

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5285
COMPANY NAME : SIME DARBY PLANTATION BERHAD
FINANCIAL YEAR : 31 December 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board promotes and protects the interests of the Sime Darby Plantation Berhad ("SDP" or "the Company") Group ("the Group"), i.e. the shareholders and stakeholders of the Group. The Board shoulders the ultimate responsibility of determining the direction of the Group, thereby ensuring its long-term success and delivery of sustainable value to stakeholders. The Board provides leadership and advice in fine-tuning corporate strategies, championing good governance and ethical practices, and ensures the effective execution of these strategies.</p> <p>1. <u>Principal Responsibilities of the Board</u></p> <p>The Board is principally responsible for:</p> <ol style="list-style-type: none"> a) Promoting together with Senior Management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour b) Reviewing and adopting a strategic plan for the Group <ul style="list-style-type: none"> • Review, challenge and approve Management's proposed strategic plan for the Group by bringing objectivity and breadth of judgment to the strategic planning process; • Ensure that the strategic plan for the Group supports long-term value creation and includes strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability; and • Monitor the implementation of the strategic plan by Management. c) Overseeing the conduct of the Group's business <ul style="list-style-type: none"> • Oversee the conduct of the Group's business, including the formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management;

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

- Ensure the integrity of the Group’s financial and non-financial reporting.

The Board Charter, which details out the roles and responsibilities of the Board is available on SDP’s website, in the Governance section, at <https://www.simedarbyplantation.com>.

2. Leadership by the Board

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

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

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

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

The Board also ensures that there are effective, transparent and regular communication with the Group’s stakeholders. This includes continuous engagements with stakeholders such as investors, policymakers, peers and non-governmental organisations, which allows the Group to align its strategy with their expectations whilst keeping itself ahead of the curve.

	For further information on the key activities of the Board and Board Committees for the financial year ended 2020, please refer to the Annual Report 2020, which is also available on SDP's website, in the Investor Relations section, at https://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

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 include, the following:</p> <p>a) Leading and managing Board meetings to ensure robust decision-making by:</p> <ul style="list-style-type: none">• setting the agenda for each Board meeting together with the Group Secretary and the Group Managing Director ("GMD"). Other Directors and key members of Management may also be consulted;• ensuring the provision of accurate, complete, timely and clear information to the Directors;• leading Board meetings and discussions;• managing Boardroom dynamics by promoting a culture of openness and debate; encouraging active participation and allowing dissenting views to be freely expressed; and• ensuring all Directors are properly briefed on issues arising at Board meetings in a timely manner. <p>b) Building a high performance Board by:</p> <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, including the Board and Committee Charters, Committee structures and ensuring that induction as well as ongoing education programmes for Directors are in place;• arranging the regular evaluation of the performance of the Board, its Committees and individual Directors and discussing the performance assessment with individual Directors and Committee Chairmen;• ensuring that prior to new appointments to the Board, an assessment is undertaken on the candidate; and• ensuring that the Board and senior executive succession planning is considered on an ongoing basis. <p>c) Managing Board and Management interface by:</p> <ul style="list-style-type: none">• acting as the conduit between Management and the Board, although all Directors shall have the opportunity to get to know key members of the Management team;• developing a positive relationship with the GMD, acting as a confidant and advisor; and

	<ul style="list-style-type: none"> • facilitating the selection and appointment of a successor to the current GMD. <p>d) Being the public face of the Group by:</p> <ul style="list-style-type: none"> • acting as a spokesperson for the Board; and • representing the Company at shareholders' meetings and on other occasions when actions are taken or statements are made in the name of the Group, both domestically and abroad. <p>e) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.</p> <p>The roles and responsibilities of the Board Chairman are specified in the Board Charter, which is available on SDP's website, in the Governance section, at https://www.simedarbyplantation.com.</p>
Explanation : for departure	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

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 roles of Chairman and Chief Executive Officer (CEO). This principle is beneficial to the effective functioning of the Board and facilitates a powerful check and balance mechanism.</p> <p>1. <u>The Chairman</u></p> <p>Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas was appointed as the Company's Chairman on 1 July 2020. Tan Sri Dato' Seri Haji Megat Najmuddin succeeded Tan Sri Dato' Abdul Ghani Othman who stepped down as Chairman on 30 June 2020. The Chairman 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>2. <u>Group Managing Director (GMD)</u></p> <p>Mohamad Helmy Othman Basha was appointed as the GMD on 1 July 2019 to lead the Group in its overall operations. He ensures effective implementation of the Board's policies, drives the strategic vision and performance targets, exercises high-level business judgement and manages the relationship with stakeholders and the interface with the public.</p> <p><i>(Note: The GMD has similar duties of a CEO. The GMD is a member of the Board.)</i></p> <p>The roles and responsibilities of the Chairman and GMD are encapsulated in the Board Charter, which is available on SDP's website, in the Governance section, at https://www.simedarbyplantation.com.</p>
Explanation for departure	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.4

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

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

	<ul style="list-style-type: none"> • Attend Board and Board Committee meetings and ensures the proceedings of meetings are recorded and the minutes circulated in a timely manner; • Ensure structured communication channels between the Board and Board Committees; and • Ensure Board Committees' recommendations presented to the Board are supported by papers that explain the rationale for the Committees' recommendations. <p>The Group Secretary, who is also a member of the Company's Plantation Leadership Committee (PLC), works closely with the Group Managing Director in ensuring timely and appropriate information flow between the Board, Board Committees and PLC.</p> <p>The Group Secretary's position is subject to a fixed tenure. The renewal of the contract, together with the performance of the Group Secretary is tabled to the Nomination & Remuneration Committee (NRC) and the Board for recommendation and approval, respectively. Puan Azrin Nashiha Abdul Aziz was appointed as the Acting Group Secretary on 1 February 2020 and redesignated as the Group Secretary on 26 August 2020. The former Group Secretary, Puan Norzilah Megawati Abdul Rahman, who was appointed on 1 December 2017 had retired from her position on 1 February 2020.</p> <p>Puan Azrin holds a degree in Law from the University of Newcastle-Upon-Tyne, United Kingdom and Certificate in Legal Practice from the Legal Profession Qualifying Board, Malaysia. She also holds a Postgraduate Diploma in Strategic Management from the University of Technology Malaysia. She is a licensed company secretary and an affiliate of the Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>The profile of the Group Secretary is available online on SDP's website, in the Our People section, at https://www.simedarbyplantation.com.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

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>1. <u>Meeting materials</u></p> <p>The Board and Board Committees meeting schedules, together with their agendas are made available before the first quarter of each financial year to allow for adequate preparation before the meetings. The schedules map out the flow of key items of business to ensure that sufficient time is set aside for discussion.</p> <p>The Board and the Board Committees require all Board materials and information (agenda, Board papers, minutes etc.) to be submitted five working days prior to each meeting, except for papers which the Chairman of the Board or Chairman of the Board Committees have agreed to be submitted in less than five working days.</p> <p>Apart from sensitive/confidential papers, Board materials are disseminated electronically using a Board Meeting Management Solution ("Solution"), which provides Directors with secured access to meeting papers globally. The Solution is an initiative towards having paperless Board meetings and has made conference calls with Directors who are non-resident or are travelling more effective. The Solution has made dissemination of meeting materials efficient during the COVID-19 pandemic.</p> <p>Board papers deemed urgent may be submitted to the Group Secretary for tabling at Board and Board Committee meetings, subject to the approval of both, the Chairman and the Group Managing Director. Meeting agendas are also sequenced by taking into consideration the complexity of the proposals and whether they are items for approval or noting by the Board. Effective Board meeting agendas set the tone for the meetings and encourage a more engaged and focussed discussion. 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>2. <u>Minutes circulation</u></p> <p>The minutes of the meeting is action oriented and record the deliberations and decisions of the Board. The minutes include compiled Board instructions as Matters Arising for discussion at each Board meeting to ensure proper follow through.</p> <p>The minutes are distributed to Board members and approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.</p> <p>Every Board member is responsible to ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.</p> <p>The Group Secretary is responsible for ensuring that the proceedings of meetings are recorded, and the minutes circulated in a timely manner in accordance to the Board Charter or Terms of Reference of the Board Committees.</p>
Explanation for : departure	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure :	
Timeframe :	

Intended Outcome

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


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

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

Practice 3.1

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Board formalises and maintains a set of ethical standards of behaviour expected of all Directors, Employees and, where applicable, Counterparties and Business Partners to address potential issues in managing conflicts of interest and preventing the abuse of power, corruption, insider trading, and money laundering. These are integrated into Group-wide management practices which include:</p> <p>1. Code of Business Conduct (COBC)</p> <p>The standards of behaviour are derived from the Group's Core Values and Business Principles: Fair Business Practices, Working with Local Communities, Health, Safety and Environment and Compliance.</p> <p>The COBC applies to all Directors and Employees of the Group. This includes Employees on secondment to Joint Ventures, affiliates or associates. Counterparties are also expected to comply with the COBC while Business Partners are encouraged to adopt similar principles and standards of behaviour. The COBC applies to all businesses and countries in which the Group operates.</p> 

All Directors and Employees are expected to make business decisions in the best interests of the Group by avoiding conflicts of interest and situations that have the potential to generate conflicts of interest. Actual or potential conflict must be disclosed via the Conflict of Interest (COI) Declaration Form as soon as the situation arises. The form is available online on SDP's website, in the Ethical Business Practices section, at <https://www.simedarbyplantation.com>.

The COBC is accessible on the SDP's website and intranet and its understanding among Employees is enforced via a combination of physical and video briefings as well as collaterals, quizzes, surveys and graphics. All Directors and Employees are required to sign an attestation to acknowledge compliance with the COBC and their understanding of the rules, principles and policies outlined in the COBC.

2. Vendor Code of Business Conduct (VCOBC)

The VCOBC emphasises the Group's commitment to work closely with its Vendors (such as Service Providers, Suppliers, Contractors and Consultants) to ensure that SDP's values and principles are carried through in every aspect of its business operations by outlining the standards of behaviour required from the Vendors when conducting work for the Group. A VCOBC awareness programme is conducted for key vendors in ensuring their understanding and compliance to the values and principles advocated in the VCOBC.

