli Zainal Abidin	1,050 – 1,100	150 - 200	0 – 50	1,250 – 1,300
Name	Salary & Other Emoluments <sup>1</sup>		Defined Contribution Plan <sup>2</sup>	Benefits-in-Kind <sup>3</sup>	Total Remuneration																														
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Zulkifli Zainal Abidin	1,050 – 1,100	150 - 200	0 – 50	1,250 – 1,300																															

<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**

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>Paragraph 2.6 of the Governance &amp; Audit Committee (GAC)'s Terms of Reference states, <i>"The Chairman of the GAC shall be an Independent Non-Executive Director appointed by the Board, who is not the Chairman of the Board."</i></p> <p>The Company's GAC Chairman is Datuk Zaiton Mohd Hassan, who is the Senior Independent Non-Executive Director, thus reflecting the requirement under this Practice 8.1.</p> <p>The Board Chairman, on the other hand, is a Non-Independent Non-Executive Director, Tan Sri Dato' Abdul Ghani Othman.</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 8.2**

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> :	Paragraph 2.5 of the Governance & Audit Committee (GAC)’s Terms of Reference states, <i>“No former key audit partner shall be appointed as a member of the GAC before observing a cooling-off period of at least two (2) years.”</i>  None of the members of the GAC is a former key audit partner that requires the cooling-off period of two years.	
<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>The Board, through the Governance &amp; Audit Committee (GAC), has put in place a process to select and appoint the Company's external auditor. Given the above, the Company has established the Group Policies &amp; Authorities No. B7 on 'External Auditor Appointment &amp; Selection' (GPA No. 7) to outline the guidelines for the GAC to assess the suitability, objectivity, performance and independence of the external auditors.</p> <p>The GPA No. B7 was developed in alignment with the Malaysian Code on Corporate Governance 2017, and should be read together with the Companies Act 2016, The By-laws (on professional ethics, conduct and practice) of the Malaysia Institute of Accountants and the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.</p> <p>The GAC assesses the suitability, objectivity and independence of the external auditor to be appointed or re-appointed based on the following criteria specified in the GPA No. B7:</p> <ul style="list-style-type: none"><li>a) The competence, audit quality and resource capacity of the external auditor in relation to the audit;</li><li>b) The nature and extent of the non-audit services rendered and appropriateness of the level of fees; and</li><li>c) Obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</li></ul> <p>The external auditor's annual assessment is conducted based on the criteria described above and best practices promulgated by the relevant Malaysian regulators. The results of the assessment, which was performed by the GAC members and selected management personnel (who had close interaction with the external auditors during the year under review), was tabled to the GAC at its meeting on 2 April 2020 for deliberation and recommendation to the Board for adoption.</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 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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

## 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><b><u>Knowledge and skills</u></b></p> <p>The Governance &amp; Audit Committee (GAC) members bring to the Group a diversity in knowledge and skills to effectively discharge their duties. Three of the GAC members are qualified accountants, thus satisfying the requirement for the GAC to be financially literate in understanding the financial reporting process. The knowledge and skills of the individual GAC members are outlined below:</p> <p><i><u>The GAC Chairman</u></i></p> <p><b>Datuk Zaiton Mohd Hassan</b> is a Fellow and Council Member of the Association of Chartered Certified Accountants (ACCA), a member of the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and International Federation of Accountants (IFAC) Professional Accountants in Business (PAIB) Committee.</p> <p><i><u>GAC Members</u></i></p> <p><b>Dato' Mohd Nizam Zainordin</b> is a Fellow of the ACCA, a member of the MIA and holds an Executive Masters in Business Administration. He is a Certified Financial Planner and has held various finance and investment positions in his more than 25-year career.</p> <p><b>Dato' Henry Sackville Barlow</b> obtained his Bachelor and Master of Arts degrees from the University of Cambridge, United Kingdom and is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW). He has over 35 years of experience in the plantation industry and is currently the Joint Chair of the Grievance Committee of the Roundtable on Sustainable Palm Oil (RSPO).</p> <p><b>Tan Ting Min</b> obtained a Bachelor and Master of Arts degrees from the University of Cambridge, in 1991 and 1994, respectively. She is an experienced equity strategist, having served Credit Suisse Malaysia since 1994 until her retirement in 2017, and has covered the plantation sector for close to 25 years.</p>

Further details of the GAC members' profiles are available under the Board of Directors section on SD Plantation's website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com).

