

# Corporate Governance Overview Statement

This Corporate Governance Overview Statement sets out the principal features of Boustead Plantations Berhad (BPB or the Company) and its subsidiaries' (collectively referred to as the Group) corporate governance approach, summary of corporate governance practices during the financial year as well as key focus areas and future priorities in relation to corporate governance. The Corporate Governance Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and guidance was drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd edition) issued by Bursa Malaysia Securities Berhad (Bursa Malaysia).

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report, based on a prescribed format as enumerated in Paragraph 15.25(2) of the MMLR so as to provide a detailed articulation on the application of the Group's corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (MCCG). The Corporate Governance Report is available on the Group's website, <http://www.bousteadplantations.com.my> as well as via an announcement on the website of Bursa Malaysia.

This Corporate Governance Overview Statement should also be read in tandem with the other statements in the Annual Report namely Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Report.

## CORPORATE GOVERNANCE APPROACH

The Board of Directors (Board) of BPB is committed towards reinforcing its market position in the plantation industry, whilst remaining true to the Group's well-established corporate governance philosophies which are ingrained in the Group's core values, namely, **Respect, Integrity, Teamwork** and **Excellence**. The Board believes that a robust and dynamic corporate governance framework is essential to form the bedrock of responsible and responsive decision making in the Group.

The Group's overall approach to corporate governance is to:

- promote heightened accountability at the leadership level (Board and Senior Management);
- adopt the substance behind corporate governance enumerations and not merely in form;
- conduct a thorough debate and rigorous enquiry process before establishing corporate governance systems, policies and procedures;
- identify opportunities to drive the synergistic implementation of corporate governance systems, policies and procedures for improved strategic and operational decision making; and
- find a fine balance in meeting the expectations of the different groups of stakeholders of the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Given that the Board forms the pivot of good corporate governance, the Board steers efforts to promote meaningful and thoughtful application of good corporate governance practices. The Group regularly reviews its corporate governance arrangements and practices to ascertain if they reflect prevailing norms, market dynamics, emerging trends, developments in the regulatory tapestry and evolving stakeholder expectations. Such efforts turned out to be quintessential in the year 2017 given that regulatory authorities introduced a slew of reform measures including the operationalisation of Companies Act 2016, incarnation of the new MCCG by Securities Commission Malaysia and amendments to MMLR.

Against the backdrop of the aforementioned regulatory developments, the Group undertook a recalibration of its corporate governance framework and meted out measures to adhere to these enumerations in substance. Premised on the notion that improving corporate governance is aspirational in nature and ultimate in abstraction, the Group will continue to enhance its daily business activities to ensure that they are guided by the hallmarks of accountability, objectivity and transparency.

### SUMMARY OF CORPORATE GOVERNANCE PRACTICES

In manifesting the Group's commitment towards sound corporate governance, the Group has benchmarked its practices against the relevant promulgations as well as other best practices.

BPB has applied all the Practices encapsulated in MCCG for the financial year ended 31 December 2017 except:

- Practice 4.1 (Board to comprise a majority of Independent Directors);
- Practice 4.5 (Board to comprise 30% women Directors);