This VCOBC applies to:

- All Vendors of the Group when conducting work for the Group.
- All Vendor's subsidiaries, affiliates and all other parties that they have appointed to conduct work for the Group.

For further details, refer to the VCOBC and Vendor COI Declaration Form which is available in the Procurement & Vendor Governance section on SDP's website, at <https://www.simedarbyplantation.com>.

3. Vendor Integrity Pledge

Vendors intending to conduct business transaction(s) with the Group are required to sign off the Vendor Integrity Pledge (VIP), as a formal affirmation of the Vendor's commitment to comply with the VCOBC and all applicable laws or regulations, as well as to avoid engaging in any practice that can be construed as bribery, corruption or fraud. It is a compulsory requirement for Vendors to sign the VIP upon registration so as to enable them to be selected as a prospective Vendor and subsequently be included in SDP's Approved Vendor List (once pre-qualification requirements and procedures have taken place).

For further details, refer to the VIP which is available in the Procurement & Vendor Governance section on SDP's website, at <https://www.simedarbyplantation.com>.

4. Anti-Corruption

As an organisation that understands the importance of combatting corruption, Sime Darby Plantation Berhad had obtained the ISO 37001 Anti-Bribery Management System certification in October 2020 and its principles are encapsulated within the Group's Anti-Corruption Compliance Framework. The Framework takes cognisance of the Group's global operating footprint, in consideration of, among others, the nature of activities, business norms, organisation structure, regulatory requirements, as well as the needs and expectations of its stakeholders.

The Anti-Corruption Compliance Framework promotes the implementation and enforcement of effective systems to counter corruption by providing the principles and guidelines to address corruption risks in a coordinated and consistent manner and defining roles, responsibilities and accountabilities of key parties within the Group.

Amongst others, this Framework entails the development of relevant policies and procedures on corruption management, corruption risk assessment as well as relevant training and awareness programmes for its Directors and Employees. The Group also adopted a "No Gift Policy" where employees are prohibited from offering, soliciting or accepting any form of gifts or using any form of corporate hospitality to influence business decisions.

Where applicable, the requirements of this Framework are extended to Counterparties and Business Partners in ensuring that anti-corruption and bribery initiatives are applied throughout the supply chain in promoting a corruption-free business environment. The Group's Commitment in Combatting Corruption is made publicly available via the Anti-Corruption Policy Statement on SDP's website.

For further details, refer to the Anti-Corruption section on SDP's website, at <https://www.simedarbyplantation.com>.

5. Policies and procedures

Policy instruments refer to policies, procedures and guidelines which serve as a backbone in achieving best practices and streamlining internal processes. Key among these is the Group Policies & Authorities (GPAs) which define the lines of responsibility, accountability, and authority limits and represent a formal delegation of the Board's powers and functions to Management. The GPAs are designed to empower Management to achieve business objectives within the boundaries of business ethics and governance. Thereafter, policies, procedures and guidelines are developed to support the achievement of the principles stipulated in the GPAs, all of which, are mandatory to be complied with by Directors and Employees of the Group.

All policy instruments are reviewed and revised, as appropriate, on a periodic basis to ensure that they are relevant to the current operating environment and reflect intended practices. To increase the understanding

	and awareness among Employees of their obligations within the Group's governance framework, these policy instruments are accessible via the Group intranet and socialised via video briefings and graphics.	
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 whistleblowing process embodies the Group's commitment to maintain an open and supportive working environment in which stakeholders are able to report instances of wrongdoings on a confidential basis without fear of retaliation. 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 Group's interests and all reports made in good faith will be investigated, regardless of the length of service, position/title, relationship or connection of the alleged parties to the Group.</p> <p>In this regard, the Board establishes, reviews, and together with Management, implement appropriate policies and procedures on whistleblowing at the Group level. The oversight of the whistleblowing function is under the purview of the Senior Independent Non-Executive Director (SINED), who ensures that all reported violations are properly investigated. The SINED is also responsible for reviewing the effectiveness of the actions taken in response to all concerns raised. In discharging her duties, the SINED is assisted by the Whistleblowing Unit (WBU) that is housed under the independent Group Integrity, Governance & Assurance Department.</p> <p>Parties can report a whistleblowing complaint if they are aware of any wrongdoings, including, but not limited to the following:</p> <ul style="list-style-type: none">a) Fraud, including but not limited to the following:<ul style="list-style-type: none">• Act of corruption such as conflicts of interest, bribery, kickbacks;• Misappropriation of assets; and• Financial statement fraud.b) Sexual harassment;c) Criminal breach of trust;d) Acts or omissions which are deemed to be against the interest of the Company, laws, regulations or public policies;e) Misuse of confidential information;f) Giving false or misleading information (including suppression of any material fact or information);g) Breaches of any Group policies and/or COBC; orh) Deliberate concealment of any of the above matters or other acts of wrongdoing.

Whistleblowing channels are established to help all stakeholders raise concerns, without fear of retaliation, on any wrongdoing that they may observe in the Group. Any party that retaliates against someone who has reported a wrongdoing in good faith may be subject to appropriate action, including legal action, where applicable.

To facilitate reporting of whistleblowing complaints, complaints can be lodged via various channels (website, e-mail, telephone, WhatsApp, postal box) throughout SDP's global operations, as provided below:

- **Whistleblowing e-Form** at Sime Darby Plantation Website
- **E-mails:**
 - Senior Independent Director: seniordirector@simedarbyplantation.com
 - WBU: whistleblowing@simedarbyplantation.com
- Calls to **Hotline**: 6019-2797 553
- Calls to **Toll Free Numbers**:
 - Malaysia: 1 800 22 3388
 - Indonesia: 007 8036 01 5252
 - Thailand: 1800 011 933
 - Netherlands: 0800 0220 0028
 - South Africa: 0800 993 820
 - United Kingdom: 0808 2344 999
- **Letters** to WBU: Whistleblowing Unit, Sime Darby Plantation Berhad, P.O. Box 8068, Kelana Jaya, 46781 Selangor, Malaysia.

Upon receipt of a whistleblowing complaint, the WBU will evaluate the complaint and channel it for investigation to an independent party based on established criteria. At the completion of the investigation, the investigation team will report to the WBU on the results of the investigation, including a conclusion on the validity of the allegations (proven or not proven) and the proposed recommendation(s) to address the wrongdoing and/or process limitations.

Throughout the whistleblowing process, the identity of the complainant is kept confidential at all times and will not be disclosed to any of the above parties. The separation of roles among the administrator, investigation team and oversight body provides the required check and balance on the independence of the whistleblowing reporting mechanism.

Further details on the Group's whistleblowing policies and processes are described in the Whistleblowing section on SDP's website at <https://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 4.1

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

Application :	Departure																		
Explanation on application of the practice :																			
Explanation for departure :	<p>Following the resignations of Tan Sri Datuk Dr Yusof Basiran and Bapak Muhammad Lutfi, both Independent Directors (ID), during the financial year, the Board has appointed Dato' Halipah Esa as an ID on 1 September 2020 to increase the number of IDs within the Board. Presently, the Board comprises 50% IDs.</p> <p>The Board acknowledges the importance of IDs, in particular those who are subject matter experts in the fields of business that the Group is involved in, to support objective and independent deliberation, review, and decision making. The Board Composition Policy states that the Board will maintain a composition where a majority of its Directors are IDs. The Board is highly committed to achieve and sustain this diversity in the Boardroom.</p> <p>i) Independent Directors</p> <table border="1"> <thead> <tr> <th>Designation</th> <th>Total Member</th> </tr> </thead> <tbody> <tr> <td>Senior Independent Non-Executive Director</td> <td>1</td> </tr> <tr> <td>Independent Non-Executive Director</td> <td>4</td> </tr> <tr> <td>Total Independent Directors</td> <td>5</td> </tr> </tbody> </table> <p>ii) Non-Independent Directors</p> <table border="1"> <thead> <tr> <th>Designation</th> <th>Total Member</th> </tr> </thead> <tbody> <tr> <td>Chairman, Non-Independent Non-Executive Director</td> <td>1</td> </tr> <tr> <td>Group Managing Director, Executive Director</td> <td>1</td> </tr> <tr> <td>Non-Independent Non-Executive Director</td> <td>3</td> </tr> <tr> <td>Total Non-Independent Directors</td> <td>5</td> </tr> </tbody> </table> <p>The salient features of the Board Composition Policy is available in the Governance Section on SDP's website at https://www.simedarbyplantation.com.</p>	Designation	Total Member	Senior Independent Non-Executive Director	1	Independent Non-Executive Director	4	Total Independent Directors	5	Designation	Total Member	Chairman, Non-Independent Non-Executive Director	1	Group 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	4																		
Total Independent Directors	5																		
Designation	Total Member																		
Chairman, Non-Independent Non-Executive Director	1																		
Group Managing Director, Executive Director	1																		
Non-Independent Non-Executive Director	3																		
Total Non-Independent Directors	5																		

	<p><u>Alternative Practice:</u> The Board & Directors' Effectiveness Evaluation Assessment is conducted annually and includes IDs' Self-Assessment. This underscores the importance of the mandate given to IDs to bring objectivity to the oversight function of the Board. This allows IDs to debate with and challenge Management in an unbiased manner.</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 and size (including the number of IDs) in line with the business complexity and the Company's size, business diversity and geography.</p> <p>Directors appointed during the financial year will be subject to re-election by shareholders of the Company. Dato' Halipah Esa who was appointed during the financial year 2020 will offer herself for re-election at the forthcoming AGM of the Company scheduled in June 2021.</p>		
Timeframe	:	<table border="1"> <tr> <td>Within 1 year</td> <td></td> </tr> </table>	Within 1 year	
Within 1 year				