**Professional development**

The GAC members attend continuous professional development programmes to keep themselves abreast of relevant development in accounting and auditing standards, practices and rules. A summary of the continuous professional development programmes attended by the GAC members for the financial year ended 31 December 2019 is set out below:

Name	Continuous Professional Development (CPD) Programme
Datuk Zaiton Mohd Hassan	<ul style="list-style-type: none"> <li>a) Cyber Security Awareness for Users - Are You Ready?</li> <li>b) PNB Leadership Forum 2019</li> <li>c) Digital Transformation Lecture organised for SD Plantation Board.</li> </ul>
Dato' Mohd Nizam Zainordin	<ul style="list-style-type: none"> <li>a) IT Blueprint Post - Visioning Workshop</li> <li>b) Fireside Chat with Anthony Tan, Group Chief Executive Officer and Co-Founder of Grab Holdings Inc.</li> <li>c) PNB Leadership Forum 2019</li> <li>d) MISD Business Planning Workshop 2020</li> <li>e) Leadership in Digital World - Managing Integration of Digital Strategies, Technology Execution and Measurement for Leaders</li> <li>f) PNB Innovation Workshop 2019</li> <li>g) Contingency Funding Plan (CFP) Simulation Exercise - Business Continuity Management Committee</li> <li>h) PNB House View - Wrap-up session with MERCER</li> <li>i) Fireside Chat with Azran Osman Rani</li> <li>j) PNB Group Innovation Challenge 2019</li> <li>k) PNB Compliance Engagement Session</li> <li>l) Yayasan Tun Ismail Mohamed Ali Berdaftar (YTI) Memorial Lecture 2019 - The Diverse Facets of Leadership</li> <li>m) Section 17A Corporate Liability Training with the Malaysia Anti-Corruption Academy</li> <li>n) Digital Transformation Lecture organised for SD Plantation Board.</li> </ul>
Dato' Henry Sackville Barlow	<ul style="list-style-type: none"> <li>a) Cyber Security Awareness for Users - Are You Ready?</li> <li>b) PNB Leadership Forum 2019</li> <li>c) PNB Corporate Summit 2019.</li> </ul>
Tan Ting Min	<ul style="list-style-type: none"> <li>a) Globalization: "Contents and Discontents"</li> <li>b) A Boardroom Colloquium on Innovation Governance</li> <li>c) Corporate Liability Talk by the Malaysian Anti-Corruption Commission (MACC)</li> </ul>

	<ul style="list-style-type: none"> <li>d) Palm Oil &amp; Ringgit Outlook Seminar 2019</li> <li>e) Price Outlook Conference (POC) 2019: Palm &amp; Lauric Oils - Manage Uncertainties, Harvest Global Opportunities</li> <li>f) PNB Leadership Forum 2019</li> <li>g) Embracing Challenges, Optimising Opportunities 2019 - What Lies Ahead</li> <li>h) Invest Malaysia 2019</li> <li>i) 5th Tan Sri Dr. B.C. Sekhar Memorial Public Lecture &amp; Panel Discussion 2019 - "Future Viability and Sustainability of Plantations Crops"</li> <li>j) Corporate Governance (CG) Watch: How Does Malaysia Rank?</li> <li>k) Cyber Security Awareness for Users - Are You Ready?</li> <li>l) Nutella Politics: "What They Don't Tell You About Palm Oil"</li> <li>m) Affin Hwang Investment Forum 2019: "Wealth &amp; Beyond"</li> <li>n) Market Outlook 2H2019 Presentation "Shifts &amp; Shuffles"</li> <li>o) Digital Transformation Lecture organised for SD Plantation Board</li> <li>o) How Boards Can Build Reputation Resilience</li> <li>p) The Cooler Earth Sustainable Summit</li> <li>q) International Neuroscience Symposium: Neurodegenerative Diseases and Brain Ageing</li> <li>r) Sustainable Palm Oil in Food and Health Seminar</li> <li>s) Powertalk Series: How Boards can Master the Language of the Future</li> <li>t) Stakeholder Voice in the Boardroom.</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

