

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5285
COMPANY NAME : SIME DARBY PLANTATION BERHAD
FINANCIAL YEAR : June 30, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors ("the Board") of Sime Darby Plantation Berhad ("SD Plantation", "the Group" or "the Company") is responsible for the leadership, oversight, control and development of the Company. Summary of the roles and responsibilities of the Board as well as individual Directors as stated in the Board Charter are as follows:</p> <p><u>Board's Principal Responsibility:</u></p> <ul style="list-style-type: none"> • Promoting good corporate governance culture which reinforces ethical, prudent and professional behavior; • Reviewing, adopting and monitoring the strategic plan for the Company; • Overseeing the conduct of the Company's business related to formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices, major capital expenditures, human capital management, etc.; • Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures; • Overseeing Succession Planning and ensure Senior Management has the necessary skills, experience, etc.; • Overseeing the development and implementation of a stakeholder communications policy for the Company; and • Reviewing the adequacy and the integrity of the management information and internal control systems of the Company. <p>Resources</p> <ol style="list-style-type: none"> 1. Individual Directors discharge their fiduciary responsibilities by: <ul style="list-style-type: none"> • Acting in good faith and in the best interests of the Company;

	<ul style="list-style-type: none"> • Demonstrating good stewardship and acting in a professional manner with sound mind; • Acting with reasonable care, skill and diligence subject to the business judgement rule; • Avoiding conflicts of interest in a personal or professional capacity or engaging in business which is in competition with the Company, etc.; • Ensuring Board information, discussions, deliberations and decisions are not used for personal interest, etc.; • Disclosure of and abstaining from voting on matters of material personal interest; • Exercising greater vigilance and professional scepticism in understanding the strategic direction of the Company; and • Compliance with the Companies Act, securities legislation and the Main Market Listing Requirements (MMLR). <p>2. In order to further assist the Board in discharging its statutory and fiduciary responsibilities, five Board Committees have been established, namely:</p> <ul style="list-style-type: none"> • Governance & Audit Committee (GAC); • Nomination & Remuneration Committee (NRC); • Risk Management Committee (RMC); • Sustainability Committee (SC); and • Board Tender Committee (BTC). <p>3. To enhance the Group's Corporate Governance, the Senior Independent Non-Executive Director (SINED) has been appointed as the GAC's Chairman. The duties of SINED shall include:</p> <ul style="list-style-type: none"> • Acting as a sounding board for the Chairman; • An intermediary for other Directors when necessary; and • The point of contact for shareholders and other stakeholders with concerns which have failed to be resolved or would not be appropriate to be communicated through the normal channels of the Chairman/Executive Deputy Chairman & Managing Director (EDCMD). <p>4. The Senior Management of the Group is helmed by the Managing Director who is also the Executive Deputy Chairman of the Board. The EDCMD assumes the overall responsibilities for the execution of the Group's strategies in line with the Board's direction and drives the Group's businesses and performance towards achieving the Group's vision and goals. The key roles of the EDCMD include, amongst others:</p> <ul style="list-style-type: none"> • Displaying ethical behavior while overseeing the business operations, implementing Board policies and strategies, and making operational decisions; • Serving as the conduit between the Board and Management in ensuring the success of the Group's governance and
--	---

management functions;

- Ensuring that all Board decisions reflect its environment, safety and health intentions as articulated in the environment, safety and health policy statement;
- Ensuring effective relationships and communication with Management, and between the Board, shareholders and relevant stakeholders;
- Provide strong leadership by effectively communicating the vision, management philosophy, business strategy and environment, safety and health policy to employees; and
- Keeping the Board informed of salient aspects and issues concerning the Group's operations, including those related to environment, safety and health.

The Board Charter which further detailed out the roles and responsibilities of the Board is available on SD Plantation's website at www.simedarbyplantation.com.

Strategic aims

As a Plantation pure play, Board and the Management have the ability to drive the Group through transformation into the next phase of growth which is to innovate, execute and create value, considering our extensive experience in the plantation industry and the Board members' prominent positions and directorships in areas such as plantation, banking and finance sectors and in governmental, regulatory and professional bodies. Our relentless focus is now on the execution in driving value creation for our stakeholders, through:

- Becoming the global brand for plantation sustainability;
- Upstream operational excellence; serving the customers of the future; and
- Maximising returns through the palm oil value chain.

The Board is cognisant of its critical role in governing and setting the strategic direction of the Company, 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 medium to long term targets.

Value and Standards

Through Corporate Governance, the Board promotes and protects the interests of the Group and its stakeholders. The Board shoulders the ultimate responsibility of determining the direction of the Company, thereby ensuring the long term success of the Company and the delivery of sustainable value to our stakeholders.

To the Board, Governance is not just about adherence to a set of recommendations, but rather a way of doing business. Thus, the Board

	<p>is committed to put Governance at the heart of everything we do and in line with this commitment, the Group’s Corporate Governance Framework has been designed to achieve the following objectives:</p> <ul style="list-style-type: none"> • Promote integrity, transparency, accountability and responsiveness; • Ensure appropriate checks and balances within the Company; and • Cultivate ethical business behaviour through the Code of Business Conduct (COBC). <p>With this in mind, the Board has established the Company’s Core Values of:</p> <ul style="list-style-type: none"> • Integrity; • Respect and Responsibility; • Enterprise; and • Excellence. <p>The Core Values are further reinforced in the COBC to ensure that Directors and Employees do the right things in the right way.</p> <p>For further information on the key activities of the Board and Board Committees during FY2018 please refer to our Annual Report 2018, which is also available on SD Plantation’s website.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>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, as per the Board Charter, include the following:</p> <ol style="list-style-type: none">1. Managing and leading Board meetings to ensure robust decision-making by:<ul style="list-style-type: none">• Setting the agenda for each Board meeting together with the Group Secretary and the EDCMD;• Ensuring the provision of accurate, timely and clear information to the Directors;• Promoting a culture of openness and debate and encouraging active participation; and• Ensuring all Directors are properly briefed on issues arising at Board meetings in a timely manner.2. Building a high performance Board by:<ul style="list-style-type: none">• Providing leadership for the Board so that the Board can perform its responsibilities effectively;• Taking a leading role in establishing an effective corporate governance system and practices;• Arranging regular evaluation and discussion on the performance of the Board, its Committees and individual Directors;• Ensuring that prior to new appointments to the Board, an assessment is undertaken on the candidate; and• Ensuring that the Board and senior executives' succession planning is considered on an ongoing basis.3. Managing Board/Management interface by:<ul style="list-style-type: none">• Acting as the conduit between Management and the Board;• Developing a positive relationship with the EDCMD, acting as a confidant and advisor; and• Facilitating the selection and appointment of a successor to the current EDCMD.

	<p>4. Being the public face by:</p> <ul style="list-style-type: none"> • Acting as a spokesperson for the Board; and • Representing SD Plantation at shareholders' meetings and on other occasions, both domestically and/or abroad. <p>5. Ensuring appropriate steps are taken to provide effective communication with stakeholders and their views are fully communicated to the Board.</p> <p>The roles and responsibilities of the Chairman of the Board are specified in the Board Charter which is made available on SD Plantation's website at www.simedarbyplantation.com.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board supports the principle of different individuals for the Chairman and Chief Executive Officer roles. This principle is beneficial to the effective functioning of the Board and facilitates a powerful check and balance mechanism.</p> <p>Both, the Company's Chairman and EDCMD (who has the same function of Chief Executive Officer), were previously the respective Chairman and the President & Group Chief Executive (PGCE) of Sime Darby Berhad ("Sime Darby Group") prior to the demerger and pure play exercise that took effect on 30 November 2017.</p> <p>Tan Sri Dato' Abdul Ghani Othman had been appointed on 1 July 2013 as the Sime Darby Group's Chairman and assumed his role as SD Plantation's Chairman on 30 November 2017. 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>The Company is spearheaded by Tan Sri Dato' Seri Mohd Bakke Salleh as the EDCMD. He was appointed on 27 November 2010 as Sime Darby Group's PGCE and assumed his role as the EDCMD of SD Plantation on 21 November 2017. 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>The roles and responsibilities of the Chairman and EDCMD are encapsulated in the Board Charter, which is available on SD Plantation's website at www.simedarbyplantation.com</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group Secretary, Puan Norzilah Megawati Abdul Rahman was appointed on 1 December 2017. She holds a degree in Law from the University of Malaya and licensed by the Registrar of Companies. Puan Norzilah was previously the Group Secretary of Sime Darby Berhad since September 2007, a conglomerate comprising five key businesses namely Plantation, Property, Motors, Industrial and Logistic. 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>The Group Secretary is responsible for advising the Board on regulatory compliance matters and providing good information flow and comprehensive practical support to Directors, both as individuals and collectively, with particular emphasis on supporting the Non-Executive Directors in maintaining the highest standards of probity and corporate governance. All Directors have unrestricted access to the advice and services of the Group Secretary to facilitate the discharge of their duties.</p> <p>The Group Secretary is also a member of the Plantation Leadership Committee (PLC) and Management Committee (MC). She works closely with the EDCMD to ensure timely and appropriate information flow between the Board, Board Committees, PLC and MC.</p> <p>Following the listing of SD Plantation, the Group Secretary led the governance work by recommending the establishment or revision of the Board Charter, Board Composition Policy, Terms of Reference of the Board Committees, Internal Guidelines on Related Party Transactions, and the revised Constitution of the Company. This was to ensure that, as a newly listed entity, the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016 and MCGG 2017 were embedded and complied with. The Group Secretary also actively engaged in governance debate</p>