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

Intended Outcome

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

Practice 4.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 4.4

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

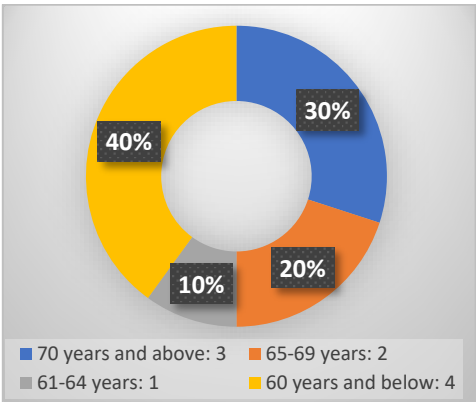
Application :	Applied
Explanation on application of the practice :	<p>1. <u>Appointment of Board of Directors</u></p> <p>The Board aims to have an appropriate level of diversity in the Boardroom to reflect the diverse nature of the Company's operations and to support the achievement of the Company's strategic objectives. Diversity in terms of skills, background, knowledge, international and industry experience, culture, independence, age and gender, among many other factors, will be taken into consideration when seeking to appoint a new Director to the Board so as to bring relevant perspectives to Board discussions.</p> <p>The Company has an experienced Board with extensive capabilities and diversified backgrounds. The Board members have held prominent positions and directorships in areas such as plantation, banking and finance sectors, as well as in governmental, legal and professional bodies. Thus, the Board has the strength to drive the Company through transformation into the next phase of growth, which is to innovate, execute, and create value. The Board's ability to adapt to various cultures, operating environments and sustainability requirements is crucial in ensuring the Company's success.</p> <p>The Nomination & Remuneration Committee (NRC) assesses the Board composition by:</p> <ol style="list-style-type: none">a) Establishing a policy formalising the Group's approach to Boardroom diversity (including diversity in gender, nationality, age, culture, skills, experience and independence).b) Annually evaluating, reviewing and recommending to the Board, through the Board Effectiveness Evaluation Assessment, on the appropriate size of the Board, required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors shall bring to the Board to ensure that these are in line with the Group's requirements.c) Considering and recommending any policy regarding the period of service of Non-Executive Directors, tenure of Independent Directors and the term of office of Board Committee members, including Chairmen of Board Committees. <p>The above are in line with Paragraph 3.3 of the Board Charter which states that <i>"Members of the Board should possess the relevant knowledge, skills, competencies, functional and management experience, characteristics and mind-set to contribute effectively to the Board. The Board shall also regularly</i></p>

review its membership to ensure the Board remains relevant and should formalise its succession planning practices.”

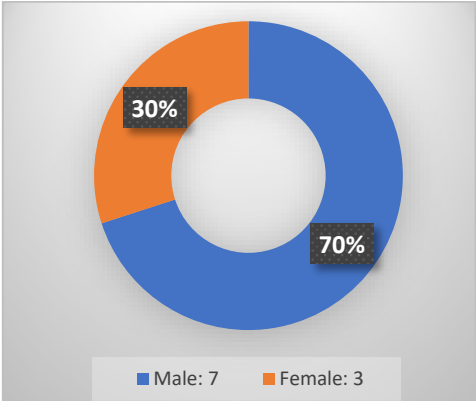
In FY2020, the Board appointed Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas, Dato' Halipah Esa and Tunku Alizakri Raja Muhammad Alias as Directors of the Board including their memberships in the Board Committees of the Company.

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

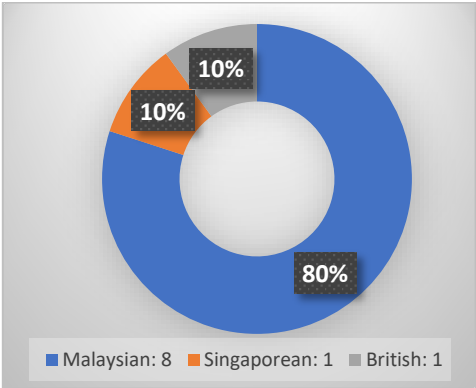
Age Group



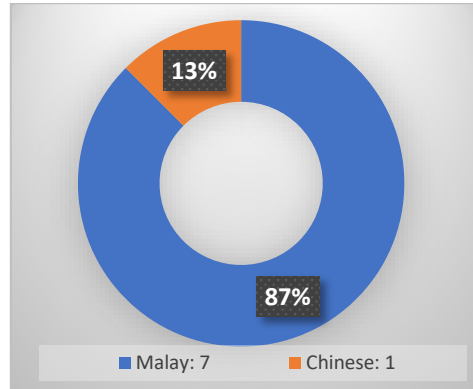
Gender



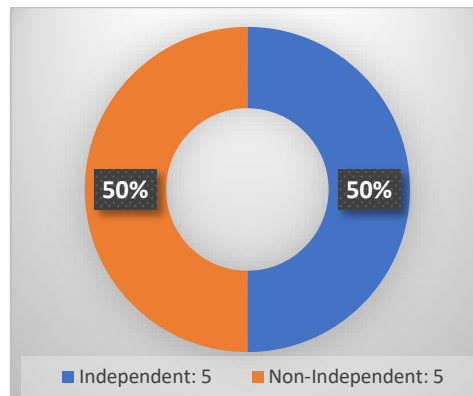
Nationality



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



Independence



Note: As at 30 April 2021.

Further information on the Directors' background and experience are available on SDP's website, in the Our People section, at <https://www.simedarbyplantation.com>.

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

2. Appointment of Senior Leadership

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

- Review and recommend to the Board the appointment, evaluation, acceptance of resignation, disciplinary actions and termination of the Group Managing Director (GMD) position;
- Review and if deemed appropriate, endorse for the Board's approval, the recommendations of the GMD on the appointment, evaluation, promotion, acceptance of resignation, disciplinary actions and termination of the key Management positions of the Company and the Group;
- In the case of the Chief Financial Officer position, the NRC shall interview the candidate(s) as part of the review process. The NRC reserves the right to interview any key Management position candidate recommended by the GMD; and

- Ensure that appointments of key Management positions are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The following positions have been appointed during the year under review and up to 2 April 2021:

No.	Positions	Name
1.	Group Secretary	Azrin Nashiha Abdul Aziz <i>(Appointed as Acting Group Secretary on 1 February 2020 and redesignated as the Group Secretary on 26 August 2020)</i>
2.	Head, Group Sustainability	Rashyid Redza Anwarudin <i>(Appointed as the Head, Group Sustainability on 1 September 2020)</i>
3.	Acting Chief Integrity & Assurance Officer	Suhailah Mohamed Abdulla <i>(Appointed on 1 March 2021)</i>

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

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

The PLC, who collectively have extensive working experience in the plantation industry, has the ability to drive the Group through the next phase of growth by innovating, executing and creating value.

The PLC members' profile including skills, experience, age and gender are featured in the Annual Report 2020 and available on SDP's website, in the Our People section, at <https://www.simedarbyplantation.com>.

**Explanation
for departure** :

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.5

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

Application :	Applied																																	
Explanation on application of the practice :	<p>A Board Composition Policy is established to set out the approach of the Board on the composition of the Board of Directors of the Company. This Policy has been prepared to address the specific requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements) and the Malaysian Code on Corporate Governance (MCCG) 2017.</p> <p>Currently, the Company has three or 30% women directors as follows:</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' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas</td> <td>Male</td> </tr> <tr> <td>2</td> <td>Mohamad Helmy Othman Basha</td> <td>Male</td> </tr> <tr> <td>3</td> <td>Datuk Zaiton Mohd Hassan</td> <td>Female</td> </tr> <tr> <td>4</td> <td>Dato' Halipah Esa</td> <td>Female</td> </tr> <tr> <td>5</td> <td>Zainal Abidin Jamal</td> <td>Male</td> </tr> <tr> <td>6</td> <td>Dato' Henry Sackville Barlow</td> <td>Male</td> </tr> <tr> <td>7</td> <td>Dato' Mohd Nizam Zainordin</td> <td>Male</td> </tr> <tr> <td>8</td> <td>Tunku Alizakri Raja Muhammad Alias</td> <td>Male</td> </tr> <tr> <td>9</td> <td>Tan Ting Min</td> <td>Female</td> </tr> <tr> <td>10</td> <td>Lou Leong Kok</td> <td>Male</td> </tr> </tbody> </table> <p>The salient features of the Board Composition Policy is available in the Governance Section on SDP's website at https://www.simedarbyplantation.com.</p>	No.	Name	Gender	1	Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas	Male	2	Mohamad Helmy Othman Basha	Male	3	Datuk Zaiton Mohd Hassan	Female	4	Dato' Halipah Esa	Female	5	Zainal Abidin Jamal	Male	6	Dato' Henry Sackville Barlow	Male	7	Dato' Mohd Nizam Zainordin	Male	8	Tunku Alizakri Raja Muhammad Alias	Male	9	Tan Ting Min	Female	10	Lou Leong Kok	Male
No.	Name	Gender																																
1	Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas	Male																																
2	Mohamad Helmy Othman Basha	Male																																
3	Datuk Zaiton Mohd Hassan	Female																																
4	Dato' Halipah Esa	Female																																
5	Zainal Abidin Jamal	Male																																
6	Dato' Henry Sackville Barlow	Male																																
7	Dato' Mohd Nizam Zainordin	Male																																
8	Tunku Alizakri Raja Muhammad Alias	Male																																
9	Tan Ting Min	Female																																
10	Lou Leong Kok	Male																																
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

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 :	Departure
Explanation on application of the practice :	
Explanation for departure :	<p>The Nomination & Remuneration Committee (NRC) Terms of Reference requires 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>Since the previous Annual General Meeting of the Company on 11 June 2020, the following individuals have been appointed by the Board as Directors of SDP:</p> <p>(i) Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas as Non-Independent Non-Executive Chairman on 1 July 2020 due to change of the nominee director of Permodalan Nasional Berhad (PNB). PNB is a person connected with AmanahRaya Trustees Berhad - Amanah Saham Bumiputera, a major shareholder of SDP.</p> <p>(ii) Dato' Halipah Esa as an Independent Non-Executive Director on 1 September 2020.</p> <p><u>Alternative Practice:</u> The NRC has access to a wide pool of candidates. In line with the Board Composition Policy, the Board's overriding objective in any new appointment is to select the best candidate with a view to achieving a high-performing Board. Appointments to the Board are based on merit against objective criteria with consideration being given to the intrinsic capabilities of the individual.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	The Board will continue to utilise multiple channels, including independent sources, to identify suitably qualified candidates for future appointments to the Board.