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>Amongst the principal responsibilities of the Board, as outlined in our Board Charter, is to identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures. To achieve this, the Board sets the Group's risk appetite, within which the Board expects Management to operate, and ensure that there is a <u>sound risk management framework</u> to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.</p> <p>The same Board Charter also outlined our Board's responsibility to review the adequacy and the integrity of the Group's management information and internal control systems by ensuring that there is a sound <u>framework of reporting on internal controls</u> and regulatory compliance, among other things.</p> <p><b>1. RISK MANAGEMENT FRAMEWORK</b></p> <p>The Group's established Group Risk Management Framework (the Framework) is aligned with ISO31000:2018 standard on risk management and the primary goal of the Framework is to identify, evaluate and manage risks that would impede the achievement of the Group's long-term and short-term strategies and objectives.</p> <p>The responsibility for identifying, evaluating and managing risks lies with all employees and business leaders, and they operate within the Group-wide framework to manage risks within approved limits. The Framework is also aligned with COSO 2017 Enterprise Risk Management — Integrating with Strategy and Performance, which underscores our commitment towards enterprise risk management in strategic planning and our will to embed risk management throughout the organisation.</p> <p><u>Risk Management Governance Structure</u></p> <p>The Risk Management Governance Structure (the Structure) captures the arrangements and accountability of relevant levels of management and operations. The Structure consists three lines of defence in the exercise of their functions, which are designed to reinforce each other in the implementation and strengthening of the Group's Group Risk Management Framework.</p>

### Group Business Continuity Framework

Our Business Continuity Framework is aligned with ISO22301:2012 standard on business continuity management systems. It covers end to end guidance to assist with managing a crisis event with the main objectives as follows:

- a) to safeguard life, property and environment;
- b) to minimise the loss of assets, revenue and impact upon customers;
- c) to continue to provide products and services during adverse conditions;  
and
- d) to facilitate timely recovery of critical business functions.

### Risk Reporting

On a quarterly basis, formal risk reports are developed and presented to the Plantation Leadership Committee and the Risk Management Committee (RMC) at the Board level. Any potential risks identified are escalated as appropriate, with mitigation actions put in place to manage such risks. Significant risks affecting the business as well as periodic external and emerging risk outlooks are presented to the RMC. Additionally, due to the evolving nature of risk events in the external environment in which we operate, a fortnightly key risks perspective newsletter on external and emerging risks is prepared and circulated to the Board and Management.

## **2. INTERNAL CONTROL FRAMEWORK**

The Board has established the following key control elements, comprising controls of financial, operational, environmental and compliance in nature to assist us in discharging our responsibilities for the Group:

- Policy instruments
- Code of Business Conduct
- Business planning and reporting
- Performance management
- People development
- Internal audit
- Control self-assessment
- Fraud and corruption risk management
- Whistleblowing
- Anti-Corruption Compliance
- Vendor management
- Communication and reporting channels
- Information systems
- Sustainability

Further details of the Group's risk management and internal control framework and practices are disclosed in the Statement on Risk Management and Internal Control featured in our Annual Report 2019 and available on SD Plantation's website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com).

<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.

<p><b>Application</b> :</p>	<p>Applied</p>
<p><b>Explanation on application of the practice</b> :</p>	<p>Our governance structure accords a dynamic balance of Board and Management, working within a corporate ecosystem of risk management and internal controls. This is to effectively steer the Group in meeting its long term objectives and deliver value to the Group’s stakeholders within the realm of accountability, transparency, integrity and ethics.</p> <p>The following sections further describe our corporate ecosystem of risk management and controls:</p> <div data-bbox="571 1055 1268 1563" data-label="Diagram"> <pre> graph TD     Board[Board of Directors] --&gt; GA[Governance &amp; Audit Committee]     Board --&gt; RM[Risk Management Committee]     Board --&gt; GMD[Group Managing Director]     GA --&gt; GIA[Group Integrity, Governance &amp; Assurance]     RM --&gt; GRM[Group Risk Management]     GMD --&gt; PLC[Plantation Leadership Committee]     GIA --&gt; GCA[Group Corporate Assurance]     GIA --&gt; GC[Group Compliance]     GIA --&gt; GFCRM[Group Fraud &amp; Corruption Risk Management]     </pre> </div> <p><b>Board of Directors</b>  The Board recognises that business decisions involve taking appropriate risks and the Board’s understanding of risks and how risks are addressed have been fundamental in achieving the right balance of risks and controls in the Group. In carrying out its responsibility for the Group’s Risk Management Framework and related processes, the Board sets the risk appetite within which the Board expects Management to operate and monitor the operational, financial and risk management processes of the Group. Delegation of these responsibilities to the Governance &amp; Audit Committee and the Risk Management Committee, ensures independent oversight over risk and internal control matters in the Group.</p>