	<p>with members of the Board in advocating the adoption of corporate governance best practices.</p> <p>During the year, the Group Secretary has undertaken the Directors' Training Needs Assessment to identify individual Director's training and development aspirations. The outcome of the assessment formed the foundation and basis for organising or recommending suitable continuous professional development programmes to the Board based on the areas of interest indicated by the Directors.</p> <p>At SD Plantation, the function of the Group Secretary is not combined with another position. This is to ensure that the Group Secretary's role that requires impartiality when providing advice on governance issues is not compromised. The Group Secretary, as a key resource support, ensures that the Board operates effectively and high standards of governance practices are upheld.</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 NRC and the Main Board for recommendation and approval respectively.</p> <p>The profile of the Group Secretary, Puan Norzilah Megawati Abdul Rahman, is available online on SD Plantation's website at www.simedarbyplantation.com.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</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 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>Meeting materials</p> <p>Board meeting materials together with its agendas are made available in the first quarter of each financial year to allow for adequate preparation before meetings. The schedules include meetings of Board Committees and general meetings of shareholders and maps out the flow of key items of business to ensure that sufficient time is set aside.</p> <p>Board materials and information (agenda, Board papers, minutes etc.) are, to the extent feasible, provided/made available five working days prior to each Board meeting so that Directors have sufficient time to read, understand the material provided and obtain further information, clarification or explanation, where necessary.</p> <p>Except for sensitive/confidential papers, Board materials are disseminated electronically using 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 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 EDCMD. 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>Minutes circulation</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 to ensure the proceedings of meetings are recorded and the minutes circulated in a timely manner.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter sets out the Board's strategic intent and outlines the Board's roles and powers that the Board specifically reserves for itself, and those which it delegates to the Management and in so doing, also sets the tone and roles of the various Board Committees.</p> <p>Paragraph 16 of the Board Charter specifies that the Charter and the Terms of Reference (TOR) of each Committee established by the Board shall be periodically reviewed and updated taking into consideration the needs of the Company 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 27 September 2018.</p> <p>In addition to disclosures in Practice 1.1, the Board Charter is available in the Governance section on SD Plantation's website at www.simedarbyplantation.com.</p> <p>Reports on each of the Board Committees can also be referred in the Company's Annual Report 2018, which is also available on SD Plantation's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company adopts a zero-tolerance approach towards bribery and corruption, and is committed to behaving professionally, fairly and with integrity in all business dealings and relationships as well as in all countries wherever the Company operates, and implementing and enforcing effective systems to counter bribery and corruption. The consequences of bribery and corruption are severe, and may include imprisonment, unlimited fines, debarment from tendering for public contracts, and reputational damage to the Company.</p> <p>The Group's Code of Business Conduct (COBC) provides guidance on the standards of behaviour expected of all Directors and Employees, and where applicable, Counterparties and Business Partners. The standards of behaviour are derived from the Company's Core Values and Business Principles.</p> <p>The COBC also applies to all Employees on secondment to Joint Ventures, Affiliates or Associates. The COBC is available in nine various languages and is disclosed in the Governance section on SD Plantation's website at www.simedarbyplantation.com</p> <p>After the Company's listing on 30 November 2017, we have revised the COBC, featuring updated content and guidelines befitting the Group's status as a new public listed company. In affirming our full commitment to conducting business with integrity and combating bribery and corruption, we have embraced a 'No Gift' policy. An attestation programme was put in place with the aim to confirm that each Director and Employee has read and agreed to comply with the provisions of the COBC which upholds the Group's Business Principles and Core Values, the first of which is Integrity.</p>

	A Vendor COBC was also issued in May 2018 to specify to Vendors on the standards of behaviour when working with the Group, in relation to principles of Labour and Human Rights; Environment, Safety and Health; and Ethics and Management Practices.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group expects the highest standards of integrity from all its Employees and Vendors. The Group takes a serious view of any wrongdoing on the part of any of its Employees, Management, Directors and Vendors, in particular with respect to their obligations to the Company's interests.</p> <p>The Board had established, reviewed and together with Management implemented the appropriate policies and procedures on whistleblowing (WB). The oversight of the WB function is under the purview of the Senior Independent Non-Executive Director (SINED) who shall ensure 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.</p> <p>In discharging her duties, the SINED is assisted by a WB Administrator from Group Compliance (GCO), one of the functions under the independent Group Governance, Assurance and Compliance Department.</p> <p>The Board has also put in place a WB mechanism as a tool for reporting any wrongdoing in confidence. The primary aim of the WB mechanism is to enable individuals to raise genuine concerns without fear of retaliation. This tool is made available internally to the Employees, Directors, Counterparties and Business Partners as well as to other external parties via the SD Plantation's website at www.simedarbyplantation.com.</p> <p>During the year, a WB Committee at Management level who reports to SINED has been established with the primary objective of facilitating a joint-decision making process on all WB and its related matters. The WB Committee also ensures that WB incidents reported are investigated and appropriate action is taken against the responsible individual(s).</p>

	<p>Among others, the WB Committee is authorised to perform the following:</p> <ul style="list-style-type: none"> • Ascertain the appropriateness in the assignment of wrongdoing cases for investigation; • Reopen concluded investigations in the event there are new facts or evidence that warrants a review or as instructed by the SINED; • Initiate investigations into WB incidents which had not been considered for investigation; • Discontinue investigations for cases which are deadlocked or as per request by whistleblower; • Deliberate on the outcome of investigations performed prior to case closure; and • Follow-up on with the relevant parties in ensuring that appropriate action is taken against responsible individual(s) with proven wrongdoings. <p>In discharging its duties, the WB Committee consists of the following members:</p> <ul style="list-style-type: none"> • Chief Internal Auditor (Chairman); • Chief Human Resources Officer (or alternate: Head, Industrial Relations & HR Governance); and • Group General Counsel (or alternate: Senior Manager, Group Legal). 	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 4.1

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

Application	: Applied																		
Explanation on application of the practice	<p>: The Board consists of eleven members, of which six are independent and the remaining five are non-independent directors. The following are the summary of the Board composition:</p> <p>i) Independent Directors</p> <table border="1" data-bbox="563 853 1385 1043"> <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>Total Independent Directors</td> <td>6</td> </tr> </tbody> </table> <p>ii) Non-Independent Directors</p> <table border="1" data-bbox="563 1155 1385 1424"> <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>Executive Deputy Chairman & Managing Director, Executive Director</td> <td>1</td> </tr> <tr> <td>Non-Independent Non-Executive Director</td> <td>3</td> </tr> <tr> <td>Total Non-Independent Directors</td> <td>5</td> </tr> </tbody> </table> <p>The Board acknowledges the importance of Independent Directors (ID), in particular those who are subject matter experts in the fields of business that the Group is involved in, in order to support objective and independent deliberation, review and decision making. A Board with a majority of IDs allows for more effective oversight on Management and thus, the Board will maintain a composition where a majority of its Directors are ID.</p> <p>All Directors of the Company must avoid any situation which might give rise to a conflict between their personal interest and those of the Company. Prior to appointment, potential conflicts of interest are disclosed and assessed to ensure that there are no matters which would prevent a person from taking on the role.</p>	Designation	Total Member	Senior Independent Non-Executive Director	1	Independent Non-Executive Director	5	Total Independent Directors	6	Designation	Total Member	Chairman, Non-Independent Non-Executive Director	1	Executive Deputy Chairman & Managing Director, Executive Director	1	Non-Independent Non-Executive Director	3	Total Non-Independent Directors	5
Designation	Total Member																		
Senior Independent Non-Executive Director	1																		
Independent Non-Executive Director	5																		
Total Independent Directors	6																		
Designation	Total Member																		
Chairman, Non-Independent Non-Executive Director	1																		
Executive Deputy Chairman & Managing Director, Executive Director	1																		
Non-Independent Non-Executive Director	3																		
Total Non-Independent Directors	5																		

	Directors are responsible for notifying the Chairman and/or the Group Secretary as soon as they become aware of actual or potential conflict and declare the nature of their interest at the Board meeting as soon as practicable after relevant facts have come to the Directors' knowledge.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