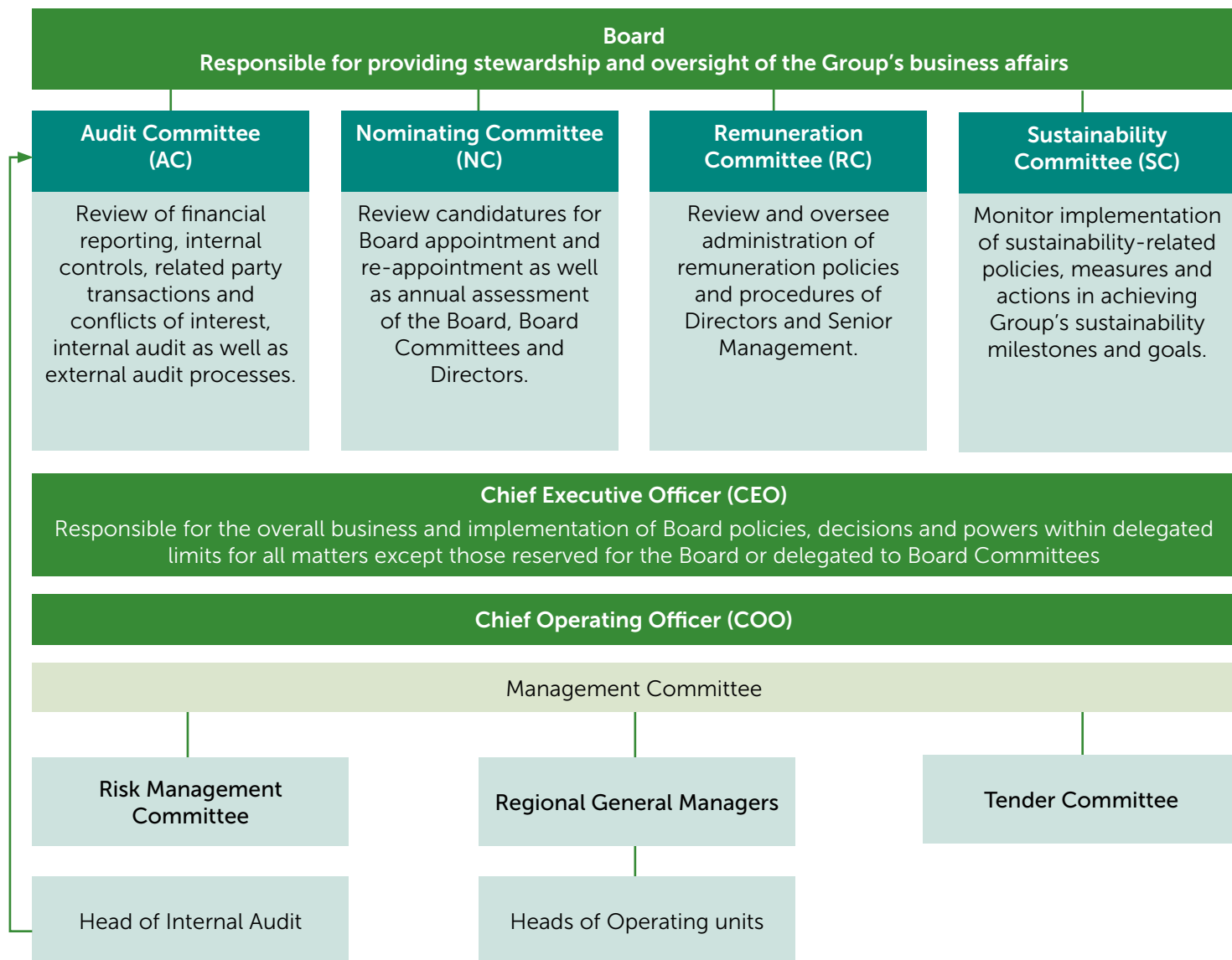
- Practice 6.1 (Remuneration Policy for Directors and Senior Management);
- Practice 7.2 (Disclosure of the top five Senior Management personnel's remuneration on a named basis in bands of RM50,000); and
- Practice 11.2 (Adoption of integrated reporting).

In line with the latitude accorded in the application mechanism of MCCG, the Company has provided forthcoming and appreciable explanations for the departures from the said practices. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of MCCG are available in the Corporate Governance Report.

A summary of the Group's corporate governance practices with reference to the MCCG is described below.

## BOARD'S ROLES AND RESPONSIBILITIES

The Board is responsible for the corporate governance practices of the Group. Being at the helm of the Group, the Board governs the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.



As depicted in the above illustration, Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas. It should however be noted that at all times, the Board retains collective oversight over the Board Committees. These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good corporate governance.

The Board has formalised a Board Charter which sets out the ethos of the Group, structure and authority of the Board. The Board Charter is the primary document that elucidates on the governance of the Board, Board Committees and individual Directors. The Board Charter was recently reviewed on 27 February 2018 and is made available on the Group's website, <http://www.bousteadplantations.com.my>.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Directors allocate sufficient time to discharge their responsibilities effectively and attend Board and Board Committee meetings with sufficient regularity to deliberate on matters under their purview. Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, significant acquisitions and disposals, financial results as well as key performance indicators. The attendance of individual Directors at Board and Board Committees meetings during the financial year 2017 is outlined below:

Director	Board	AC	NC	RC	SC
<b>Non-Independent Non-Executive Directors</b>					
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	4/4		1/1	1/1	
Tan Sri Dato' Seri Lodin Wok Kamaruddin	4/4			1/1	
Datuk Zakaria Sharif	4/4	4/4			3/3
<b>Independent Non-Executive Directors</b>					
Dato' Mohzani Abdul Wahab	4/4	4/4	1/1		3/3
Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P.	4/4		1/1		
Dr. Raja Abdul Malek Raja Jallaludin	4/4	4/4		1/1	3/3

 Board/Board Committee Chairman

 Member

There is clear delineation of roles of the Board and Management. The CEO is the conduit between the Board and the Management in driving the success of the Group's governance and management function. The CEO manages and implements the Board's policies and decisions through the Group Management Committee.

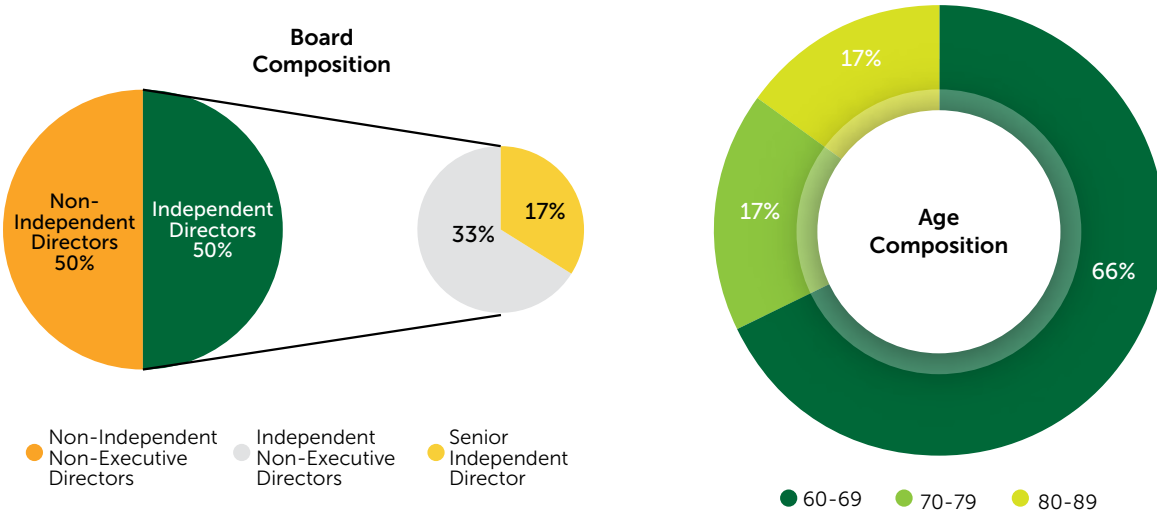
In performing their duties, all Directors have access to advice and services of a suitably qualified Company Secretary. The Company Secretary acts as a corporate governance counsel and ensures good information flow within Board, Board Committees and Senior Management. The Company Secretary attends all meetings of the Board and Board Committees and advises the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Companies Act

2016, Capital Markets and Services Act 2007 (Amendment 2012) and MMLR. Management provides Directors with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions.

As Integrity is a core value of the Group, the Board is cognisant of its responsibility to set the ethical tone for the Group. A Code of Ethics and Conduct and Whistleblowing Policy have been put in place to foster an ethical culture and allow legitimate ethical concerns to be escalated in confidence without risk of reprisal. The Code of Ethics and Conduct and Whistleblowing Policy are reviewed periodically by the Board. The Code of Ethics and Conduct is published on the Group's website, <http://www.bousteadplantations.com.my>.

## BOARD COMPOSITION

The Board of the Company comprises six members, three of which are Independent Non-Executive Directors. The composition of the Independent Directors on the Board is in excess of the MMLR one third. The Board strives to ensure that it has an appropriate mix of skills, qualifications and experience to discharge its role and responsibilities effectively based on the Group's nature of business. The Board, from time to time undertakes a review of its composition to determine areas of strengths and improvement opportunities.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Appointments to the Board are made via a formal, rigorous and transparent process, premised on meritocracy and taking into account objective criteria such as qualification, skills, experience, professionalism, integrity and diversity needed on the Board in the context of the Group's strategic direction. In the case of Independent Directors, the NC assesses the candidate's ability to bring the element of detached impartiality and objective judgement to boardroom deliberations.