### **Governance & Audit Committee**

The Governance & Audit Committee (GAC) supports the Board in fulfilling its statutory and fiduciary responsibilities by overseeing the Group's internal control framework in ensuring operational effectiveness and adequate protection of the Group's assets from misappropriation. Our GAC covers a broad scope of duties that include oversight over financial reporting, governance and controls. The GAC is assisted by Group Integrity, Governance & Assurance (GIGA), which comprises three distinct functions of Group Corporate Assurance (GCA), Group Compliance (GCO) and Group Fraud & Corruption Risk Management (GFCRM).

#### ➤ **Group Integrity, Governance & Assurance**

The three functions within GIGA are tasked with a unique role covering the integrity, governance and assurance functions for the Group, as provided below:

- GCA undertakes regular and systematic reviews to evaluate and improve the effectiveness of risk management, control and governance processes throughout the Group operations and activities.
- GCO coordinates compliance risk management and governance-related activities and provides reasonable assurance that the Group's operations and activities are conducted in line with all regulatory requirements, internal policies and procedures, Code of Business Conduct and standards of good business practice.
- GFCRM detects and responds to fraud and corruption incidents/risks in the Group's operations and activities by conducting special and investigative reviews.

### **Risk Management Committee**

The Risk Management Committee (RMC) assists the Board in providing the framework and guidance in which the business units can operate, identify, and report on Group-wide risks. The RMC has a broad mandate to ensure effective implementation of the objectives outlined in the Group Risk Management Framework and compliance with them throughout the Group. The RMC is also responsible for periodically reporting higher risk exposures as well as on the progress and assessment of risk management in the Group to the Board. Where appropriate, the RMC also leveraged on the work of other Board Committees such as the Sustainability Committee and Nomination & Remunerations Committee to assist with ensuring robust oversight of these particular risk exposures. The RMC is assisted by the Group Risk Management (GRM) function.

#### ➤ **Group Risk Management**

GRM assists the Board and the RMC with establishment, update and oversight of the Group Risk Management Framework. In carrying out its functions, GRM integrates risk into key business processes to facilitate effective decision making, embeds risk into the organisational culture to encourage effective decision making at all levels of the organisation, establishes and maintains a formal risk management process, including the establishment and maintenance of the business continuity management planning process.

	<p><b>Group Managing Director</b></p> <p>The Board delegates to the Group Managing Director (GMD) the responsibility for ensuring effective implementation and maintenance of the Group Risk Management Framework and that all personnel adhere to its mandates. The Plantation Leadership Committee (PLC) supports the GMD in ensuring that appropriate controls are in place and working effectively in managing risks and governance within the Board mandated risk appetite as entrusted by the Board, as part of their responsibility in evaluating and making key strategic and operational decisions in the pursuit of the Group’s strategies.</p> <p>Further details of the Group’s risk management and internal control are disclosed in the Statement on Risk Management and Internal Control featured in our Annual Report 2019 and available on SD Plantation’s website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>. A summary of the key activities of the GAC and RMC are also provided in their respective reports in the Annual Report 2019.</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 9.3 - 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> :	Adopted															
<b>Explanation on adoption of the practice</b> :	<p>The Board has established a Risk Management Committee (RMC) which comprises the following members, of which a majority of them are Independent Directors:</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th><th>Directorship</th></tr></thead><tbody><tr><td>Zainal Abidin Jamal</td><td>Chairman</td><td>Non-Independent Non-Executive Director</td></tr><tr><td>Datuk Zaiton Mohd Hassan</td><td>Member</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>Tan Ting Min</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>Lou Leong Kok</td><td>Member</td><td>Independent Non-Executive Director</td></tr></tbody></table> <p>The main functions and duties of the RMC, among others, include the following:</p> <ol style="list-style-type: none"><li>Provide oversight, direction and counsel to the Group's risk management process;</li><li>Establish and periodically review the Group risk management guidelines and policies and ensure implementation of the objectives outlined in the policies and compliance with them;</li><li>Recommend for the Board's approval the Group's risk management framework, policies, strategies, key risk indicators and risk tolerance levels, and any proposed changes thereto;</li><li>Evaluate the effectiveness of the Group Risk Management structure, risk management processes and support system to identify, assess, monitor and manage the Group's key risks;</li><li>Review all major investment and project business cases in accordance with established thresholds in the approved Group Limits of Authority; and</li></ol>	Name	Designation	Directorship	Zainal Abidin Jamal	Chairman	Non-Independent Non-Executive Director	Datuk Zaiton Mohd Hassan	Member	Senior Independent Non-Executive Director	Tan Ting Min	Member	Independent Non-Executive Director	Lou Leong Kok	Member	Independent Non-Executive Director
Name	Designation	Directorship														
Zainal Abidin Jamal	Chairman	Non-Independent Non-Executive Director														
Datuk Zaiton Mohd Hassan	Member	Senior Independent Non-Executive Director														
Tan Ting Min	Member	Independent Non-Executive Director														
Lou Leong Kok	Member	Independent Non-Executive Director														