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

Application	:	Applied																									
Explanation on application of the practice	:	<p>With the demerger of the Sime Darby Group in November 2017 and subsequent listing of SD Plantation on the Bursa Malaysia Securities on 30 November 2017, the Company has continued its journey as a public listed company for a period of less than one year. As such, none of the independent directors have served beyond 9 years from the Listing date, as tabulated below:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Designation</th> <th>Date of Appointment as Director</th> <th>Period served since appointed</th> <th>Effective period served since Listing date</th> </tr> </thead> <tbody> <tr> <td>DATUK ZAITON MOHD HASSAN</td> <td>Senior Independent Non-Executive Director</td> <td>24 Feb 2016</td> <td>2 years 5 months</td> <td>7 months</td> </tr> <tr> <td>TAN DATUK YUSOF BASIRAN</td> <td>Independent Non-Executive Director</td> <td>31 Dec 2010</td> <td>7 years 7 months</td> <td>7 months</td> </tr> <tr> <td>BAPAK MUHAMMAD LUTFI</td> <td>Independent Non-Executive Director</td> <td>24 Nov 2015</td> <td>2 years 8 months</td> <td>7 months</td> </tr> <tr> <td>DATO' ABDULLAH RASHIDI OMAR</td> <td>Independent Non-Executive Director</td> <td>31 Dec 2010</td> <td>7 years 7 months</td> <td>7 months</td> </tr> </tbody> </table>	Name	Designation	Date of Appointment as Director	Period served since appointed	Effective period served since Listing date	DATUK ZAITON MOHD HASSAN	Senior Independent Non-Executive Director	24 Feb 2016	2 years 5 months	7 months	TAN DATUK YUSOF BASIRAN	Independent Non-Executive Director	31 Dec 2010	7 years 7 months	7 months	BAPAK MUHAMMAD LUTFI	Independent Non-Executive Director	24 Nov 2015	2 years 8 months	7 months	DATO' ABDULLAH RASHIDI OMAR	Independent Non-Executive Director	31 Dec 2010	7 years 7 months	7 months
Name	Designation	Date of Appointment as Director	Period served since appointed	Effective period served since Listing date																							
DATUK ZAITON MOHD HASSAN	Senior Independent Non-Executive Director	24 Feb 2016	2 years 5 months	7 months																							
TAN DATUK YUSOF BASIRAN	Independent Non-Executive Director	31 Dec 2010	7 years 7 months	7 months																							
BAPAK MUHAMMAD LUTFI	Independent Non-Executive Director	24 Nov 2015	2 years 8 months	7 months																							
DATO' ABDULLAH RASHIDI OMAR	Independent Non-Executive Director	31 Dec 2010	7 years 7 months	7 months																							

	MS. TAN TING MIN	Independent Non-Executive Director	14 Jul 2017	1 year	7 months
	MR. LOU LEONG KOK	Independent Non-Executive Director	1 Dec 2017	7 months	7 months
<p><i>[Note: All independent directors were appointed prior to the demerger in November 2017, except for Mr. Lou Leong Kok, who was appointed on 1 December 2017.]</i></p> <p>In addition, according to the Company's Board Charter Paragraph 3.2, the tenure of an Independent Non-Executive Director (INED) should not exceed a cumulative term limit of nine years. Upon completion of the nine years, an INED may continue to serve on the Board as a Non-Independent Non-Executive Director (NINED). If the Board intends to retain an INED beyond nine years, it shall justify and seek annual shareholders' approval.</p> <p>The above requirement is further reiterated in the Board Composition Policy effective 21 February 2018 since long tenures of Independent Directors and familiarity may erode the Board's objectivity.</p> <p>If the Board continues to retain the INED after the twelfth year, the Board shall seek annual shareholders' approval through a two-tier voting process. Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders' meeting:</p> <ul style="list-style-type: none"> • Tier 1: Only the Large Shareholder(s) of the Company votes. • Tier 2: Shareholders other than Large Shareholder(s) votes. 					
Explanation for departure	:				
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>					
Measure	:				
Timeframe	:				

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	The Board has adopted the nine year rule for Independent Non-Executive Directors (INED). Upon completion of the nine years, an INED may continue to serve on the Board subject to the Directors' re-designation as a Non-Independent Director or upon approval obtained from the shareholders.

Intended Outcome

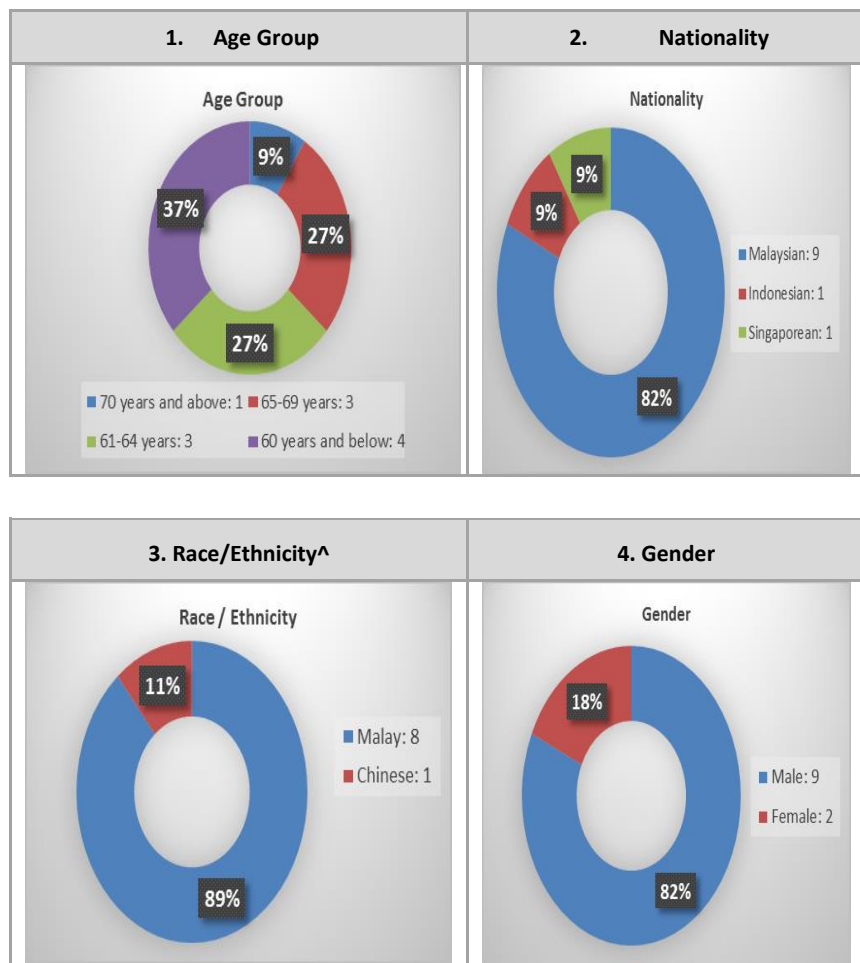
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application :	Applied
Explanation on application of the practice :	<p>The 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, and in governmental, regulatory and professional bodies.</p> <p>Thus, the Board has the ability to drive the Company through transformation into the next phase of growth which is to innovate, execute and create value. The ability of the Board to adapt to various cultures, operating environments and sustainability requirements is a key success factor for the Company.</p> <p>The NRC ensures there is a formal policy and procedure on the appointment of Directors and Senior Management. Thus, a policy formalising the Group's approach to Boardroom diversity (including diversity in gender, nationality, age, culture, socio-economic background, skills, experience and independence) was established.</p> <p>The Board's composition will be annually evaluated, reviewed and recommendation will be made on its appropriate size, and the required mix of skills, experience as well as other qualities, including core competencies which Non-Executive Directors (NED) shall bring to the Board to ensure that they are in line with SD Plantation's requirements.</p> <p>In addition, NRC will also consider and recommend any policy regarding the period of service of NED, tenure of Independent Directors (ID) and the term of office of Board Committee members, including Chairmen of Board Committees.</p>

Overview of the Board Diversity is shown below:



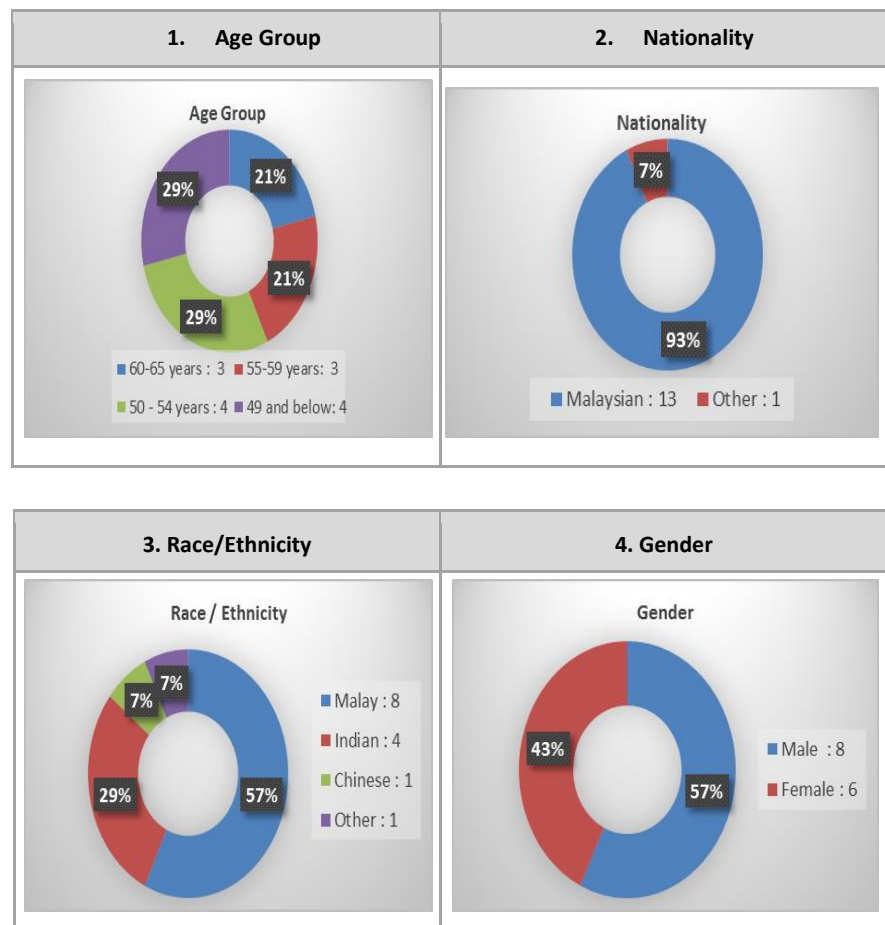
Note: ^ Not applicable to foreign Directors

The Directors' background and experience are available on the SD Plantation's website at www.simedarbyplantation.com.