The Board, with the assistance of the NC, regularly assesses the skills, experience, independence and diversity required collectively for the Board to effectively fulfill its role. The Board was satisfied that there was mutual respect among Directors which contributed to a democratic environment so as to constructively deliberate and undertake a robust decision-making process.

The Board reviews its performance, and that of Board Committees and individual Directors on annual basis based on a set of predetermined criteria in a process that is facilitated by the NC. For the year under review, the NC's key activity was to assess the overall Board and Board Committees' performance and effectiveness as a whole. The NC was satisfied that the Board and Board Committees' composition had fulfilled the criteria required, possess a right blend of knowledge, experience and mix of skills. In addition, the NC also recommended for the Board to endorse the re-election of the relevant Directors at the forthcoming Annual General Meeting (AGM).

Remuneration details of the Directors for the financial year ended 31 December 2017 for BPB and the Group are as follows:-

Directors	Fees		Meeting Allowance RM'000
	Company RM'000	Group RM'000	
<b>Non-Executive Directors</b>			
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	118	126	9
Tan Sri Dato' Seri Lodin Wok Kamaruddin	93	93	5
Dato' Mohzani Abdul Wahab	128	128	15
Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P.	93	93	5
Dr. Raja Abdul Malek Raja Jallaludin	113	113	14
Datuk Zakaria Sharif	108	108	11
<b>Total</b>	<b>653</b>	<b>661</b>	<b>59</b>

In reviewing the independence of Independent Directors, the NC and Board adopt a qualitative approach in assessing if Independent Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour. The Board is cognisant of the rebuttable presumption that extended tenure leads to entrenchment and as such, the Board remains watchful for such indicators of entrenchment amongst long serving Independent Directors.

### REMUNERATION

BPB aims to set remuneration at levels which are sufficient to attract and retain high calibre Directors and Senior Management needed to run the business successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.

As for oversight on remuneration matters, the Board has established a specialised Committee, namely RC which comprises a majority of Non-Executive Directors. The RC implements policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and Senior Management.

A review on the quantum and composition of Non-Executive Directors' remuneration is undertaken once every four years.

## AUDIT COMMITTEE

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations. The AC also undertakes to provide oversight on the risk management framework of the Group.

The AC is chaired by an Independent Director who is distinct from the Chairman of the Board. All members of the AC are financially literate. One of the AC members is a member of the Malaysian Institute of Accountants. The AC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The role of the AC and the number of meetings held during the financial year as well as the attendance record of each member are set out in the AC Report in the Annual Report.

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is cognisant that a robust risk management and internal control framework helps the Group to achieve its value-creation targets by providing risk information to enable better formulation of the Group's strategies and decision making. The Group has established policies and framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy. The Group, through the Risk Management Committee (a Management-level Committee), maintains detailed risk registers which are reviewed and updated on quarterly basis. Key focus areas of risks are reported and deliberated at the AC meetings.

The internal audit function is carried out by the in-house Group Internal Audit (GIA) of Boustead Holdings Berhad (the immediate Holding Company of BPB). The GIA function reports directly to the AC, and is independent of the activities it audits. GIA's authority, scope and responsibilities are governed by an Internal Audit Charter, approved by the AC.

Further information on the Group's risk management and internal control framework is available in the Statement of Risk Management and Internal Control in the Annual Report.

## COMMUNICATION WITH STAKEHOLDERS

The Group is fully committed to maintain a high standard for the dissemination of relevant and material information on the development of the Group. The Group also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders and stakeholders. Key shareholder and stakeholder communication modes include Annual Report, quarterly results analyst briefings, announcement to Bursa Malaysia, Sustainability Report, corporate website and investor relation activities.

The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication.

Contact for enquiries regarding investor relation matters of the Group: [corporate.office@bousteadplantations.com.my](mailto:corporate.office@bousteadplantations.com.my)

### CONDUCT OF GENERAL MEETINGS

The Group is of the view that General Meetings are important platforms to engage with its shareholders as well as to address their concerns. During the immediate preceding three years, all Directors were present at the AGMs to answer questions raised by shareholders. The Chairman, Vice Chairman, CEO and Chairmen of Board Committees will provide written answers to any significant question that cannot be readily answered. The Group encourage shareholders to attend and participate in the AGM by providing adequate advance notice and holding the AGM at a readily accessible location. The location of the AGM is customarily nestled in Klang Valley, which is generally reflective of the shareholders' geographical dispersion.