	<p>f) Review the statement on risk management and internal control in the Group's Annual Report to ensure that relevant information as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is disclosed. Disclosure in the annual report should include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability were evaluated and the controls in place for the Group to mitigate and manage those risks.</p> <p>Further details on the functions and duties of the RMC are defined in its Terms of Reference, which is accessible in the Governance section on SD Plantation's website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>.</p>
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## 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>	<p>Group Corporate Assurance (GCA) serves as our in-house internal audit function. GCA is headed by the Chief Integrity &amp; Assurance Officer (CIAO) who also oversees the Group's integrity and governance functions, in assisting the Board's Governance &amp; Audit Committee (GAC) discharge its oversight role on governance and internal controls. In maintaining the independence of the GCA function:</p> <ul style="list-style-type: none"> <li>a) The CIAO directly and functionally reports to the GAC and administratively to the Group Managing Director (GMD).</li> <li>b) GCA have unrestricted access to all functions, records, documents, properties, personnel, policies and procedures at all levels throughout the Group.</li> <li>c) In maintaining independence and objectivity, GCA ensures that its internal auditors are free from any relationship or conflict of interest when performing their duties. GCA staff: <ul style="list-style-type: none"> <li>- Do not participate in any activity, engagement or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the Group;</li> <li>- Do not accept anything that may impair or be presumed to impair their professional judgment; and</li> <li>- Disclose all material facts known to them which, if not disclosed, may distort the reporting of activities under review.</li> </ul> </li> <li>d) Any GCA report, audit plans and other publications are not subject to the clearance of any management and staff external to GCA. The performance review of GCA and its members are also not subject to assessment by any management and staff within the Group external to the department, whether directly or indirectly.</li> <li>e) The GAC is responsible for the annual assessment of GCA's performance, as well as approves the GCA Plan (including its manpower and financial budget) annually with periodic reviews to ensure clarity in business alignment, risk assessment and audit methodology and ensure robustness in the audit planning process.</li> <li>f) The GAC also approves the appointment or termination of the CIAO and senior members of the GCA function.</li> <li>g) The CIAO reports the results of the audit activities to the GAC periodically (on a quarterly basis) for noting and takes directly to the Chairman of the</li> </ul>

	<p>GAC, matters which she believes to be of sufficient magnitude and importance that require the immediate attention of the GAC.</p> <p>h) Potential breaches of the Group’s Code of Business Conduct, fraudulent activities, significant internal control deficiencies, questionable accounting transactions, and the actions taken on the recommendations of GCA are reported to the GAC as soon as these are identified. The GAC has the power to make and request for independent assessments, reviews and audits when it deems appropriate, and could engage external auditors and/or experts to assist it in the process.</p> <p>A Quality Assurance &amp; Improvement Programme is implemented to assess the quality of the internal audit process adopted. It is an ongoing and periodic assessment that covers key activities within GCA’s activities. The programme focuses on the efficiency and effectiveness of audit processes and appropriate recommendations and opportunities for improvement identified through an external assessment. An internal assessment is carried out in the form of half-yearly internal team validations and peer reviews, while external quality assessment review conducted by a qualified independent assessor is undertaken once in every three years.</p> <p>In accordance with GAC’s Terms of Reference, the GAC had in February 2020, conducted an annual assessment of the performance of the GCA function and CIAO by reviewing the financial year 2019 scorecard results. The GAC was satisfied with the competency, experience and resources of the GCA function in performing its activities independently and objectively.</p> <p>Further details on the functions and duties of the GAC relating to governance, risk management and internal control as well as GCA matters are clearly defined in its Terms of Reference, which is accessible in the Governance section on SD Plantation’s website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</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