Within the limits set by the Company's Constitution, the Board is responsible for the governance and management of the Company, to ensure the effective discharge of its function. The Company believes that a diverse Board will propel us to achieve and sustain high standards of corporate governance. These include planning to at least elect 30% of women directors on our Board and ensuring a majority of the Board members are ID.

For the appointments of EDCMD and Chief Financial Officer (CFO), an independent Consultant was engaged to facilitate the sourcing of candidates. An NRC Interview Panel comprising NRC members was formed and tasked with interviewing candidates for the appointments for the EDCMD and CFO of the Company. Apart from EDCMD and CFO's appointments, NRC also considered the composition of the Senior Management based on the recommendation of the NRC Interview Panel.

The Group's Senior Management, with an average of about 15 years of experience in the plantation industry, has the ability to drive the Company through the next phase of growth by innovating, executing and creating value. The Senior Management profiles are as follows:



During FY2018, the Company's EDCMD and CFO are supported by 12 other senior management in the Management Committee, as follows:

- a) Chief Advisor & Value Officer;
- b) Chief Operating Officer Upstream;
- c) Chief Operating Officer Downstream;
- d) Chief Human Resources Officer;
- e) Chief Sustainability Officer;
- f) Chief Research & Development Officer;
- g) Chief Strategy & Innovation Officer;
- h) Group Secretary;
- i) Group General Counsel;
- j) Chief Communications Officer;
- k) Chief Internal Auditor; and
- l) Chief Risk Officer.

The senior management's background and experience is available on SD Plantation's website at www.simedarbyplantation.com.

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

Intended Outcome

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

Practice 4.5

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

Application	:	Departure																								
Explanation on application of the practice	:																									
Explanation for departure	:	<p>A Board Composition Policy has been 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 MMLR of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance (MCCG) 2017 and in cognisance of any directive/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 shareholders and to govern our Group effectively.</p> <p>Currently, the Company has two (or 18%) women directors and the Board is highly committed in achieving and sustaining high standards of corporate governance and endeavors to comply with the practice within the next three years to achieve diversity in our boardroom.</p> <p>Board of Directors</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 Dato' Seri Mohd Bakke Salleh</td> <td>Male</td> </tr> <tr> <td>3</td> <td>Dato' Mohamad Nasir Ab Latif</td> <td>Male</td> </tr> <tr> <td>4</td> <td>Dato' Mohd Nizam Zainordin</td> <td>Male</td> </tr> <tr> <td>5</td> <td>Zainal Abidin Jamal</td> <td>Male</td> </tr> <tr> <td>6</td> <td>Tan Sri Datuk Dr. Yusof Basiran</td> <td>Male</td> </tr> <tr> <td>7</td> <td>Datuk Zaiton Mohd Hassan</td> <td>Female</td> </tr> </tbody> </table>	No	Name	Gender	1	Tan Sri Dato' Abdul Ghani Othman	Male	2	Tan Sri Dato' Seri Mohd Bakke Salleh	Male	3	Dato' Mohamad Nasir Ab Latif	Male	4	Dato' Mohd Nizam Zainordin	Male	5	Zainal Abidin Jamal	Male	6	Tan Sri Datuk Dr. Yusof Basiran	Male	7	Datuk Zaiton Mohd Hassan	Female
No	Name	Gender																								
1	Tan Sri Dato' Abdul Ghani Othman	Male																								
2	Tan Sri Dato' Seri Mohd Bakke Salleh	Male																								
3	Dato' Mohamad Nasir Ab Latif	Male																								
4	Dato' Mohd Nizam Zainordin	Male																								
5	Zainal Abidin Jamal	Male																								
6	Tan Sri Datuk Dr. Yusof Basiran	Male																								
7	Datuk Zaiton Mohd Hassan	Female																								

	8	Bapak Muhammad Lutfi	Male
	9	Dato' Che Abdullah @ Rashidi Che Omar	Male
	10	Ms Tan Ting Min	Female
	11	Mr Lou Leong Kok	Male
<p>The Board Composition Policy is available in the Governance Section on SD Plantation's website at www.simedarbyplantation.com.</p>			
<p>The Board will maintain at least two women directors and actively work towards having a minimum of 30% women as members of the Board.</p>			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:	<p>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. With respect to gender diversity, 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 within the next three years.</p>	
Timeframe	:	Within 3 years	

Intended Outcome

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

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>The 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 & Remuneration Committee (NRC). 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>In practice, 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, an independent international recruiter was engaged to source 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>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied																						
Explanation on application of the practice	:	<p>The membership of the NRC is set out in its Terms of Reference (TOR). The members shall be 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 (NED), and a majority of whom shall be Independent Directors (ID). The Chairman of the NRC shall be a Senior Independent Non-Executive Director (SINED) or an INED appointed by the Board.</p> <p>The list of NRC members is shown below:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Name</th> <th>Directorship</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Tan Sri Datuk Dr. Yusof Basiran</td> <td>Independent Non-Executive Director</td> <td>Chairman</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' Che Abdullah @ Rashidi Che Omar</td> <td>Independent Non-Executive Director</td> <td>Member</td> </tr> <tr> <td>4</td> <td>Dato' Mohd Nizam Zainordin</td> <td>Non-Independent Non-Executive Director</td> <td>Member</td> </tr> </tbody> </table> <p>The NRC's TOR is available in the Governance section on SD Plantation's website at www.simedarbyplantation.com.</p>			No	Name	Directorship	Designation	1	Tan Sri Datuk Dr. Yusof Basiran	Independent Non-Executive Director	Chairman	2	Datuk Zaiton Mohd Hassan	Senior Independent Non-Executive Director	Member	3	Dato' Che Abdullah @ Rashidi Che Omar	Independent Non-Executive Director	Member	4	Dato' Mohd Nizam Zainordin	Non-Independent Non-Executive Director	Member
No	Name	Directorship	Designation																					
1	Tan Sri Datuk Dr. Yusof Basiran	Independent Non-Executive Director	Chairman																					
2	Datuk Zaiton Mohd Hassan	Senior Independent Non-Executive Director	Member																					
3	Dato' Che Abdullah @ Rashidi Che Omar	Independent Non-Executive Director	Member																					
4	Dato' Mohd Nizam Zainordin	Non-Independent Non-Executive Director	Member																					
Explanation for departure	:																							
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																								
Measure	:																							
Timeframe	:																							

Intended Outcome

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

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

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

Application	: Applied								
Explanation on application of the practice	<p>The 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 shall be documented and disclosed in the annual report.</p> <p>The NRC also develops, maintains and reviews the criteria for evaluating the Board, and Board Committees and each individual Director's performance. This evaluation is done periodically and is facilitated by a professional, experienced and independent party.</p> <p>In addition, the NRC ensures that appropriate actions are taken based on the results of the annual assessments, in its bid to continuously enhance the Board's overall performance and identify opportunities for improvement.</p> <p>On 30 May 2018, the Board has agreed for the Board Effectiveness Assessment (BEA) 2018 to be conducted internally through questionnaires. The Board has, at the meeting endorsed the following assessment criteria for the BEA 2018:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Questionnaire</th> <th>Assessment Criteria</th> </tr> </thead> <tbody> <tr> <td>Board Evaluation</td> <td>Board structure, operations, roles and responsibilities and the Chairman's roles and responsibilities.</td> </tr> <tr> <td>Board Committees Evaluation</td> <td>Board Committees' composition, relevant expertise, Board Committee Chairman's competency and responsibilities, reporting and recommendation to the Board.</td> </tr> <tr> <td>Director's Peer</td> <td>Individual Directors' qualification, experience,</td> </tr> </tbody> </table>	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	Individual Directors' qualification, experience,
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	Individual Directors' qualification, experience,								