Timeframe	:	Within 1 year	
------------------	---	---------------	--

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 composition of the Nomination & Remuneration Committee (NRC) is set out in the Committee's Terms of Reference (TOR). The NRC members are appointed by the Board from amongst their number and shall consist of not less than four members, all of whom shall be Non-Executive Directors, and a majority of whom shall be Independent Directors.</p> <p>The Chairman of the NRC, Dato' Halipah Esa, is an Independent Non-Executive Director. The list of NRC members is shown below:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Member</th> <th>Directorship</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Dato' Halipah Esa</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' Henry Sackville Barlow¹</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><i>Note: Dato' Halipah Esa was appointed as the Chairman of the NRC on 1 September 2020</i></p> <p>Prior to the appointment of Dato' Halipah Esa, the NRC was chaired by Tan Sri Datuk Dr Yusof Basiran, an Independent Non-Executive Director.</p> <p>The NRC's TOR is available in the Governance section on SDP's website at https://www.simedarbyplantation.com.</p>	No.	Member	Directorship	Designation	1	Dato' Halipah Esa	Independent Non-Executive Director	Chairman	2	Datuk Zaiton Mohd Hassan	Senior Independent Non-Executive Director	Member	3	Dato' Henry Sackville Barlow ¹	Independent Non-Executive Director	Member	4	Dato' Mohd Nizam Zainordin	Non-Independent Non-Executive Director	Member
No.	Member	Directorship	Designation																		
1	Dato' Halipah Esa	Independent Non-Executive Director	Chairman																		
2	Datuk Zaiton Mohd Hassan	Senior Independent Non-Executive Director	Member																		
3	Dato' Henry Sackville Barlow ¹	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>KPMG Management & Risk Consulting Sdn Bhd (KPMG) was appointed as the external facilitator to conduct the Board & Directors Effectiveness Evaluation (BDEE) for the financial year ended 31 December 2020. This is the first time that the Company has engaged an external consultant to conduct the BDEE since its listing in November 2017. The BDEE deployed a three-pronged approach which included questionnaires, board and board committee minutes review and interviews with all the ten (10) Directors and three (3) Senior Management i.e. Chief Financial Officer, Managing Director, Sime Darby Oils and Chief Human Resources Officer (360° approach).</p> <p>The findings of the BDEE for the financial year ended 31 December 2020 was presented by KPMG to the Board on 29 March 2021. Some of the key findings of the BDEE 2020 included the following:</p> <ul style="list-style-type: none">(i) SDP Board is an experienced Board with essentially seasoned individuals who are vocal, passionate and professional in their boardroom conduct.(ii) Financial oversight is an overarching strength of the Board.(iii) The healthy working relationship between the Board and Management and effective empowerment to Management are some of the strengths of the SDP Board. <p>Some of the main areas that the Board can focus on are as follows:</p> <ul style="list-style-type: none">(i) Boardroom dynamics in dealing with both crisis management and leadership change where the Chairman and Group Managing Director (GMD) would play a vital role in setting clear leadership tone.(ii) Board skill set and configuration including sourcing for directors with domain industry and Environment, Social and Governance (ESG) experts; age diversity; and a structured Board succession plan.

	<p>(iii) Co-creation process of strategy setting between the Board and Management. Recalibrate the Board meeting agenda to allow for more strategic discussions and maximise off-site strategic meeting.</p> <p>(iv) Selected boardroom innerworkings and governing policies with accompanying considerations relating to high-level reporting, board committee governance and information flow.</p> <p>The Board has taken note of the findings and results and would address them in the appropriate 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

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 Nomination & Remuneration Committee (NRC). The NRC reviews and recommends to the Board a formal and transparent remuneration policy and framework for Directors and Senior Management of the Company and the Group drawing on external consultants' advice as necessary.</p> <p>To attract and retain the right talent, the NRC ensures that compensation policies and packages of Directors and Senior Management are reflective of the Group's demands, complexities and performance as a whole, as well as skills and experience required, and in line with the strategic objectives of the Company which rewards contribution to the long-term success of the Company. The NRC periodically reviews the remuneration framework, policies and procedures.</p> <p>1. The salient elements of the Directors' remuneration policy are outlined below:</p> <table border="1" data-bbox="494 1496 1388 2031"> <thead> <tr> <th data-bbox="494 1496 912 1536">Non-Executive Directors</th> <th data-bbox="912 1496 1388 1536">Executive Director</th> </tr> </thead> <tbody> <tr> <td data-bbox="494 1536 912 1713">Fixed annual Directors' fees as members of the Board and Board Committees.</td> <td data-bbox="912 1536 1388 1713">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="494 1713 912 2031">Level of remuneration reflects the level of responsibilities undertaken by the Non-Executive Director. The Company also reimburses reasonable expenses incurred by the Directors in the course of their duties.</td> <td data-bbox="912 1713 1388 2031">Components of the remuneration are structured to link rewards to corporate and individual performance. Performance is measured against profits and other targets set in accordance with the Company's annual budget and plans.</td> </tr> </tbody> </table>	Non-Executive Directors	Executive Director	Fixed annual Directors' fees as members of the Board and Board Committees.	The NRC considers and recommends to the Board for approval the framework for the Executive Director's remuneration and the final remuneration package.	Level of remuneration reflects the level of responsibilities undertaken by the Non-Executive Director. The Company also reimburses reasonable expenses incurred by the Directors in the course of their duties.	Components of the remuneration are structured to link rewards to corporate and individual performance. Performance is measured against profits and other targets set in accordance with the Company's annual budget and plans.
Non-Executive Directors	Executive Director						
Fixed annual Directors' fees as members of the Board and Board Committees.	The NRC considers and recommends to the Board for approval the framework for the Executive Director's remuneration and the final remuneration package.						
Level of remuneration reflects the level of responsibilities undertaken by the Non-Executive Director. The Company also reimburses reasonable expenses incurred by the Directors in the course of their duties.	Components of the remuneration are structured to link rewards to corporate and individual performance. Performance is measured against profits and other targets set in accordance with the Company's annual budget and plans.						

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

Non-Executive Directors

Remuneration for the Non-Executive Directors of the Board and as members of the Board Committees, in the form of fees, for the financial year ended 31 December 2020 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

During the financial year under review, the Board has reviewed and proposed changes to the Remuneration Framework which is to be effective for the financial year ending 2021 subject to approval from Shareholders at the forthcoming Annual General Meeting (AGM). The review introduced meeting allowances for the Board and Board Committees, and for the major subsidiaries, and aligned the fees among the resident and non-resident Non-Executive Directors of the Company. The proposed Remuneration Framework is in the Notice of AGM available on SDP's website under Investor Relations section at <https://www.simedarbyplantation.com>.

Executive Director

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

	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>Fixed Remuneration</p> <div style="border: 1px solid black; background-color: #4f81bd; color: white; padding: 5px; width: 150px;"> Basic Salary + Benefits Recommended by NRC and approved by Board (Consideration - performance, consumer price index, similar position in other companies) </div> </div> <div style="text-align: center; margin: 0 10px;">  </div> <div style="text-align: center;"> <p>Variable Remuneration</p> <div style="border: 1px solid black; background-color: #4f81bd; color: white; padding: 5px; width: 150px;"> Short Term Bonus scheme Recommended by NRC and approved by Board (Consideration - performance outcome of the Group and individual performance) Retirement provisions </div> </div> <div style="text-align: center; margin: 0 10px;">  </div> <div style="text-align: center;"> <div style="border: 1px solid black; background-color: #4f81bd; color: white; padding: 5px; width: 100px;"> Total Remuneration </div> </div> </div> <p>2. Remuneration of other Senior Management personnel is determined based on similar remuneration principles as the Executive Director.</p> <p>The Directors and Senior Management remuneration policies are periodically reviewed and available in the Governance section on SDP's website at https://www.simedarbyplantation.com.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 6.2

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

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

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

	<p><u>Remuneration Function and Duties</u></p> <p>Amongst the NRC’s specific Remuneration functions and duties 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 Management of the Company and the Group, drawing on external consultants’ advice as necessary; b) Review and if deemed appropriate, endorse for the Board’s approval, the annual bonus and salary increment framework for the Group, as recommended by the Group Managing Director (GMD), including the total quantum of payment; c) Review and recommend to the Board the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the GMD position; d) Review and if deemed appropriate, endorse for the Board’s approval, the recommendations of the GMD on the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the key Management positions; e) Review and recommend the extension of service, remuneration and compensation and benefits packages of the key Management positions who have reached the age of retirement; and f) Periodically review the remuneration framework, policies and procedures <p>The NRC’s Terms of Reference (TOR) was last reviewed and updated on 26 August 2020 where the key Management positions were reviewed and updated under the TOR of the NRC. Further details of the NRC’s authorities and duties are specified in its TOR, which is accessible in the Governance section on SDP’s website at https://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

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 the Directors for their services rendered to the Group for the financial year ended 31 December 2020 are as follows:				
	Name	Salary & Other Remuneration	Total Directors' Fees¹	Benefits-in-kind²	Total
		(RM'000)	(RM'000)	(RM'000)	(RM'000)
	Executive Directors				
	Mohamad Helmy Othman Basha	3,634	N/A ⁶	47	3,681
	Non-Executive Directors				
	Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas ³	N/A ⁵	301	73	374
	Datuk Zaiton Mohd Hassan		390	5	395
	Dato' Halipah Esa		112	1	113
	Zainal Abidin Jamal		458	3	461
	Dato' Henry Sackville Barlow		503	1	504
	Dato' Mohd Nizam Zainordin		395	1	396
	Tunku Alizakri Raja Muhammad Alias		275	6	281
	Tan Ting Min		534	4	538
	Lou Leong Kok ⁴		435	1	436
	Total			3,403	95