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>	:	<p>Disclosure on the activities of Group Corporate Assurance (GCA) function, being the Group’s internal audit arm is provided in the Governance &amp; Audit Committee Report (the Report), which is featured in our Annual Report 2019.</p> <p>The following details are provided in the Report with regard to the GCA function:</p> <ul style="list-style-type: none"> <li>• The independent structure of the GCA including the number of its resources and their qualifications;</li> <li>• The performance of GCA activities which are governed by the Global Institute of Internal Auditors’ mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Professional Practices Framework (IPPF); and</li> <li>• Background and qualifications of the Chief Integrity &amp; Assurance Officer who oversees the GCA function.</li> </ul> <p>The Annual Report 2019 is available on the Company’s website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>.</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 11.1

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 Board believes in effective, transparent and regular communication with its stakeholders to build trust and facilitate mutual understanding of each other's objectives and expectations.</p> <p>The Board is also committed to ensuring all communications to the investing public regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, filed with regulators in accordance with applicable legal and regulatory requirements.</p> <p>The Policy on Stakeholder Management has been established with the objective to proactively engage and effectively manage the dissemination of information to key stakeholders of the Group. The Policy covers the Group's engagement with key internal and external stakeholders, including but not limited to investor relations activities.</p> <p><b><u>Investor Relations</u></b></p> <p>The Investor Relations (IR) unit provides a platform for two-way communication between the Company and the investment community. This involves providing publicly available information and analysis of the Company that will help the investment community to develop a comprehensive understanding of the Company's strategies, financial results and corporate developments. The IR unit has an extensive engagement programme that includes the holding of regular meetings, conference calls and site visits. Senior Management of the Company is actively involved in the IR engagement programme and the Board is periodically briefed on these interactions and feedback from the investment community.</p> <p>The IR unit is also responsible for enquiries and requests from institutional stakeholders and will coordinate responses from the relevant department(s) and/or business unit(s) in responding to such enquiries and requests. Any form of engagement with institutional stakeholders is coordinated by the IR unit in consultation with all relevant business units and/or departments.</p>

The Company will not endorse any analysts' and/or fund managers' report, nor will it use unethical means to influence the opinions of an analyst and/or fund manager.

#### **Enquiries**

The Group Secretary is the official point of contact for written enquiries from Retail Shareholders and will coordinate responses from the relevant department(s) and/or business unit(s).

The Chief Financial Officer (CFO) is responsible for enquiries and requests from Bank Negara Malaysia and other financial regulatory bodies, whereas the Group Secretary is responsible for enquiries and requests from the relevant regulatory authorities, apart from those mentioned for CFO.

#### **Authorised Spokesperson**

Group Communications is responsible for managing corporate information for all other stakeholders not specifically covered by the functions mentioned above. These include but are not limited to the employees, general public, media, non-governmental organizations (NGOs), governments, international organisations, trade organisations, customers, relevant business councils, and networks.

All information including public communication relating to business operations and products are coordinated through Group Communications in collaboration with the relevant department(s) and/or business unit(s). Such communication is done in cognisance of the Group's principles, policies and communication guidelines.

Group Communications is also responsible to coordinate and manage the dissemination of information to all stakeholders in situations as defined in the Crisis Communications manual.

#### **Financial Result**

The Company held quarterly analyst briefings on the Group's financial results and ensures that the Company's website is regularly updated with current and relevant information to provide up-to-date information on the business (financial and major strategic development), innovation, sustainability initiatives and happenings within the Group. A variety of online and offline contact options (email, online feedback form, general and media enquiries) are provided to facilitate the public's engagement with the Group in their preferred manner.