	Evaluation	knowledge, contribution, performance, calibre and personality.
<p><u>BOARD EFFECTIVENESS ASSESSMENT 2018</u></p> <p>The questionnaires designed for the BEA 2018 were based on the Corporate Governance Guide (3rd Edition) on the Guidance on Board Leadership and Effectiveness issued by Bursa Malaysia Securities Berhad.</p> <p>All eleven Board members have provided their feedback on the Board and Board Committees Evaluation Questionnaires. Feedback on the Director’s Peer Evaluation Questionnaire, was addressed directly to Tan Sri Dato’ Abdul Ghani Othman, the Chairman of the Board.</p> <p>The findings of the Board Evaluation and Board Committees Evaluation Questionnaires were tabled to the NRC and Board at their respective meetings held on 28 August 2018 and 29 August 2018.</p>		
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	: Applied						
Explanation on application of the practice	<p>All matters pertaining to directors and senior management remuneration are under the purview of the NRC. The NRC's main role is to assist and advise the Board in ensuring remuneration arrangement supports the strategic aim of a business and motivate and retain executives as well as attracting the best talent in the market.</p> <p>In line with the pure play exercise, a new remuneration framework for the Board and Board Committees of the Company has been established. The remuneration framework is aligned to the complexity and leadership position of the Company and benchmarked against regional companies, which are comparable to SD Plantation in terms of size and similar nature of business, to ensure that the Board and Board Committees members are competitively remunerated.</p> <p>The following are salient elements of the Directors' remuneration policy:</p> <table border="1" data-bbox="443 1451 1385 2020"> <thead> <tr> <th data-bbox="443 1451 895 1496">Non-Executive Directors</th> <th data-bbox="895 1451 1385 1496">Executive Director</th> </tr> </thead> <tbody> <tr> <td data-bbox="443 1496 895 1720">Fixed annual Director fees as members of the Board and Board Committees.</td> <td data-bbox="895 1496 1385 1720">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="443 1720 895 2020">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="895 1720 1385 2020">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 Director 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 Director 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
The remuneration package comprises fees, benefits-in-kind and other emoluments.	

Remuneration for the Non-Executive Directors of the Board and as members of the Board Committees in the form of fees for FY2018 is tabulated below:

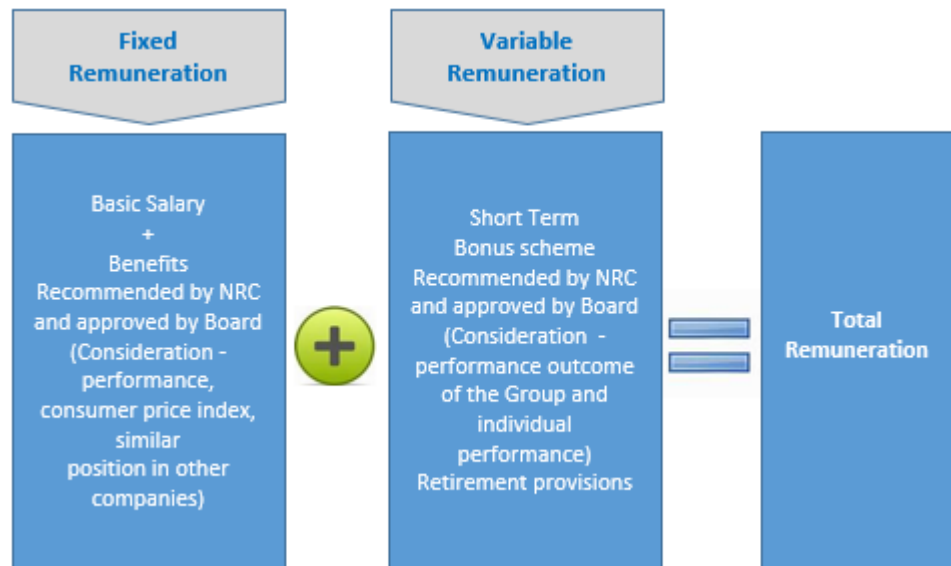
Board/Board Committee	Chairman (RM/Year)	Member (RM/Year)
Board	600,000	240,000 ¹ 400,000 ²
Governance & Audit Committee	80,000	50,000
Nomination & Remuneration Committee	60,000	35,000
Risk Management Committee	60,000	35,000
Sustainability Committee	60,000	35,000
Tender Committee	60,000	35,000

Notes:

¹ Fee for Resident Director

² Fee for Non-Resident Director

A summary of the Executive Director’s remuneration package comprises the following:



Remuneration of other Senior Management 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.

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

Intended Outcome

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

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

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established the NRC on 14 July 2017 with a majority of Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director, Tan Sri Datuk Dr. Yusof Basiran.</p> <p>Amongst the NRC's Remuneration functions and duties outlined in its TOR are:</p> <ul style="list-style-type: none">a) Review and recommend to the Board a formal and transparent remuneration policy and framework for Directors and senior personnel of the Company;b) Review and, if deemed appropriate, endorse for the Board's approval, the annual bonus and salary increment framework for the Company, including the total quantum of payment;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 EDCMD position; andd) Review and, if deemed appropriate, endorse for the Board's approval, the recommendations of the EDCMD on the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the senior personnel. <p>Further details on the NRC's authority and duties are specified in the NRC's TOR, which is accessible in the Governance section on the SD Plantation's website at www.simedarbyplantation.com.</p>

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

Intended Outcome

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

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	: Applied																																																														
Explanation on application of the practice	: The total Directors' fees, salary (including other remuneration) and benefits in-kind paid to our Directors for their services rendered to the Group for the FY2018 are as follows:																																																														
	<table border="1"> <thead> <tr> <th rowspan="3">Name</th> <th colspan="2">Salary & Other Remuneration</th> <th rowspan="3">Total Directors' Fees & Other Remuneration¹</th> <th rowspan="3">Benefits -in-kind²</th> <th rowspan="3">Total</th> </tr> <tr> <th>Salary & Other Emoluments</th> <th>Defined Contribution Plan</th> </tr> <tr> <th colspan="2">(RM'000)</th> <th>(RM'000)</th> <th>(RM'000)</th> <th>(RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="6">Executive Director</td> </tr> <tr> <td>Tan Sri Dato' Seri Mohd Bakke Salleh⁶</td> <td>1,844</td> <td>285</td> <td>-</td> <td>21</td> <td>2,150</td> </tr> <tr> <td colspan="6">Non-Executive Director</td> </tr> <tr> <td>Tan Sri Dato' A. Ghani Othman³</td> <td colspan="2" rowspan="8">N/A⁵</td> <td>413</td> <td>79</td> <td>492</td> </tr> <tr> <td>Tan Sri Datuk Dr Yusof Basiran</td> <td>459</td> <td>28</td> <td>487</td> </tr> <tr> <td>Muhammad Lutfi⁴</td> <td>361</td> <td>19</td> <td>380</td> </tr> <tr> <td>Datuk Zaiton Mohd Hassan</td> <td>304</td> <td>20</td> <td>324</td> </tr> <tr> <td>Dato' Mohd Nizam Zainordin</td> <td>247</td> <td>1</td> <td>248</td> </tr> <tr> <td>Dato' Mohamad Nasir Ab. Latif</td> <td>212</td> <td>1</td> <td>213</td> </tr> <tr> <td>Dato' Che Abdullah @ Rashidi Che</td> <td>524</td> <td>1</td> <td>525</td> </tr> </tbody> </table>		Name	Salary & Other Remuneration		Total Directors' Fees & Other Remuneration ¹	Benefits -in-kind ²	Total	Salary & Other Emoluments	Defined Contribution Plan	(RM'000)		(RM'000)	(RM'000)	(RM'000)	Executive Director						Tan Sri Dato' Seri Mohd Bakke Salleh ⁶	1,844	285	-	21	2,150	Non-Executive Director						Tan Sri Dato' A. Ghani Othman ³	N/A ⁵		413	79	492	Tan Sri Datuk Dr Yusof Basiran	459	28	487	Muhammad Lutfi ⁴	361	19	380	Datuk Zaiton Mohd Hassan	304	20	324	Dato' Mohd Nizam Zainordin	247	1	248	Dato' Mohamad Nasir Ab. Latif	212	1	213	Dato' Che Abdullah @ Rashidi Che	524	1	525
Name	Salary & Other Remuneration			Total Directors' Fees & Other Remuneration ¹	Benefits -in-kind ²				Total																																																						
	Salary & Other Emoluments	Defined Contribution Plan																																																													
	(RM'000)		(RM'000)			(RM'000)	(RM'000)																																																								
Executive Director																																																															
Tan Sri Dato' Seri Mohd Bakke Salleh ⁶	1,844	285	-	21	2,150																																																										
Non-Executive Director																																																															
Tan Sri Dato' A. Ghani Othman ³	N/A ⁵		413	79	492																																																										
Tan Sri Datuk Dr Yusof Basiran			459	28	487																																																										
Muhammad Lutfi ⁴			361	19	380																																																										
Datuk Zaiton Mohd Hassan			304	20	324																																																										
Dato' Mohd Nizam Zainordin			247	1	248																																																										
Dato' Mohamad Nasir Ab. Latif			212	1	213																																																										
Dato' Che Abdullah @ Rashidi Che			524	1	525																																																										