### FOCUS AREAS ON CORPORATE GOVERNANCE

Corporate governance was clearly imperative for the Group in the year 2017 against the backdrop of regulatory changes in the domestic corporate governance realm and a relatively challenging economic environment that is characterised by volatile market conditions and commodity prices.

Against the aforementioned setting, during the year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders.

Corporate governance areas which gained heightened attention from the Board during the financial year ended 31 December 2017 are as follows:

#### Independence of the Board

It is recognised that having objectivity in the boardroom extends beyond quantitative measures such as number of independent directors and their respective tenures. In order to harness the collective wisdom from greater participation of Independent Directors, Independent Directors have access to key gatekeepers of the Group such as external and internal auditors to discuss or share concerns about the Group and exchange views on potential improvements in governance.

## NOTICE OF AGM

Date: 12 April 2018

Venue: Royale Chulan Damansara, Petaling Jaya

- 28 days' notice
- Ample parking space
- Walking distance from Mutiara Damansara Mass Rapid Transit (MRT) station

### Review of Board Charter and Board Committees' Terms of Reference

The Board undertook to review and update its Board Charter alongside the Terms of Reference for each of the Board Committees. Changes were made to reflect the revised regulatory expectations as well as the expectations of stakeholders for Directors to exercise greater vigilance and scepticism in understanding and shaping the direction of the Group. These authoritative documents serve to guide the governance and conduct of the Board and Board Committees.

### Professional Development of Directors

During the year under review, Directors were accorded with a host of opportunities to develop and maintain their skills and knowledge. Directors attended various training programmes to keep themselves abreast of changes in legislative promulgations and industry practices. The Board, through the NC was satisfied with the type of programmes attended by each Director during the year to enhance their knowledge and performance.



The list of training programmes that were attended by the Board members are outlined below:

Name	Programme title and Organiser	Date(s)
<b>Non-Independent Non-Executive Directors</b>		
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	<ul style="list-style-type: none"> <li>• Transparency in Corporate Reporting – Assessing Malaysia's Top 100 Public Listed Companies (Malaysian Institute of Corporate Governance (MICG))</li> <li>• Half Day Talk on Code of Corporate Governance 2016 and the Companies Act 2016 (Affin Holdings Berhad (AHB))</li> <li>• Half-Day Talk on the Implications of MFRS 9 on Business Strategy and Cybersecurity Risk Implications (AHB)</li> <li>• Leaders Roundtable Meeting (30% Club Malaysia Chapter)</li> </ul>	<p>8 August 2017</p> <p>14 September 2017</p> <p>28 November 2017</p> <p>8 December 2017</p>
Tan Sri Dato' Seri Lodin Wok Kamaruddin	<ul style="list-style-type: none"> <li>• Seminar Pelabur Global 2017 (Vega Hermosa International Sdn Bhd)</li> <li>• Breakfast Talk with Asian Corporate Governance Association: Corporate Governance Watch 2016 – Ecosystems Matter (ICLIF-MINDA)</li> <li>• Performance Management System for Estates &amp; Mills Management (Boustead Estates Agency Sdn Bhd)</li> <li>• FIDE Forum 1st Distinguished Board Leadership Series – “Efficient Inefficiency: Making Boards Effective in a Changing World” (FIDE Forum)</li> <li>• FIDE Forum Invitation – 2nd Distinguished Board Leadership Series “Risk and Reward: What Must Board Know About A Sustainable Financial Institution Remuneration System for Senior Management and Material Risk Takers” (FIDE Forum)</li> <li>• Presentation on Companies Act 2016 by Messrs. Azmi &amp; Associates (Affin Hwang Investment Bank Berhad (AHIB))</li> <li>• Global Banking Conference – China's Banking Industry: Opportunities for Growth (Asian Institute of Chartered Bankers)</li> <li>• Half-Day Talk on Companies Act 2016 and Malaysian Code on Corporate Governance (Boardroom Corporate Services (KL) Sdn Bhd)</li> <li>• Affin Hwang Capital Conference Series 2017 – Opportunities Amidst Geo-Political Shifts (AHIB)</li> </ul>	<p>18 February 2017</p> <p>7 March 2017</p> <p>25 April 2017</p> <p>4 May 2017</p> <p>8 June 2017</p> <p>17 July 2017</p> <p>1 – 2 August 2017</p> <p>5 October 2017</p> <p>5 October 2017</p>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name	Programme title and Organiser	Date(s)
<b>Non-Independent Non-Executive Directors (cont'd.)</b>		
Datuk Zakaria Sharif	<ul style="list-style-type: none"> <li>Palm Oil Economic Review &amp; Outlook Seminar 2017 (Malaysian Palm Oil Board (MPOB))</li> <li>Change Affecting Directors Under the Companies Act 2016 : What Every Director Needs To Know (Bursatra Sdn Bhd)</li> <li>CG Breakfast Series : Leading in a Volatile, Uncertain, Complex, Ambiguous World (The ICLIF Leadership and Governance Centre (ICLIF))</li> </ul>	17 January 2017  5 September 2017  13 October 2017
<b>Independent Non-Executive Directors</b>		
Dato' Mohzani Abdul Wahab	<ul style="list-style-type: none"> <li>Palm Oil Economic Review &amp; Outlook Seminar 2017 (MPOB)</li> <li>Companies Act 2016 : Changes and Implications to Company Directors (Securities Industry Development Corporation (SIDC))</li> <li>CG Breakfast Series : Leading in a Volatile, Uncertain, Complex, Ambiguous World (ICLIF)</li> </ul>	17 January 2017  17 April 2017  13 October 2017
Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P.	<ul style="list-style-type: none"> <li>Palm Oil Economic Review &amp; Outlook Seminar 2017 (MPOB)</li> <li>Latest Updates on Directors' Remuneration in Compliance with the New Companies Act and the Upcoming Amendment to the Listing Requirements 2017 (ARAM Global Sdn Bhd (ARAM))</li> <li>Fraud Risk Management Workshop (Bursa Malaysia Securities Berhad)</li> <li>Seminar on the Impact of the Companies Act 2016 on the Role of Directors of Listed Companies (ARAM)</li> <li>Case Study Workshop for Independent Directors (SIDC)</li> </ul>	17 January 2017  6 June 2017  13 July 2017  7 August 2017  16 October 2017
Dr. Raja Abdul Malek Raja Jallaludin	<ul style="list-style-type: none"> <li>Palm Oil Economic Review &amp; Outlook Seminar 2017 (MPOB)</li> <li>The New Malaysian Code on Corporate Governance 2017 (MICG)</li> <li>National Seminar on Malaysian Code on Corporate Governance (New) – An Overview II (ARAM)</li> </ul>	17 January 2017  11 May 2017  24 May 2017

## CORPORATE GOVERNANCE PRIORITIES (2018 AND BEYOND)

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to engender trust and confidence amongst stakeholders. The Board has identified the following set pieces on its horizon that will help it to achieve its corporate governance objectives.

YEAR  
2019  
—  
2021

### Independence of the Board

The Board recognises that a majority or “critical mass” of Independent Directors will enable BPB to facilitate greater checks and balances during boardroom deliberations and decision making. This counterweight allows Independent Directors to encourage, support and drive each other in the value creation and sustainability of the business.

The Board endeavours to appoint one additional Independent Director by the year 2021 to form a majority of Independent Directors on the Board.

### Board diversity

In fostering gender diversity, the Board endeavours to establish and formalise a diversity policy, set targets, measures and annually assess both the targets and the progress in achieving them.

The Board endeavours to appoint one female Director by the year 2020 (i.e. 14% women representation on the Board) and to meet the 30% target by 2021.

LONG  
TERM  
PLAN

### Sustainability reporting

BPB aims to leverage on its existing qualitative sustainability indices and adopt a more mature form of sustainability reporting. The Board will set the direction for Management to establish necessary systems and controls with the presence of quality non-financial data that will support the development of such forms of reporting. BPB will also actively engage stakeholders to formalise a better understanding of what is expected and desired from its sustainability reporting.