	<p>Notes:</p> <p>¹ Paid by SDP and Subsidiary Companies of SDP</p> <p>² Benefits-in kind include Healthcare, Insurance and Mobile Phone</p> <p>³ Company car, petrol and driver for Non-Executive Chairman</p> <p>⁴ Non-Resident Director</p> <p>⁵ N/A - Not Applicable</p> <p>Additionally, details of remuneration (including benefits-in-kind) for Directors who had retired or resigned during the financial year ended 31 December 2020 are as follows:</p> <table border="1" data-bbox="432 600 1406 1122"> <thead> <tr> <th rowspan="2">Name</th> <th>Salary & Other Remuneration</th> <th>Total Directors' Fees¹</th> <th>Benefits-in-kind²</th> <th>Total</th> </tr> <tr> <th>(RM'000)</th> <th>(RM'000)</th> <th>(RM'000)</th> <th>(RM'000)</th> </tr> </thead> <tbody> <tr> <td>Tan Sri Dato' Abdul Ghani Othman⁴</td> <td>N/A³</td> <td>298</td> <td>33</td> <td>331</td> </tr> <tr> <td>Tan Sri Datuk Dr Yusof Basiran</td> <td>N/A³</td> <td>298</td> <td>6</td> <td>304</td> </tr> <tr> <td>Bapak Muhammad Lutfi⁵</td> <td>N/A³</td> <td>241</td> <td>1</td> <td>242</td> </tr> <tr> <td>Total</td> <td></td> <td>837</td> <td>40</td> <td>877</td> </tr> </tbody> </table> <p>Notes:</p> <p>¹ Paid by SDP and Subsidiary Companies of SDP</p> <p>² Benefits-in kind include Healthcare, Insurance and Mobile Phone</p> <p>³ Not Applicable</p> <p>⁴ Company car, petrol and driver for Non-Executive Chairman</p> <p>⁵ Non-Resident Director</p>		Name	Salary & Other Remuneration	Total Directors' Fees ¹	Benefits-in-kind ²	Total	(RM'000)	(RM'000)	(RM'000)	(RM'000)	Tan Sri Dato' Abdul Ghani Othman ⁴	N/A ³	298	33	331	Tan Sri Datuk Dr Yusof Basiran	N/A ³	298	6	304	Bapak Muhammad Lutfi ⁵	N/A ³	241	1	242	Total		837	40	877
Name	Salary & Other Remuneration	Total Directors' Fees ¹		Benefits-in-kind ²	Total																										
	(RM'000)	(RM'000)	(RM'000)	(RM'000)																											
Tan Sri Dato' Abdul Ghani Othman ⁴	N/A ³	298	33	331																											
Tan Sri Datuk Dr Yusof Basiran	N/A ³	298	6	304																											
Bapak Muhammad Lutfi ⁵	N/A ³	241	1	242																											
Total		837	40	877																											
<p>Explanation : for departure</p>																															
<p>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</p>																															
<p>Measure :</p>																															
<p>Timeframe :</p>																															

Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company is of the view that the components of the remuneration of Senior Management, which include their salary, bonus, benefits in-kind and other emoluments are confidential. SDP has opted not to disclose confidential personal data of its Senior Management personnel to the public at large as a measure to prevent talent poaching and retain talent.</p> <p><u>Alternative Practice:</u> The remuneration of top five Senior Management personnel has been benchmarked against the industry and is aligned with the market.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	The Board will continuously monitor the market practice in respect of such disclosure.
Timeframe	:	Others
		As and when appropriate.

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>The Company's Governance & Audit Committee (GAC) Chairman is Datuk Zaiton Mohd Hassan, who is a Senior Independent Non-Executive Director, thus reflecting the requirement under this Practice. She acts as the key contact between the committee members and Board members as well as Senior Management, Group Integrity, Governance and Assurance (GIGA), and the external auditors.</p> <p>The Board Chairman, on the other hand, is a Non-Independent Non-Executive Director, Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas who was appointed to the Board on 1 July 2020.</p> <p>The above separation of roles is encapsulated in Paragraph 2.6 of the GAC's Terms of Reference, which is accessible in the Governance section on SDP's website at https://www.simedarbyplantation.com.</p> <p><u>Note:</u></p> <p>1. The previous Chairman, Tan Sri Dato' Abdul Ghani Othman retired on 30 June 2020.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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>None of the members of the Governance & Audit Committee (GAC) is a former key audit partner that requires the cooling-off period of two years.</p> <p>The need to observe a cooling-off period is stated in Paragraph 2.5 of the GAC's Terms of Reference which is accessible in the Governance section on the SDP's website at https://www.simedarbyplantation.com. The need for a former key audit partner to observe a cooling-off period of minimum 3 years before being appointed as a Director of the Group is further emphasised in the Group Policies & Authorities No B7 on "External Auditor Appointment & Selection".</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 Governance & Audit Committee (GAC), has put in place a policy on the selection and appointment of the external auditors, via Group Policies & Authorities (GPA) No. B7 on "External Auditor Appointment & Selection".</p> <p>The GPA No. B7 provides guidelines for the GAC to assess the suitability, objectivity and independence of the external auditors and was developed in alignment with the Malaysian Code on Corporate Governance 2017, and should be read together with the Companies Act 2016, the By-laws (on professional ethics, conduct and practice) of the Malaysia Institute of Accountants and the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.</p> <p>The following criteria is used for the assessment:</p> <ul style="list-style-type: none">a) The competence, audit quality and resource capacity of the external auditors 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>The above assessment was conducted in March 2021 (annual basis), based on best practices promulgated by the regulators. The results of the assessment, which was performed by the GAC members and selected management personnel (who had close interaction with the external auditors during the year under review), was tabled to the GAC at its meeting on 2 April 2021 for deliberation and recommendation to the Board for adoption.</p> <p>Should the GAC determine a need for a change of external auditors, the GAC will follow the following procedures for selection and appointment of new external auditors:</p> <ul style="list-style-type: none">a) The GAC to identify the audit firms who meet the criteria for appointment and request for their proposals of engagement for consideration;b) The GAC will assess the proposals received and shortlist the suitable audit firms (based on the pre-set criteria);c) The GAC will meet and/or interview the shortlisted candidates;

	<p>d) The GAC will recommend the appropriate audit firm to the Board for appointment as external auditors; and</p> <p>e) The Board will consider and if agreed, endorse the recommendation by the GAC and seek the shareholders' approval for the appointment of the new external auditors and/or resignation/removal of the existing external auditors at the general meeting.</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><u>Knowledge and skills</u></p> <p>The Governance & Audit Committee (GAC) members bring to the Group a diversity in knowledge and skills to effectively discharge their duties. Three of the GAC members are qualified accountants, thus satisfying the requirement for the GAC to be financially literate in understanding the financial reporting process. The knowledge and skills of the individual GAC members are outlined below:</p> <p><i><u>The GAC Chairman</u></i> Datuk Zaiton Mohd Hassan is a Fellow and Council Member of the Association of Chartered Certified Accountants (ACCA), a member of the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and Deputy Chair of the International Federation of Accountants (IFAC) Professional Accountants in Business (PAIB) Advisory Group.</p> <p><i><u>GAC Members</u></i> Dato' Henry Sackville Barlow obtained his Bachelor and Master of Arts degrees from the University of Cambridge, United Kingdom and is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW). He has over 35 years of experience in the plantation industry and is currently the Joint Chair of the Grievance Committee of the Roundtable on Sustainable Palm Oil (RSPO).</p> <p>Dato' Mohd Nizam Zainordin is a Fellow of the ACCA, a member of the MIA and holds an Executive Masters in Business Administration. He is a Certified Financial Planner and has held various finance and investment positions in his more than 25-year career.</p>

	<p>Tan Ting Min obtained a Bachelor and Master of Arts degrees from the University of Cambridge, in 1991 and 1994, respectively. She is an experienced equity strategist, having served Credit Suisse Malaysia since 1994 until her retirement in 2017, and has covered the plantation sector for close to 25 years.</p> <p>Further details of the GAC members' profiles are available under Our People section on SDP's website at https://www.simedarbyplantation.com.</p> <p><u>Professional development</u></p> <p>The GAC members attend professional development programmes to continuously enhance their skills and knowledge. For details on the continuous professional development programmes attended by the GAC members for the financial year ended 31 December 2020, please refer to the profiles of the Board of Directors on SDP's website under Our People section at https://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 9.1

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

Application :	Applied
Explanation on application of the practice :	<p>The Board is responsible for identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures. To achieve this, the Board sets the Group's risk appetite and expects Management to operate and ensure that there is a sound risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.</p> <p>The Board is also responsible to review the adequacy and the integrity of the Group's management information and internal control systems by ensuring that there is a sound framework of reporting on internal controls and regulatory compliance, among other things.</p> <p>1. RISK MANAGEMENT FRAMEWORK</p> <p>Risk management is part of the organisation's structure, processes, objectives, strategies and activities. The SDP Group Risk Management Framework (GRMF) is aligned with ISO31000:2018 standard on risk management and COSO 2017 Enterprise Risk Management— Integrating with Strategy and Performance, which clearly underscores the Group's commitment towards enterprise risk management in strategic planning and the will to embed risk management throughout the organisation as part of value creation and protection.</p> <p>The primary goal of the GRMF is to identify, evaluate and manage risks that would impede the achievement of the Group's long-term and short-term strategies and objectives. The approach to risk management is aimed at embedding risk awareness in all decision-making and a commitment to managing risk proactively and effectively. This includes identifying and evaluating threats and opportunities early, managing and preventing threats before they materialise and responding effectively if they do and actively pursuing opportunities to capture value within agreed risk tolerances. The process for identifying, evaluating and managing material business risks is designed to manage rather than eliminate threats where appropriate, accepting a degree of risk to generate returns.</p>