	Omar				
	Zainal Abidin Jamal		270	31	301
	Tan Ting Min		259	14	273
	Lou Leong Kok ⁴		253	1	254
	<p>Notes:</p> <p>¹ Paid by the SD Plantation Group</p> <p>² Certain benefits such as Company Car, Petrol and Club Membership are only provided to the former Directors of Sime Darby Berhad. Other benefits include Medical, Insurance & Mobile Phone</p> <p>³ Including Driver for the Chairman</p> <p>⁴ Non-Resident Director</p> <p>⁵ N/A – Not Applicable</p> <p>⁶ All remunerations for EDCMD are from December 2017 to June 2018</p>				
Explanation for departure :					
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>					
Measure :					
Timeframe :					

Intended Outcome

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

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Applied																														
Explanation on application of the practice	:	<p>The disclosure on the remuneration of the Company's five key management personnel is made on a named basis for the first time in this Corporate Governance Report. The key management personnel are our Chief Advisor & Value Officer, Chief Financial Officer, Chief Operating Officer for Upstream, Chief Operating Officer for Downstream, and Chief Sustainability Officer. Their total remuneration inclusive of salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000 is shown below:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Salary & Other Emoluments¹ (RM'000)</th> <th>Defined Contribution Plan (RM'000)</th> <th>Benefits-in-Kind² (RM'000)</th> <th>Total Remuneration (RM'000)</th> </tr> </thead> <tbody> <tr> <td>Datuk Franki Anthony Dass</td> <td>2,450 - 2,500</td> <td>350 - 400</td> <td>0 - 50</td> <td>2,900 - 2,950</td> </tr> <tr> <td>Renaka Ramachandran</td> <td>1,400 - 1,450</td> <td>200 - 250</td> <td>0 - 50</td> <td>1,600 - 1,650</td> </tr> <tr> <td>Mohamed Helmy Othman Basha</td> <td>1,400 - 1,450</td> <td>200 - 250</td> <td>0 - 50</td> <td>1,600 - 1,650</td> </tr> <tr> <td>Mohd Haris Mohd Arshad</td> <td>1,250 - 1,300</td> <td>150 - 200</td> <td>0 - 50</td> <td>1,450 - 1,500</td> </tr> <tr> <td>Dr Simon Lord³</td> <td>1,300 - 1,350</td> <td>0</td> <td>0 - 50</td> <td>1,350 - 1,400</td> </tr> </tbody> </table> <p>Notes: ¹ Including salary, allowances, bonus and other benefits. ² Including the provision of car and driver. ³ All remuneration are from December 2017 to June 2018</p>	Name	Salary & Other Emoluments ¹ (RM'000)	Defined Contribution Plan (RM'000)	Benefits-in-Kind ² (RM'000)	Total Remuneration (RM'000)	Datuk Franki Anthony Dass	2,450 - 2,500	350 - 400	0 - 50	2,900 - 2,950	Renaka Ramachandran	1,400 - 1,450	200 - 250	0 - 50	1,600 - 1,650	Mohamed Helmy Othman Basha	1,400 - 1,450	200 - 250	0 - 50	1,600 - 1,650	Mohd Haris Mohd Arshad	1,250 - 1,300	150 - 200	0 - 50	1,450 - 1,500	Dr Simon Lord ³	1,300 - 1,350	0	0 - 50	1,350 - 1,400
Name	Salary & Other Emoluments ¹ (RM'000)	Defined Contribution Plan (RM'000)	Benefits-in-Kind ² (RM'000)	Total Remuneration (RM'000)																												
Datuk Franki Anthony Dass	2,450 - 2,500	350 - 400	0 - 50	2,900 - 2,950																												
Renaka Ramachandran	1,400 - 1,450	200 - 250	0 - 50	1,600 - 1,650																												
Mohamed Helmy Othman Basha	1,400 - 1,450	200 - 250	0 - 50	1,600 - 1,650																												
Mohd Haris Mohd Arshad	1,250 - 1,300	150 - 200	0 - 50	1,450 - 1,500																												
Dr Simon Lord ³	1,300 - 1,350	0	0 - 50	1,350 - 1,400																												
Explanation for departure	:																															

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

Intended Outcome

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

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Paragraph 2.6 of the Governance & Audit Committee (GAC)'s Terms of Reference (TOR) dated 29 August 2018 states the requirement that the Chairman of the GAC shall be an Independent Non-Executive Director appointed by the Board, who is not the Chairman of the Board, thus reflecting the requirement under this Practice 8.1.</p> <p>The Company's GAC Chairman is Datuk Zaiton Mohd Hassan, a Malaysian aged 61, who is a Senior Independent Non-Executive Director. The Board Chairman, on the other hand, is a Non-Independent Non-Executive Director, Tan Sri Dato' Abdul Ghani Othman.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Paragraph 2.5 of the of the GAC’s TOR dated 29 August 2018 states, “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”.</p> <p>None of the members of the GAC was a former key audit partner that requires a cooling-off period of two years.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the GAC, has put in a place a process to select and appoint the Company's external auditor. Paragraph 4.4.2 of the GAC's TOR specifies the GAC's duty to assess and monitor the performance, suitability, objectivity and independence of the external auditor annually.</p> <p>The assessment of the performance, suitability, objectivity and independence of the external auditor is to be based on established policies and procedures that consider among others:</p> <ul style="list-style-type: none">a) The competence, audit quality and resource capacity of the external auditor in relation to the audit;b) The nature and extent of the non-audit services rendered and appropriateness of the level of fees; andc) 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. <p>A proposed assessment methodology to appraise the performance and independence of the external auditor was tabled to the GAC and endorsed in its 23 May 2018 meeting. The assessment was made by the GAC members and selected key Management personnel. The result was tabled to the GAC on 27 August 2018 for deliberation.</p> <p>To further enhance the Company's Corporate Governance practices, the GAC had further recommended and the Board has, on 29 August 2018, approved our new Group policy on the External Auditor Appointment and Selection. The objective of this Policy is to outline the guidelines for the GAC to assess the suitability, objectivity, performance and independence of the external auditors.</p>
Explanation for departure	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	: Applied
Explanation on application of the practice	<p>1. GAC Members Skills</p> <p>Among the main functions and duties of the Company's GAC are:</p> <ul style="list-style-type: none">a) Financial Reporting and Performance Oversight;b) Oversight of Group Corporate Assurance & Group Compliance and Controls Environment;c) Governance Oversight;d) Dealings with External Auditors;e) Related Party Transactions; andf) Other Matters, including preparation of AC report, undertake any such other functions as may be determined by the Board from time to time. <p>The detailed functions and duties of the GAC are clearly defined in its TOR, which is accessible in the Governance section on SD Plantation's website at www.simedarbyplantation.com.</p> <p><u>The GAC Chairman</u> Datuk Zaiton Mohd Hassan, is a Fellow and Council Member of the Association of Chartered Certified Accountants (ACCA) and a member of the Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC), the Malaysian Institute of Accountant (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA).</p> <p><u>Members of GAC</u></p> <ol style="list-style-type: none">1. Dato' Mohd Nizam Zainordin, is a Fellow Member of the ACCA, United Kingdom since 1993, a Member of the MIA since 1996 and a Certified Financial Planner since 2002. He has over 20 years of experience in the finance sector.

2. Dato' Rashidi Che Omar has over 45 years of experience in the plantation sector. He possesses a Diploma in Plantation Management from the Universiti Teknologi MARA (UiTM); and
3. Tan Ting Min, obtained a Bachelor of Arts and a Master of Arts from Cambridge University in 1991 and 1994 respectively. She has experience as an equity strategist and has written extensively on equity investment strategy and asset allocation in Malaysia, based on economics, political and macro fundamentals.

The GAC, therefore, meets the requirement of Paragraph 15.09(1)(c) of the MMLR of Bursa Malaysia Securities Berhad, which stipulates that at least one member of the Audit Committee must be a qualified accountant.

Collectively, the GAC members are qualified individuals having the required skills and expertise to discharge the Committee's functions and duties. The GAC members' financial acumen has contributed to the GAC's discussion in upholding the integrity of the Company's financial reporting process and financial statements.

Further details of the GAC, which comprised of a majority of Independent Non-Executive Directors, are available under the Board of Directors section on the Company's website at www.simedarbyplantation.com.

