

Statement on Corporate Governance

BOARD ROLES AND RESPONSIBILITIES

The Board is responsible for the corporate governance practices of the Group. It guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.

The Board of Directors is committed to uphold appropriate standards of corporate governance practices throughout the Group and believes that good governance practices are fundamental for the achievement of financial goals, enhancement of shareholders' value and safeguard stakeholders' interests.

The Board manages the affairs of the Group guided by the principles of good corporate governance in accordance with the requirements and guidelines as per the Malaysian Code on Corporate Governance 2012 (Code) as well as the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia).

Set out in this statement is the manner in which the Company has applied the principles of good governance and the extent to which it has complied with the Code and the MMLR.

The key responsibilities of the Board are:

- Reviewing the strategic direction for the Group;
- Overseeing and evaluating the conduct of business of the Group;
- Reviewing the adequacy of management information and internal control systems;
- Identifying principal risks and ensuring that the risks are properly managed;
- Establishing a succession plan for Senior Management; and
- Developing and implementing an investor relations programme.

The responsibility for matters material to the Group is in the hands of the Board, with no individuals having unfettered powers to make decisions.

BOARD CHARTER

The Board has approved a board charter (Board Charter) which sets out a list of specific functions that are reserved for the Board. The Board Charter addresses, among others, the following matters:

- Duties and responsibilities of the Board;
- Directors' Code of Ethics;
- Composition and Board balance;
- The role of Chairman and Chief Executive Officer;
- Appointments;
- Re-election;
- Supply of information;
- Separation of power;
- Board Committees;
- Remuneration;
- Financial reporting;
- General meetings;
- Investor relations and shareholder communication; and
- Relationship with other stakeholders (employees, environment, social responsibility).

The approval and adoption of the Board Charter and Directors' Code of Ethics formalises the standard of ethical values and behaviour that is expected of Directors at all times. The Board Charter and Directors' Code of Ethics are reviewed periodically to ensure their relevance and compliance.

CLEAR DIVISION OF RESPONSIBILITIES

The Board is guided by the Board Charter, Terms of Reference of the respective Board Committees and approved Limits of Authority which define matters which are specifically reserved for the Board and those delegated to the Chief Executive Officer for day-to-day management of the Group. This formal structure of delegation is further cascaded by the Chief Executive Officer to the Senior Management team within the Group. However, the Chief Executive Officer and the Senior Management team remain accountable to the Board for the authority that is delegated.

BOARD COMPOSITION

The Board currently has six members, who are all Non-Executive Directors. Three of the Directors are Independent Directors, which is in excess of the MMLR of one third. Together, the Directors bring characteristics which allow a mix of qualifications, skills and experience which is necessary for the successful direction of the Group.

A brief profile of each Director is presented on pages 12 to 17 of this annual report.

There is a division of functions between the Board and the Management. The Board plays a strategic role in overseeing Management in their discharging the delegated duties towards achieving the Group's corporate objectives and long term strategic business plans. The Non-Executive Chairman is primarily responsible for the orderly conduct and working of the Board and he is supported by the Non-Executive Vice Chairman. The Chief Executive Officer who is not a member of the Board, has the overall responsibility for the day-to-day running of the business, organisational effectiveness and implementation of Board policies and decisions.

The Independent Non-Executive Directors provide impartial and independent views, advice and judgement concerning strategy, business performance, resources and standard of conduct and thus help to ensure that interest of shareholders and stakeholders of the Company are safeguarded.

Dato' Mohzani Abdul Wahab is the Senior Independent Non-Executive Director. Any concerns regarding the Group may be conveyed to him. The Senior Independent Director serves as the point of contact between the Independent Directors and the Chairman on sensitive issues and act as a designated contact to whom shareholders' concerns or queries may be raised.

The terms of the appointment of Directors include the procedures for dealing with conflict of interest and the availability of independent professional advice. The Board believes that the current size and composition is appropriate for its purpose, and is satisfied that the current Board composition fairly reflects the interest of minority shareholders within the Group.

The Board acknowledges the importance of board diversity, including gender diversity. The Board believes that for it to function effectively, the requisite skills, experience, knowledge and independence is vital, regardless of gender. Although no specific target has been set, the Board is mindful that any gender representation should be for the best interest of the Group.

SUSTAINABILITY

The Group is committed towards sustainable development with specific attention to environment, social and governance attributes of the Group's businesses. Employees' welfare and community responsibilities are also integral to the way in which the Group conducts its business. The Sustainability Report is set out on pages 38 to 47 of this annual report.