	<p>The GRMF involves identification of risk and mitigating measures in both strategy-setting and in driving performance. This integrated approach is two pronged, i.e. a top down strategic view which is complemented by bottom up operational risk assessments, whilst taking cognisance of the external environment in which the Group operates. These risk assessments are complemented by strategic country risk analyses and fortnightly risk outlooks as well as risk assessments for key projects and investments undertaken by the Group to proactively anticipate and mitigate risk events while facilitating the understanding and management of risk at various levels of the business.</p> <p>The role of leaders and their responsibilities are emphasised in the GRMF to ensure that risk management is an essential part of business. The responsibility for identifying, evaluating and managing risks lies with all Employees and business leaders and they operate within the Group-wide framework to manage risks within approved limits and guided by approved risk appetite statements. In pursuit of strategic objectives, it is imperative that there is a balance between risk and growth to ensure that the pursuit of opportunities and its associated risks are likely to have a level of reward that commensurate to the risk. A risk appetite framework is established to provide guidance on how to conduct business to achieve business objectives within the boundaries of the Group's risk appetite, business ethics and good governance. The risk appetite statements cover the areas of growth, debt/ funding from operations, reputation and brand image, robust risk and control environment, as well as the environment safety and health.</p> <p>The Group's Business Continuity Framework is aligned with ISO22301:2019 standard on business continuity management systems. It covers end to end guidance to assist with managing a crisis event with the main objectives as follows:</p> <ul style="list-style-type: none">• to safeguard life, property and environment;• to minimise the loss of assets, revenue and impact upon customers;• to continue to provide products and services during adverse conditions; and• to facilitate timely recovery of critical business functions. <p>The Group is committed to safeguard the interests of all stakeholders in times of disaster and/or emergency. This entails the implementation of business continuity processes to ensure that the Group is able to continue operations with minimal impact to stakeholders in the event of disruption.</p> <p>On a quarterly basis, formal risk reports are developed and presented to the Plantation Leadership Committee and Risk Management Committee (RMC). Any potential risks identified are escalated as appropriate, with mitigation actions put in place to manage such risks. Significant risks affecting the business as well as periodic external and emerging risk outlooks are presented to the RMC. Additionally, due to the evolving nature of risk events in the external environment in which the Group operates, a</p>
--	--

fortnightly key risks perspective newsletter on external and emerging risks is circulated to the Board and Management.

2. INTERNAL CONTROL FRAMEWORK

The following key control elements, comprising controls of financial, operational, environmental and compliance in nature are established to assist the Board in maintaining a sound system of internal controls in the Group:

- a. **Policy Instruments** – The Board Charter, Terms of Reference of respective Board Committees, Group Policies & Authorities (GPAs) and other policies, procedures and guidelines serve as a backbone in achieving best practices and streamlining internal processes.
- b. **Code of Business Conduct** - Guides Directors and Employees on the standards of behaviour expected of them and upholding the Core Values of Integrity, Respect & Responsibility, Enterprise and Excellence.
- c. **Business Planning and Reporting** - Entails the development of a Group Strategy Blueprint comprising strategies, action plans, roadmap and corresponding Group Budget.
- d. **Human Capital**
 - Performance Management - Apply balanced scorecard approach in setting Key Performance Indicators (KPI), which are mapped across four dimensions, i.e. financial, customer, operational and people development.
 - People Development – The talent identification for high potential and succession talent candidates emphasise on assessment criteria and talent governing structure steered by Enterprise Talent Council at Management level and Nomination & Remuneration Committee at the Board Committee level.
- e. **Compliance**
 - Internal Audit - Provide independent, objective and risk based assurance and consulting services designed to add value and improve the operations in the Group by assessing whether risk management, control and governance processes are designed and operate sustainably and effectively.
 - Control Self-Assessment - Accord line Management with full responsibility and accountability for effective risk management and controls implementation within their operations.
 - Fraud & Corruption Risk Management - Detect and respond to fraud and corruption incidents/risks by way of conducting special and investigative reviews at the request of the Governance & Audit Committee (GAC), Management and/or complaints formally received through the whistleblowing channel or based on red flags identified through other form of reviews.
 - Anti-Corruption - SDP had obtained the ISO 37001 Anti-Bribery Management System certification in October 2020 and its principles are encapsulated within the Anti-Corruption Compliance Framework.
 - Whistleblowing - Embody the Group's commitment to maintain an open and supportive working environment in which stakeholders are

	<p>able to report instances of wrongdoings on a confidential basis without fear of retaliation.</p> <p>f. Vendor Management - The Group's commitment to excellence extends beyond the organisation through close working relationship with Vendors to ensure that its values and principles are followed.</p> <p>g. Communication and Reporting - Policies and procedures on stakeholder engagement ensures that the Group proactively engages and effectively manages the dissemination of information to key stakeholders of the Group.</p> <p>h. Technology</p> <ul style="list-style-type: none"> • <u>Information Systems</u> - The Enterprise Resource Planning (ERP) system enables transactions to be captured, compiled, analysed, and reported in a timely and accurate manner. • <u>Digital Transformation</u> - SDP's Digital Blueprint charts the Group's cultural shift towards becoming futureproof and digital-ready in adopting Digital within its businesses to build resilience and to ensure the Group's long-term competitiveness. <p>i. Sustainability - The Group's Sustainability Principles, which are guided by the United Nations Sustainable Development Goals, seek to contribute to a better society, minimise environmental harm and deliver sustainable development.</p> <ul style="list-style-type: none"> • <u>Human Rights</u> - The Human Rights Charter provides clear guidelines on salient human rights issues within SDP's operations and outlines the approach, scope and various commitments. • <u>Responsible Agriculture</u> - The Responsible Agriculture Charter articulates the Group's commitments to no deforestation, no new development on peat, and no exploitation of the rights of indigenous peoples, workers and local communities. • <u>Supply Chain Sustainability</u> - Our Working with Our Suppliers to Draw the Line on Deforestation policy statement articulates the approach to engage with suppliers to meet No Deforestation, No Peat and No Exploitation (NDPE) standards. <p>Further details of the Group's risk management and internal control framework and practices are disclosed in the Statement on Risk Management and Internal Control featured in the Annual Report 2020 and available on SDP's website under Investor Relations section at https://www.simedarbyplantation.com.</p>
<p>Explanation :</p> <p>for</p> <p>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>	

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

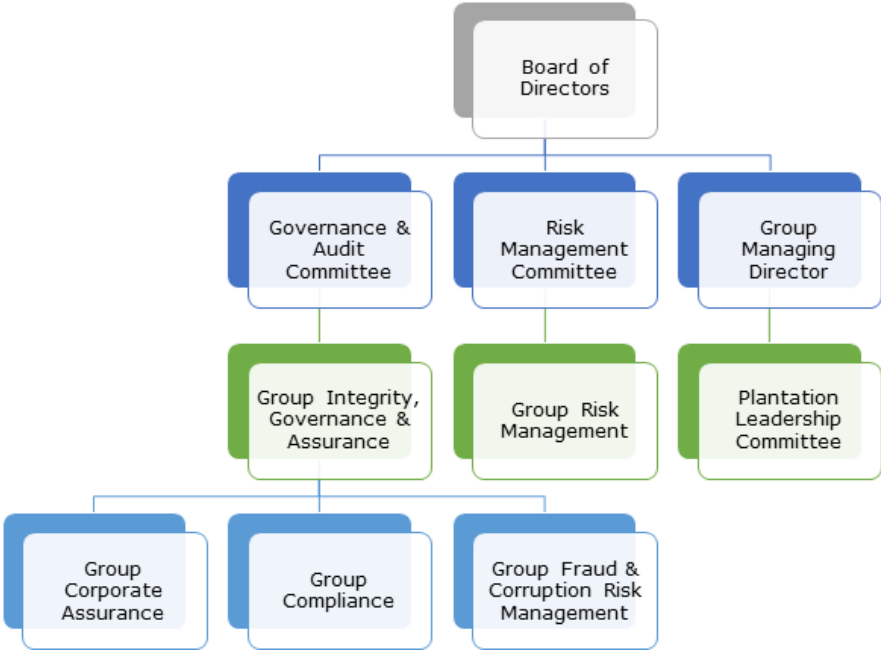
Intended Outcome

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.

<p>Application :</p>	<p>Applied</p>	
<p>Explanation : on application of the practice</p>	<p>The Group’s governance structure accords a dynamic balance of Board and Management, working within a corporate ecosystem of risk management and internal controls. This is to effectively steer the Group in meeting its long term objectives and deliver value to the Group’s stakeholders within the realm of accountability, transparency, integrity and ethics. The Group’s governance structure is appended below:</p>  <pre> graph TD Board[Board of Directors] --> GAC[Governance & Audit Committee] Board --> RMC[Risk Management Committee] Board --> GMD[Group Managing Director] GAC --> GIA[Group Integrity, Governance & Assurance] RMC --> GRM[Group Risk Management] GMD --> PLC[Plantation Leadership Committee] GIA --> GCA[Group Corporate Assurance] GIA --> GC[Group Compliance] GIA --> GFCRM[Group Fraud & Corruption Risk Management] </pre>	
	<p>Board of Directors</p>	<p>The Board recognises that business decisions involve taking appropriate risks and the Board’s understanding of risks and how risks are addressed have been fundamental in achieving the right balance of risks and controls in the Group. Delegation of these responsibilities to the Governance & Audit Committee (GAC) and the Risk Management Committee (RMC), ensures independent oversight over risk and internal control matters in the Group.</p>

	<p>Governance & Audit Committee</p>	<p>The GAC supports the Board in fulfilling its statutory and fiduciary responsibilities by overseeing the Group’s internal control framework in ensuring operational effectiveness and adequate protection of the Group’s assets from misappropriation. The GAC covers a broad scope of duties that include oversight over financial reporting, governance and controls. The GAC is assisted by Group Integrity, Governance & Assurance (GIGA), which comprises three distinct functions of Group Corporate Assurance (GCA), Group Compliance (GCO) and Group Fraud & Corruption Risk Management (GFCRM).</p>		
	<p>Risk Management Committee</p>	<p>The RMC assists the Board in providing the framework and guidance in which the business units can operate, identify, and report on Group-wide risks. The RMC has a broad mandate to ensure effective implementation of the objectives outlined in the Group Risk Management Framework and compliance with them throughout the Group. The RMC is also responsible for periodically reporting higher risk exposures and on the progress and assessment of risk management in the Group to the Board. Where appropriate, the RMC also leveraged on the work of other Board Committees such as the GAC, Sustainability Committee and Nomination & Remuneration Committee to assist with ensuring robust oversight of these particular risk exposures. The RMC is assisted by the Group Risk Management (GRM) function.</p>		
	<p>Group Managing Director (GMD)</p>	<p>The Board delegates to the GMD the responsibility for ensuring effective implementation and maintenance of the Group Risk Management Framework and that all personnel adhere to its mandates. The Plantation Leadership Committee (PLC) supports the GMD in ensuring that appropriate controls are in place and working effectively in managing risks and governance within the Board mandated risk appetite, as part of their responsibility in evaluating and making key strategic and operational decisions in the pursuit of the Group’s objectives.</p>		
	<p>GCA, GCO, GFCRM and GRM have an established working relationships to minimise overlaps or duplication of functions and responsibilities, as there are apparent areas of commonality.</p> <p>Further details of the Group’s risk management and internal control framework, the adequacy as well as the effectiveness of the framework are disclosed in the Statement on Risk Management and Internal Control featured in the Annual Report 2020 and available on SDP’s website under Investor Relations section at https://www.simedarbyplantation.com. A summary of the key activities of the GAC and RMC are also provided in their respective reports in the Annual Report 2020.</p>			
:				