2. The GAC Members Professional Development

The GAC members attended continuous professional development programmes to keep themselves abreast of relevant development in accounting and auditing standards, practices and rules. Summary of the continuous professional development programmes attended by the GAC members in FY2018 is set out below:

Name	Continuous Professional Development (CPD) Programme
Datuk Zaiton Mohd Hassan	<ul style="list-style-type: none"> • Talk on Digital Technology; • Preparing for Corporate Liability on Corruption; • Malaysian Institute of Accountants (MIA) 50th Anniversary Commemorative Lecture; • Young Accountants Symposium 2017; • Corporate Board Symposium 2017; • MIA Corporate Governance Programme; • Good Corporate Governance: Towards Integrity, Accountability and Trust; • MIA International Accountants Conference 2017; • 5th Bank Negara Malaysia - Financial Institutions Directors' Education (FIDE)

		<ul style="list-style-type: none"> Forum Annual Dialogue; and Implementation of the New Accounting Standards.
	Dato' Mohd Nizam Zainordin	<ul style="list-style-type: none"> Corporate Exercise and Asset Pricing in Malaysia; MIA International Accountants Conference 2017; Permodalan Nasional Berhad (PNB) Cyber and Information Security Awareness Seminar for Senior Management; and Implementation of the New Accounting Standards.
	Dato' Rashidi Che Omar	<ul style="list-style-type: none"> Mandatory Accreditation Programme for Directors of Public Listed Companies.
	Tan Ting Min	<ul style="list-style-type: none"> Budget Talk 2018 by PricewaterhouseCoopers Tax Advisory; Mandatory Accreditation Programme for Directors of Public Listed Companies; Implementation of the New Accounting Standards; and Sustainability Engagement Series for Directors/Chief Executive Officers.
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management framework. The Board comprehends that its focus on effective risk oversight is critical to setting the tone and culture towards effective risk management and internal control. The risk management and internal control systems are intertwined with the Group's operating activities and exist for fundamental business reasons.</p> <p>The Risk Management Committee (RMC), along with the GAC have been delegated the responsibilities of overseeing the effectiveness of risk management and internal control systems on behalf of the Board, and also advise the Board on the principal risks facing the business including those that would threaten its solvency or liquidity. Supplementing the RMC, relevant Board Committees exist for oversight of specific risk areas. The Sustainability Committee has oversight of areas such as health and safety and sustainability, the Nomination and Remuneration Committee has oversight over senior management's performance and remuneration, whereas the Tender Committee has oversight over the Group's significant tender purchases.</p> <p>Management is responsible for implementing Board-approved frameworks, policies and procedures on risk management and internal control. Management shall also be responsible for the management of risks for the Group and ensure that an appropriate system of delegation and accountability is in place for risk management in their respective areas of responsibility.</p> <p>The Company's risk management structure consists of three lines of defence; a) First Line of Defence, b) Second Line of Defence, and c) Third Line of Defence. These 3 lines of defence in their respective roles are designed to reinforce each other in the implementation and strengthening of the Company's Risk Management Framework.</p>

	Further information on risk management framework and internal control system are disclosed in the Statement of Risk Management and Internal Control (SORMIC) of the Annual Report 2018 and available on the SD Plantation's website at www.simedarbyplantation.com .	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Risk Management Framework was established during FY2018 and is aligned with ISO31000:2018 standard on Risk Management which promulgates 3 facets of risk management.</p> <p>The principal aim of the Company's risk management framework is to identify, evaluate and manage risks that would impede the achievement of the Company's long-term and short-term strategies and objectives. Creating and protecting value is the key driver of risk management. Emphasis of the framework is on the role of leaders and their responsibility to ensure that risk management is an integral part of business. The Company's Risk Management Framework is also aligned with COSO 2017 Enterprise Risk Management—Integrating with Strategy and Performance which clearly underscores the importance of enterprise risk management in strategic planning and embedding it throughout the organization.</p> <p><u>Risk Policy</u></p> <p>The Board recognises that risk is an integral and unavoidable component of the Company's business and is characterised by both, threat and opportunity. The Company's Risk Policy fosters a risk aware corporate culture in all decision making cognisant of the Company's risk appetite. Through skilled application of high quality, integrated risk analysis and management, the Company will manage risk in order to enhance opportunities, reduce threats and so sustain competitive advantage.</p> <p>The Board is committed to managing risks in a proactive and effective manner. This requires comprehensive risk analysis to support management decisions at all levels within the Company.</p>

Risk Management Approach

The Company has adopted a formal and structured approach to risk management to:

- Ensure a top-down review of risks is conducted on an annual basis as part of the annual strategic planning update which ensures the risk implications of any changes in strategy are identified, assessed and documented;
- Ensure updating of risks occurs on a quarterly basis by appropriate risk management personnel who are in a position to know about changes in risks and are able to identify, assess, document and escalate key risks.; and
- Ensure appropriate risk management activities occur on and as required basis for major projects/ proposals by appropriate project staff cognisant of the projects' lifecycle stage.

Integration of the formal risk management framework into the wider management framework occurs wherever practicable. Formal risk management activities encompass the following 3 key aspects:

- The **Risk Assessment** activity identifies and prioritizes key risks and the existing controls/ measures to prevent and/ or mitigate the key risks along with any planned actions to manage the risks;
- The **Risk Treatment** activity involves the development of project plans and subsequent execution of these plans; and
- The **Risk Monitoring (or Assurance)** activity validates whether the existing controls are designed and operating effectively to prevent/ mitigate the risk and to assess whether improvement actions are on track and are completed on time.

Risk Reporting

The Company's risk management framework provides for regular review and reporting. The reports include an assessment of risk, an evaluation of the effectiveness of the controls in place and the requirements for further controls when mitigated residual risks are unacceptable. On a quarterly basis, formal risk reports are developed and presented to the Management Committee and RMC.

Group Policies & Authorities

The Group Policies and Authorities (GPAs) act as a key pillar of the Company's governance framework. It is a tool by which the Board formally delegates functions and powers to the Management with specific oversight and supervisory functions. This enables the Board to facilitate a robust control environment encircling clear lines of responsibilities, accountability and authority limits that are aligned with the Group's business operations.

	<p>The GPAs are broadly categorised into a) Functional policies; b) Ethics and conduct; c) Policies to protect Group assets; d) Key Group processes; and e) Limits of authority. To ensure our GPAs remain dynamic to reflect the ever changing risk exposures in the current VUCA environment, we review our GPAs annually where any new GPAs and/or enhancement to the current GPAs are approved by the Board prior to implementation.</p> <p>Compliance with the GPAs is an essential element of the internal control framework and to ascertain that the policies implemented address the wide scope of the Group’s business, supplementary policies and procedures are developed by the respective business units. Among the key policies in GPAs are:</p> <ul style="list-style-type: none"> • Code of Business Conduct (COBC); • Whistleblowing Policy; and • Risk Management Policy. <p>Further details of the Group’s risk management and internal control frameworks, which cover their adequacy and effectiveness of the frameworks, are disclosed in the Statement on Risk Management and Internal Control (SORMIC) of the Annual Report 2018 and available on the SD Plantation’s website at www.simedarbyplantation.com.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</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.

Application	:	Adopted															
Explanation on adoption of the practice	:	<p>The RMC is established as one of the Board Committees to support the Board by setting and overseeing the Risk Management Framework of the Company and regularly assessing such Risk Management Framework and policies to ascertain its adequacy and effectiveness.</p> <p>The RMC was established on 14 July 2017 and comprised of the following members, of which a majority of them are Independent Directors:</p> <table border="1" data-bbox="528 1039 1409 1496"> <thead> <tr> <th data-bbox="528 1039 802 1099">Name</th> <th data-bbox="802 1039 981 1099">Designation</th> <th data-bbox="981 1039 1409 1099">Directorship</th> </tr> </thead> <tbody> <tr> <td data-bbox="528 1099 802 1200">Zainal Abidin Jamal</td> <td data-bbox="802 1099 981 1200">Chairman</td> <td data-bbox="981 1099 1409 1200">Non-Independent Non-Executive Director</td> </tr> <tr> <td data-bbox="528 1200 802 1301">Datuk Zaiton Mohd Hassan</td> <td data-bbox="802 1200 981 1301">Member</td> <td data-bbox="981 1200 1409 1301">Senior Independent Non-Executive Director</td> </tr> <tr> <td data-bbox="528 1301 802 1402">Tan Ting Min</td> <td data-bbox="802 1301 981 1402">Member</td> <td data-bbox="981 1301 1409 1402">Independent Non-Executive Director</td> </tr> <tr> <td data-bbox="528 1402 802 1496">Lou Leong Kok</td> <td data-bbox="802 1402 981 1496">Member</td> <td data-bbox="981 1402 1409 1496">Independent Non-Executive Director</td> </tr> </tbody> </table> <p>Amongst others, the RMC undertakes, the following roles:</p> <ol style="list-style-type: none"> <li data-bbox="528 1592 1409 1626">i) Oversee Group's risk management process; <li data-bbox="528 1626 1409 1738">ii) Evaluate new risks identified including the likelihood of the emerging risks happening in the future and consider the need to put in place the appropriate controls; <li data-bbox="528 1738 1409 1809">iii) Review and recommend risk tolerance and actively identify, assess and monitor key business risks; <li data-bbox="528 1809 1409 1921">iv) Establish and periodically review risk management guidelines and policies, and ensure implementation of the objectives outlined in the policies and compliance with them; <li data-bbox="528 1921 1409 2029">v) Recommend for the Board's approval of the risk management framework, policies, strategies, key risk indicators and risk tolerance levels, and any proposed changes thereto; and 	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>vi) Evaluate the effectiveness of the risk management’s structure, risk management processes and support system to identify, assess, monitor and manage key risks.</p> <p>Further details on the functions and duties of RMC are clearly defined in its TOR, which is accessible in the Governance section on the SD Plantation’s website at www.simedarbyplantation.com.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group Corporate Assurance (GCA) serves as the Company's in-house internal audit function. GCA is headed by the Chief Internal Auditor (CIA) and in achieving an appropriate degree of independence from the operations of the Group, the CIA functionally reports directly to the GAC and administratively to the EDCMD.</p> <p>GCA's principal responsibility is to undertake regular and systematic reviews of the Group's internal control systems so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively throughout the Organisation.</p> <p>GCA shall have unrestricted access to all functions, records, documents, properties, personnel, policies and procedures at all levels throughout the Group.</p> <p>In the interest of maintaining their objectivity, GCA and its staff:</p> <ul style="list-style-type: none">a) 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;b) Do not accept anything that may impair or be presumed to impair their professional judgment; andc) Disclose all material facts known to them which, if not disclosed, may distort the reporting of activities under review. <p>Any GCA reports, 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 subjected to assessment by any management and staff within the Group external to the department, whether directly or indirectly.</p> <p>The GAC is responsible for the annual assessment of GCA's performance, as well as approves the GCA plan (including its 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. The GAC also approves the appointment or termination of the CIA and senior members of the</p>