#### **Website**

The Company's values, Corporate Governance Framework, Code of Business Conduct (COBC), whistleblowing guidelines, and various other corporate governance initiatives are available on the Company's website. The Company's

	<p>website is a key communication channel for the Company to reach its shareholders, the investment community, and the general public.</p> <p>The Notice of the Annual General Meeting (AGM), Proxy Form, Annual Report, Circular to Shareholders, Corporate Governance Report, Administrative Details for the AGM and Annual Report Request Form are available on the Company's website.</p> <p><b><u>Annual Report</u></b></p> <p>The Annual Report is a major channel of communication disclosing information not only on the Group's business, financials and other key activities but also additional information such as strategies, operations, performance, challenges and its management. The Board places great importance on the content of the Annual Report to ensure the accuracy of the information as the Annual Report is a vital source of information for investors, shareholders and the general public.</p> <p>Apart from the above, the Board engages with shareholders during the Company's AGM. The AGM offers an opportunity to shareholders to raise their questions pertaining to the Group's performance directly to the Board and Senior Management.</p> <p>Announcements made to Bursa Malaysia Securities Berhad, corporate presentations and the above information are available on SD Plantation's website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</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

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> :	Applied	
<b>Explanation on application of the practice</b> :	<p>This integrated reporting is our primary communication to our investors and all stakeholders. It represents a comprehensive and clear account of our financial and non-financial performance. It also contains material information and disclosures that we are required to make such as, stakeholder relationships, impact and outcomes of our business activities, our ability to create value, our responses to risks and opportunities and our chosen business strategy that reflects our objective in creating sustainable value to stakeholders.</p> <p>We strive to be open and transparent so that investors and stakeholders can make an informed assessment of the year under review and this report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option and guided by the International Integrated Reporting Council (IIRC).</p> <p>All financial statements have been prepared according to the requirements of the Malaysian Companies Act 2016 and the Malaysian Financial Reporting Standards (MFRS) and audited by our auditors, PricewaterhouseCoopers PLT.</p> <p>Our integrated Annual Report 2019 is accessible on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>.</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 12.1

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>The Notice of the Company's Annual General Meeting (AGM) scheduled to be held in June 2020 will be announced at a later date in May 2020, with a notice period of at least 28 days prior to the AGM. This is to ensure that the shareholders are given sufficient time to consider the resolutions and make necessary arrangements to participate either in person or through company representative, proxy or attorney. The Group allows a shareholder to appoint a proxy who need not be a member of the Company.</p> <p>Notice of our AGM is posted on the Group's website to ensure wider dissemination. Administrative details will be issued to the shareholders along with the Notice of the AGM and specify related information on registration, location, logistics, voting procedures, etc.</p> <p>Shareholders have the right to request for a copy of the Group's Annual Report through the designated channels.</p> <p>The previous AGM was conducted on 23 May 2019 and the Notice of AGM was despatched to shareholders on 24 April 2019.</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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the Company's Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) conducted on 23 May 2019, all but one Director (Bapak Muhammad Lutfi) attended the meetings. The Chairmen of the Board and Board Committees (Governance &amp; Audit Committee, Nomination &amp; Remuneration Committee, Risk Management Committee, Sustainability Committee and Board Tender Committee) together with other members of the Board were present to provide meaningful responses to questions by shareholders.</p> <p>All Directors and the Chairs of Board Committees shall attend the Company's AGM scheduled to be held in June 2020 to allow shareholders to raise questions and to provide meaningful responses to questions raised by them.</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 12.3

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>In compliance with this Practice, the Company has amended its Constitution to state that the Company may convene a meeting of Members at more than one venue using any technology or method that enables the Members of the Company to participate and to exercise the Members' right to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue.</p> <p>The forthcoming Annual General Meeting (AGM) is tentatively scheduled to be held in June 2020 at a date and venue to be announced later.</p> <p>In view of the current COVID-19 pandemic, the Company is taking the necessary precautions and preventive measures in complying with directives issued by the Malaysian Ministry of Health. These include considering the option of shareholders' remote participation at the forthcoming AGM.</p> <p>Alternative Practice: Some of the measures to encourage greater shareholders attendance and participation in the forthcoming AGM include:</p> <ul style="list-style-type: none"> <li>• Shareholders who are unable to attend are allowed to appoint a proxy/ies to attend and vote on their behalf. Shareholders may appoint any person to be their proxy without any restriction as to the qualification of such person;</li> <li>• Proxy form may be deposited at the Share Registrar office or by electronic means through the Share Registrar's web-based facility, TIIH Online.</li> <li>• The venue of the AGM is at a central and easily accessible location; and</li> <li>• The Group's website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a> contains the Notice of the AGM and other related information.</li> </ul>
<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>	: The Board will continue to monitor developments on technology so as to adopt a cost-effective platform for remote shareholders participation at General Meetings and voting in absentia.
<b>Timeframe</b>	: Others

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

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

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