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

Intended Outcome

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 Board has established a Risk Management Committee (RMC) which comprises the following members, of which a majority are Independent Directors:</p> <table border="1" data-bbox="454 884 1385 1249"> <thead> <tr> <th>Name</th> <th>Designation</th> <th>Directorship</th> </tr> </thead> <tbody> <tr> <td>Zainal Abidin Jamal</td> <td>Chairman</td> <td>Non-Independent Non-Executive Director</td> </tr> <tr> <td>Datuk Zaiton Mohd Hassan</td> <td>Member</td> <td>Senior Independent Non-Executive Director</td> </tr> <tr> <td>Tan Ting Min</td> <td>Member</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Lou Leong Kok</td> <td>Member</td> <td>Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The main functions and duties of the RMC, among others, include the following:</p> <ol style="list-style-type: none"> Provide oversight, direction and counsel to the Group's risk management process; Establish and periodically review the Group risk management guidelines and policies and ensure implementation of the objectives outlined in the policies and compliance with them; Recommend for the Board's approval the Group's risk management framework, policies, strategies, key risk indicators and risk tolerance levels, and any proposed changes thereto; Evaluate the effectiveness of the Group's risk management structure, risk management processes and support system to identify, assess, monitor and manage the Group's key risks; Review all major investment and project business cases in accordance with established thresholds in the approved Group Limits of Authority; and Review the statement on risk management and internal control in the Group's Annual Report to ensure that relevant information as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is disclosed. Disclosure in the annual report should include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability were evaluated and the controls in place for the Group to mitigate and manage those risks. 	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>Further details on the functions and duties of the RMC are defined in its Terms of Reference, which is accessible in the Governance section on SDP's website at https://www.simedarbyplantation.com.</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>In relation to the oversight of controls environment, the Governance & Audit Committee (GAC) is assisted by Group Corporate Assurance (GCA) that serves as the Group's in-house internal audit function. GCA is a unit under Group Integrity, Governance & Assurance (GIGA) and headed by the Chief Integrity & Assurance Officer (CIAO) who also oversees the Group's integrity and governance functions.</p> <p>The following activities are performed by the GAC in relation to internal audit:</p> <ol style="list-style-type: none"> a) Oversee the internal controls framework to ensure operational effectiveness and adequate protection of SDP's and the Group's assets from misappropriation; b) Approve the Corporate Assurance Charter, setting forth the purpose, responsibilities and the necessary authority to carry out the work; c) Review, challenge and approve the GCA audit plan and budget, risk assessment and audit methodology, and ensure robustness in the audit planning process; d) Review the adequacy of the internal audit scope, audit programmes, functions, competency, experience and resources, and ensure the function is able to undertake their activities independently and objectively, and that they have the necessary authority to carry out their work; and e) Review the internal audit reports, discuss major findings and Management's response, and ensure appropriate action is taken on the recommendations. <p>In ensuring the effectiveness of its activities, the following methodologies are deployed by GCA:</p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Risk Assessment</th> </tr> </thead> <tbody> <tr> <td> <p>GCA employs a risk-based approach in determining the audit priorities. This methodology enables GCA to rank auditable areas to optimise and prioritise the allocation of limited resources which considers:-</p> <ol style="list-style-type: none"> 1) The size of operations; 2) Business performance; 3) External factors (changes to laws and regulations, political, foreign exchange); 4) Control environment (complexity of operations, staff / organisational changes, organisational structure, etc.); and 5) Results of previous reviews. </td> </tr> </tbody> </table>	Risk Assessment	<p>GCA employs a risk-based approach in determining the audit priorities. This methodology enables GCA to rank auditable areas to optimise and prioritise the allocation of limited resources which considers:-</p> <ol style="list-style-type: none"> 1) The size of operations; 2) Business performance; 3) External factors (changes to laws and regulations, political, foreign exchange); 4) Control environment (complexity of operations, staff / organisational changes, organisational structure, etc.); and 5) Results of previous reviews.
Risk Assessment			
<p>GCA employs a risk-based approach in determining the audit priorities. This methodology enables GCA to rank auditable areas to optimise and prioritise the allocation of limited resources which considers:-</p> <ol style="list-style-type: none"> 1) The size of operations; 2) Business performance; 3) External factors (changes to laws and regulations, political, foreign exchange); 4) Control environment (complexity of operations, staff / organisational changes, organisational structure, etc.); and 5) Results of previous reviews. 			

	<p>In deriving the risk outcomes, strategic or enterprise risks are also being assessed in ensuring all aspects of risk are duly considered. GCA also engages in quarterly catch up sessions with Group Risk Management and Group Compliance to discuss key risk events affecting the Group and the responses. The audit plan remains a dynamic document and responds to the changes in the risk profile of the Group.</p> <p>In financial year ended 31 December 2020, GCA had further enhanced its risk assessment methodology via a 'Risk Assessment Model', which leverages on source data residing in the SAP system which in turn provides a more agile response to the changes in risk.</p>
	<p>Audit Plan and Coverage</p> <p>GCA's audit plan and coverage are selected and prioritised by employing a structured risk-based methodology, which considers the various risk factors, i.e. strategic, financial, operational and compliance risks. Reviews at minimum comprise compliance & control as well as business advisory reviews which include a consideration of the current design and implementation of the systems of internal controls at the Group in mitigating those risks. GCA would also review operations and management plans or programmes to ascertain the extent to which results are consistent with established goals and objectives, and to determine whether operations and the plans or programmes are being implemented or performed as intended. This includes ascertaining the extent to which operating and programme goals and objectives have been established and conforming to those of the organisation. GCA would then make appropriate recommendations for improving the governance process in accomplishment of all objectives, values and ethics of the auditable unit. A root-cause analysis is performed in ascertaining that audit recommendations address the key concerns and recurring findings are minimised.</p>
	<p>Communicating Audit Results</p> <p>Upon concluding a review, an exit meeting is conducted to present the observations to the auditee to obtain their commitment in resolving the issues and mitigating the identified risk via practicable action plans.</p> <p>Each issue is categorised as either critical, major, moderate or minor and an overall audit opinion rating would conclude on the state of internal control for the scope being reviewed. GCA refers to a structured audit opinion risk matrix to guide the assessment outcome and determine the rating to be accorded. Engagement results are thereafter communicated as follows:</p> <ol style="list-style-type: none"> a) Each audit report is issued to the Head of the Business Unit. The immediate Heads, Chief Financial Officer and Head of Group Finance are also copied in the report circulation; b) On a monthly basis, key audit issues, action plans for the month and the status of implementation of the agreed action plans are presented to the Plantation Leadership Committee; and c) On a quarterly basis, reports are presented to the relevant Governance & Audit Committees (SDP and key subsidiaries) in highlighting on the key audit observations, actions plans for the quarter and status of the implementation of the agreed action plans.

Monitoring Progress

Follow up on outstanding issues are done on a quarterly basis on all action plans corresponding to the audit recommendations. GCA validates the evidence prior to accepting closure of the action plans. With the implementation of the audit automation software 'Teammate+', the follow up function has been automated with the auditees being notified to update their status and progress of the agreed internal controls.

In maintaining the independence and objectivity of the GCA function:

- a) The CIAO directly and functionally reports to the GAC and administratively to the Group Managing Director (GMD).
- b) GCA has unrestricted access to all functions, records, documents, properties, personnel, policies and procedures at all levels throughout the Group.
- c) GCA ensures that its internal auditors are free from any relationship or conflict of interest when performing their duties. GCA staff:
 - 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;
 - Do not accept anything that may impair or be presumed to impair their professional judgment; and
 - Disclose all material facts known to them which, if not disclosed, may distort the reporting of activities under review.
- d) Any GCA report, audit plans and other publications are not subject to the clearance of any management and staff external to GCA. The performance review of GCA and its members are also not subject to assessment by any management and staff within the Group external to the department, whether directly or indirectly.
- e) The GAC is responsible for the annual assessment of GCA's performance, as well as approves the GCA Plan (including its manpower and financial budget) annually with periodic reviews to ensure clarity in business alignment, risk assessment and audit methodology and ensure robustness in the audit planning process.
- f) The GAC also approves the appointment or termination of the CIAO and senior members of the GCA function.
- g) The CIAO reports the results of the audit activities to the GAC periodically (on a quarterly basis) for noting and takes directly to the Chairman of the GAC, matters which she believes to be of sufficient magnitude and importance that require the immediate attention of the GAC.
- h) Potential breaches of the Group's Code of Business Conduct, fraudulent activities, significant internal control deficiencies, questionable accounting transactions, and the actions taken on the recommendations of GCA are reported to the GAC as soon as these are identified. The GAC has the power to make and request for independent assessments, reviews and audits when it deems appropriate, and could engage external auditors and/or experts to assist it in the process.