	<p>GCA function.</p> <p>The CIA reports the results of the audit activities to the GAC periodically (on quarterly basis) for noting and takes directly to the Chairman of the GAC matters which she believes to be of sufficient magnitude and importance to require immediate attention of the GAC.</p> <p>Potential breaches of the Group’s COBC, 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>All internal audit activities during the financial year were conducted by GCA. Nevertheless, where required, GCA has engaged and co-sourced with external audit firms to complement audit coverage and/or subject matter experts in specific technical areas including forensic and legal advisory.</p> <p>In accordance to the GAC’s Terms of Reference, the GAC had in August 2018 conducted an annual assessment of the performance of the GCA function and CIA by reviewing the FY2018 Scorecard results. The GAC was satisfied with the competency, experience and resources of the GCA function in discharging its role and responsibilities.</p> <p>The Quality Assurance & Improvement Programme continues to be used to assess the quality of 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.</p> <p>Internal assessment are 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>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>Details of the GCA being the Group’s internal audit function, are as follows:</p> <p>a) Objectivity and independence</p> <p>To maintain their objectivity and independence, GCA’s personnel do not have any personal or professional involvement with, or commitment to the area being reviewed or audited, and maintains an objective, unbiased and impartial mind-set.</p> <p>Additionally, all employees of the Company (including GCA’s personnel) are required to comply with the Company’s COBC. Paragraph 6.1 of the COBC on General Guidance (Avoiding Conflict of Interest) stated that disclosure is to be made in writing as soon as practicable if the employees find themselves in a situation of conflict whether actual or potential.</p> <p>In addition, Paragraph 5.2 of the Company’s GPA No. A4 on Corporate Assurance and the Corporate Assurance Charter require GCA to be independent of the activities it reviews.</p> <p>All GCA’s personnel declared they are free from any relationships or conflict of interest.</p> <p>b) Internal Audit Resources</p> <p>The GCA function has 90 personnel, led by the CIA and comprised of 86 internal auditors and 3 secretarial/administration staff. The GCA personnel are based in major locations where the Company operates, namely the Group Head Office in Malaysia (Petaling Jaya) and Regional Offices in Indonesia (Jakarta, Kalimantan and Sumatera) and Papua New Guinea (Port Moresby).</p>

	<p>The CIA is Puan Nik Maziah Nik Mustapha, who is responsible for overseeing the Group’s governance, assurance and compliance functions. For the assurance function, her responsibilities include directing, supervising, coordinating and controlling our Group’s in-house internal audit and advisory activities to ensure that the strategic directions of the independent assurance function are consistently achieved.</p> <p>The CIA is a chartered member of the Malaysian Institute of Accountants and the Institute of Internal Auditors Malaysia. She is also a Certified Internal Auditor and has a Certification in Control Self-Assessment from the Institute of Internal Auditors Inc., United States of America. She holds a Bachelor of Accounting (Hons) degree from Universiti Utara Malaysia.</p> <p>All of the GCA personnel are equipped with the relevant industry and functional experience, while most of them have relevant professional qualifications such as Certified Internal Auditor, Certified Fraud Examiner, Certified Information Systems Auditor, Chartered Certified Accountant, Certified Public Accountant and Chartered Accountant.</p> <p>c) Internal Audit Framework</p> <p>GCA adopts the International Professional Practices Framework (IPPF) issued by the Global Institute of Internal Auditors (Global IIA) so that it complies with the Company’s governance framework requirements and is responsive to the expanding demand for high quality internal audit services.</p> <p>The authoritative guidance of IPPF is applied to all GCA functions group-wide, whether in the Group Head Office or at the GCA Regional Offices in Indonesia (Jakarta, Kalimantan and Sumatera) and Papua New Guinea (Port Moresby), as well applicable to all individual members of the GCA function. The Global IIA’s IPPF provides the authoritative guidance for the consistent development, interpretation, and application of concepts, methodologies and techniques useful to the profession.</p> <p>Additionally, GCA adopts the internationally recognised Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), inclusive of Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring activities.</p>
<p>Explanation for departure :</p>	

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

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board believes on 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>1. <u>Investor Relations</u></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>Besides, the IR unit is also responsible for enquiries and requests from institutional stakeholders and will coordinate responses from the relevant departments and/or Business Unit in responding to</p>

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

2. Enquiries

The Group Secretary is the official point of contact for written enquiries from Retail Shareholders and will coordinate responses from the relevant departments and/ or Business Unit.

The 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 regulatory authorities, apart from those mentioned for CFO.

3. 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, 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 cognizance 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.

4. Financial Result

The Company held quarterly analyst briefing on 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.

5. Website

The Company's website is a key communication channel for the

	<p>Company to reach its shareholders, the Investment Community and the general public. The website further outlines the Company's values, Corporate Governance Framework, COBC, whistleblowing guidelines and various corporate governance initiatives.</p> <p>6. <u>Annual Report</u></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 is expected to engage with the shareholders during the first Company's Annual General Meeting (AGM) scheduled in November 2018. The AGM offers an opportunity to the shareholders to raise their questions pertaining to our Group's performance directly to our Board, EDCMD and Senior Leaders.</p> <p>Announcements made to Bursa Malaysia Securities Berhad, corporate presentations and the above information is available on the SD Plantation's website at www.simedarbyplantation.com.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

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

Practice 11.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company prepared the Annual Report 2018 in accordance to the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) and Global Reporting Initiatives' (GRI) Sustainability Reporting Standards to enhance reporting connectivity while providing stakeholders with a more holistic view of how the Company creates and sustains value.</p> <p>The Company's Annual Report not only disclosed matters related to financial and non-financial performances, but also highlights the Company's strategy, market outlook, operational excellence, innovation & renewables initiatives, safety & health, environmental and social impacts.</p> <p>The framework facilitates disclosure of valuable information to stakeholders and promotes greater transparency, responsibility and accountability to the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>With the demerger of Sime Darby Group in November 2017 and subsequent listing of SD Plantation on the Main Market of Bursa Malaysia Securities Berhad on 30 November 2017, the Group continues its journey today as an independent pure play entity.</p> <p>The Notice of the Company's inaugural Annual General Meeting (AGM) that is scheduled on 21 November 2018 will be dispatched to shareholders at least 28 days prior to the AGM. This is to ensure that the shareholders are given sufficient time to consider on the resolutions and make necessary arrangements to participate either in person or through company representative, proxies 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 will be posted on the Group's website as soon as it is issued to ensure wider and proper dissemination. The Administrative details will be issued to the shareholders along with the notice of the AGM. The Administrative details contain related information on the registration, location, logistic, 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>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>As stipulated in the Company's Constitution, the Company shall hold a general meeting in every calendar year, which shall be held within six months of the Company's financial year end, at such time and place as may be determined by the Directors, to transact the following business:</p> <ul style="list-style-type: none"> • The laying of audited financial statements and the reports of the Directors and auditors; • The election of Directors in place of those retiring; • The appointment and the fixing of the fees and benefits of Directors; and • Any resolution or other business of which notice is given in accordance with the Act or this Constitution. <p>All Directors and the Chairs of Board Committees must attend the Company's AGM scheduled on 21 November 2018 to allow shareholders to raise questions and receive meaningful response to questions raised by them.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<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>However, for this forthcoming AGM, all resolutions set out in the notices of general meetings will still be through poll voting as we are considering the technology enabler for remote participation and voting in absentia. The Group may implement the same in the future if there is a strong case for change.</p> <p>As an alternative to the recommended practice, some of the measures to encourage greater shareholder attendance and participation in the forthcoming AGM include:</p> <ul style="list-style-type: none"> • 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; • The venue of the AGM is at a central and easily accessible location; • The Group's website at www.simedarbyplantation.com contains a number of references to and notices about AGM; • Members of the Board, Senior Management as well as the external auditors of the Group are present at the AGM to address any question or concern that shareholders may have; and • The EDCMD presents the highlights of the Company's performance at AGM and shareholders queries are answered and their views are obtained.

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

Measure	:	In consideration of the amount of foreign shareholder base, technology, logistical challenge and expense that the adoption of this practice would incur, the Board will monitor developments in the market to weigh a case for change for the facilitation of conducting meetings remotely.	
Timeframe	:	Others	

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

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

Not Applicable