	<p>A Quality Assurance & Improvement Programme is implemented to assess the quality of the internal audit process adopted. It is an ongoing and periodic assessment that covers key activities within GCA's activities. The programme focusses on the efficiency and effectiveness of audit processes and appropriate recommendations and opportunities for improvement identified through an external assessment. An internal assessment is carried out in the form of half-yearly internal team validations and peer reviews, while external quality assessment review conducted by a qualified independent assessor is undertaken once in every three years. The first external quality assessment review is planned to be conducted in Quarter 3, 2021.</p> <p>In accordance with the GAC's Terms of Reference, the GAC had in January and February 2021 respectively, conducted an annual assessment of the performance of the GCA function and the CIAO by reviewing the financial year ended 31 December 2020 scorecard results. The GAC was satisfied with the competency, experience and resources of the GCA function in performing its activities independently and objectively. In April 2021, the GAC had also performed an assessment of GCA's purpose, authority and responsibility, as defined in the GCA Charter, in ensuring that these continue to be adequate to enable GCA to accomplish its objectives</p> <p>Further details on the functions and duties of the GAC relating to governance, risk management and internal control are clearly defined in its Terms of Reference, which is accessible in the Governance section on SDP's website at https://www.simedarbyplantation.com.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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 activities performed by the Group Corporate Assurance (GCA) function, being the Group’s internal audit arm is provided in the Governance & Audit Committee (GAC) Report, which is featured in the Annual Report 2020 and available on SDP’s website under Investor Relations section at https://www.simedarbyplantation.com.</p> <p>a) <u>Objectivity and Independence of GCA Staff</u> GCA staff have no direct operational responsibility or authority over any of the activities audited. Accordingly, they do not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgement.</p> <p>GCA staff exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. They make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or others in forming judgements.</p> <p>All GCA staff had in June 2020, confirmed via the annual declaration that they are free from any relationships or conflicts of interest, which could impair their independence in carrying out their duties for the Group. They also abide by the Code of Ethics of the Institute of Internal Auditors (IIA) in upholding the principles of Integrity, Objectivity, Confidentiality and Competency in the conduct of their work.</p> <p>b) <u>GCA Resources</u> As of 31 December 2020, GCA has a staff strength of 55 individuals from various backgrounds and skills. 93% of GCA staff have minimum tertiary qualifications and/or professional certifications including Certified Internal Auditor, Certification in Control Self-Assessment, Certified Information System Auditor, the Association of Chartered Certified Accountants and Certified Practising Accountant (Australia).</p>

	<p>The allocation of resource depends on nature of the audits to be matched against the audit resources in terms of competency - knowledge and experience.</p> <p>c) <u>Chief Integrity & Assurance Officer</u> The Chief Integrity & Assurance Office (CIAO) leads the Group Integrity, Governance & Assurance (GIGA) which comprises GCA and Group Integrity & Governance (GIG). GIGA is an independent function, reporting directly and functionally to the GAC and administratively to the Group Managing Director (GMD).</p> <p>Suhailah Mohamed Abdulla was appointed as the Acting CIAO effective 1 March 2021. Suhailah is a Certified Fraud Examiner, a Certified Internal Auditor by the Global Institute of Internal Auditors, and holds a Certification in Control Self-Assessment conferred by the same Institute. She is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and a Chartered Member of the Institute of Internal Auditors and has completed the Certified Integrity Officer (CeIO) programme by the Malaysian Anti-Corruption Commission. Suhailah has more than 25 years of experience in audit, governance, risk and compliance within a wide array of industries.</p> <p><u>Note:</u> <i>The previous CIAO, Nik Maziah Nik Mustapha, had been appointed as the Head, Transformation for New Britain Palm Oil Ltd. (NBPOL) in Papua New Guinea effective 1 March 2021 to leverage on her knowledge of governance and operations. She has gained about 23 years of working experience, primarily within the ambit of Governance, Risk and Compliance (GRC) function, in a wide range of industries including banking, airline, property and plantation.</i></p> <p>d) <u>Recognised Framework</u> GCA subscribes to the International Professional Practices Framework (IPPF), which is a recognised international standard issued by the Global Institute of Internal Auditors (IIA) Incorporated. GCA is also a Corporate Member of the IIA Malaysia. To demonstrate conformance to the IPPF, GCA conducts regular internal assessment to monitor conformance against the standard. An external assessment is scheduled to be conducted in Q3, 2021 to satisfy the IPPF standard requirement to have an external assessment requirement at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.</p> <p>GCA activities are also guided by the internally established Corporate Assurance Charter, that outlines the purpose, authority and responsibility of GCA and an Audit Manual, which incorporates the core principles and attributes present in the IPPF. The Charter and Audit Manual are communicated to GCA staff for implementation across all GCA regions involving Malaysia, Indonesia and Papua New Guinea. With the implementation of 'Teammate+' as the audit management software across all regions, the standardisation, compliance to the auditing standards and quality of work performed across all regions are further enhanced.</p>
--	---

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

Intended Outcome

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

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

Practice 11.1

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

Application :	Applied
Explanation on application of the practice :	<p>The Board believes in effective, transparent and regular communication with its stakeholders to build trust and facilitate mutual understanding of each other's objectives and expectations.</p> <p>The Board is also committed to ensuring all communications to the investing public regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, filed with regulators in accordance with applicable legal and regulatory requirements.</p> <p>The Policy on Stakeholder Management has been established with the objective to proactively engage and effectively manage the dissemination of information to key stakeholders of the Group. The Policy covers the Group's engagement with key internal and external stakeholders, including but not limited to investor relations activities.</p> <p><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>The IR unit is also responsible for enquiries and requests from institutional stakeholders and will coordinate responses from the relevant department(s) and/or business unit(s) in responding to such enquiries and requests. Any form of engagement with institutional stakeholders is coordinated by the IR unit in consultation with all relevant business units and/or departments.</p>

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

Enquiries

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

IR shall be responsible for enquiries and requests from institutional stakeholders and will coordinate responses from the relevant departments and/or business units in responding to such enquiries and requests. Any form of engagement with institutional stakeholders shall be coordinated by IR in consultation with all relevant departments and/or business units.

Authorised Spokesperson

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

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

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

Financial Result

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

Website

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

	<p>website is a key communication channel for the Company to reach its shareholders, the investment community, and the general public.</p> <p>The Notice of the Annual General Meeting (AGM), Proxy Form, Annual Report, Circular to Shareholders, Corporate Governance Report, administrative details for the AGM and Annual Report Request Form are available on the Company's website.</p> <p><u>Annual Report and Annual General Meetings</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 engages with shareholders during the Company's AGM. The AGM offers an opportunity to shareholders to raise their questions pertaining to the Group's performance directly to the Board and Senior Management.</p> <p>Announcements made to Bursa Malaysia Securities Berhad, Quarterly Analyst Presentation and the above information are available on SDP's website under Investor Relations section at https://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

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 Group strives to be open and transparent so that investors and stakeholders can make an informed assessment of the year under review. The integrated annual report is SDP's primary communication to investors as well as stakeholders and represents a comprehensive account of financial and non-financial performance.</p> <p>This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option and the International <IR> Framework.</p> <p>All financial statements have been prepared according to the requirements of the Malaysian Companies Act 2016 and the Malaysian Financial Reporting Standards (MFRS) and audited by the external auditors, PricewaterhouseCoopers PLT.</p> <p>The integrated Annual Report 2020 is accessible on SDP's website under Investor Relations section at https://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

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>The Notice of the Company's Annual General Meeting (AGM) scheduled to be held in June 2021 will be announced on 30 April 2021, with a notice period of at least 28 days prior to the AGM. This is to ensure that the shareholders are given sufficient time to consider the resolutions and make necessary arrangements to participate either in person or through company representative, proxy or attorney. The Group allows a shareholder to appoint a proxy who need not be a member of the Company.</p> <p>The Notice of AGM is posted on the Company's website to ensure wider dissemination. Administrative details are also issued to the shareholders along with the Notice of the AGM and specify related information on registration, location, logistics, voting procedures, etc.</p> <p>Shareholders have the right to request for a copy of the Group's Annual Report through the designated channels.</p> <p>The previous AGM was conducted on 11 June 2020 and the Notice of AGM was issued to the shareholders on 12 May 2020.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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>The Company's Annual General Meeting (AGM) conducted on 11 June 2020 was held fully virtual and live-streamed from the broadcast venue at the Auditorium, Plantation Tower, No. 2, Jalan PJU 1A/7 Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia (Broadcast Venue) due to risks of COVID-19.</p> <p>The Administrative Details set out the procedures for shareholders to register, participate and vote remotely and shareholders were able to participate at the AGM via audio and/or video capabilities.</p> <p>Thirteen (13) essential individuals were physically present at the broadcast venue, including the Chairman. The essential individuals comprise, among others, the Group Managing Director, three (3) Independent Non-Executive Directors, the Chief Financial Officer and Group Secretary. Other members of the Board and Senior Management attended via video-conference.</p> <p>The Minutes of the AGM available on the Company's website set out the attendance of the Directors and senior management of the Company.</p> <p>All Board members, including the Chairmen of the Board and Board Committees (Governance & Audit Committee, Nomination & Remuneration Committee, Risk Management Committee, Sustainability Committee and Board Tender Committee) were present at the AGM 2020 to respond to questions by shareholders.</p> <p>The forthcoming AGM, to be held on 17 June 2021, will have a similar arrangement as the AGM in 2020. All Directors and the Chairs of the Board Committees will be invited to attend the Company's AGM either in-person at the Broadcast Venue or virtually to answer questions raised by shareholders.</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

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

Practice 12.3

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

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

Application	: Applied
Explanation on application of the practice	<p>The Company's Constitution allows the Company to convene a meeting of Members at more than one venue using any technology or method that enables the Members of the Company to participate and to exercise the Members' right to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue.</p> <p>The Annual General Meeting (AGM) in 2020 was conducted fully virtual and live-streamed from the Auditorium, Plantation Tower, No. 2 Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia (Broadcast Venue). The attendance of the AGM was restricted to shareholders, proxyholders and authorised representatives of corporate shareholders who had registered to join the meeting remotely. The Company had taken all efforts to ensure that the live streaming was smooth.</p> <p>Voting at the AGM in 2020 was conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad by way of electronic voting (e-voting) via the Remote Participation and Voting (RPV) facilities provided by the share registrar.</p> <p>The online remote voting via the RPV had commenced from the start of the AGM until the voting session was closed. Questions to the Board were submitted in advance through the Tricor Online System (TIH Online) and was also posed to the Board through the real time submission of typed texts during the proceeding of the AGM.</p> <p>The forthcoming AGM will have a similar arrangement as the AGM in 2020.</p>
Explanation for departure	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	

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

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

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

Click here to enter text.