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COMPANY SECRETARY

In performing their duties, all Directors have access to the advice and service of a competent and qualified Company Secretary. The Company Secretary attends all Board meetings and advises the Board on procedures and requirements under the Company's Memorandum and Articles of Association, the Companies Act and the MMLR. The Company Secretary also ensures that there is good information flow within the Board and between the Board, Board Committees and Senior Management.

BOARD MEETINGS

Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. The Board records its deliberations, in terms of issues discussed, and the conclusions reached in discharging its duties and responsibilities. All Directors are fully briefed in advance of Board meetings on the matters to be discussed and have access to any further information they may require.

The composition of the Board and the attendance of each Director at the Board meetings held during the financial year are as follows:

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Chairman Non-Executive Director	No	4/4
Tan Sri Dato' Seri Lodin Wok Kamaruddin	Vice Chairman Non-Executive Director	No	4/4
Datuk Zakaria Sharif	Non-Executive Director	No	4/4
Dato' Mohzani Abdul Wahab	Senior Independent Non-Executive Director	Yes	4/4
Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P.	Non-Executive Director	Yes	4/4
Dr. Raja Abdul Malek Raja Jallaludin	Non-Executive Director	Yes	4/4

INFORMATION FOR THE BOARD

The Directors are provided with adequate Board reports on a timely manner prior to the Board meeting to enable the Directors to obtain further explanations, where necessary. These reports also provide information on the Group's performance and major operational, financial and corporate issues. Minutes of meetings of the Board Committees are also tabled at the Board meetings for the Board's information and deliberation.

Board members are provided with Board papers in advance before each Board meeting for decision on the Group's strategy and direction, acquisitions and divestments, approval of major capital expenditure projects and significant financial matters.

The Company Secretary is responsible for the administration of the Board meetings. In addition, the Board has rights to information and access to independent professional advice at the expense of the Company as provided for in the Board Charter.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment. The Articles further provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting.

BOARD INDEPENDENCE

Independent Non-Executive Directors play a leading role in Board Committees. Management and third parties are co-opted to the Committees as and when required.

The Group measures the independence of the Directors based on the criteria specified in the MMLR and none of the Independent Non-Executive Directors participate in any business dealings or are involved in any other relationships with the Group. This allows them to function independently and in an unbiased manner in discharging their duties and responsibilities.

Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) who is the Chairman of Boustead Holdings Berhad, has been an effective Non-Independent Non-Executive Chairman of Boustead Plantations Berhad. He exercises independent and broad judgment as well as provides independent opinions and constructive views on proposals from Management and he has never assumed an executive position in the Group.

The Code recommends that if the Chairman of the Board is not an independent director, the Board must comprise a majority of independent directors. The Company's Chairman is Non-Independent Non-Executive Director and there are three (3) Independent Non-Executive Directors out of six (6) board members. The Board believes that the interests of shareholders are best served by a Chairman who is sanctioned by the shareholders and who will act in the best interests of shareholders as a whole. As the Chairman represents

shareholders with a substantial interest in the Company, he is well placed to act on behalf of the shareholders and in their best interests. As of now, the Board does not believe that it should urgently increase independent directors to form a majority of the Board. However, the Board will continuously review and evaluate such recommendation.

The Board has not established any term limit for the Independent Non-Executive Directors as the Board believes that the term limit is not the absolute indicator of a Director's independence, of which is more related to the conduct and actions of the Director. Currently, none of the Independent Non-Executive Directors have served on the Board for cumulative of nine years as stipulated under the Code.

BOARD COMMITTEES

The Board may, whenever required, set up committees delegated with specific powers and responsibilities. The Board has established the following Committees to assist the Board in the discharging of its duties:

- Audit Committee
- Nominating Committee
- Remuneration Committee
- Sustainability Committee

The Board has also approved and adopted a formal charter that outlines the functions, duties and responsibilities of the Board Committees in line with the Board's objective in pursuing good governance practice.

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Audit Committee

The composition of the Audit Committee meets the MMLR, where Independent Directors form the majority. The members of the Audit Committee comprise:

Dato' Mohzani Abdul Wahab
(Chairman)

Dr. Raja Abdul Malek Raja Jallaludin
Datuk Zakaria Sharif

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with external auditors. The Audit Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Audit Committee. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Audit Committee Report of this annual report.

Nominating Committee

The Nominating Committee, comprises entirely Non-Executive Directors, majority of whom are independent and chaired by an Independent Director. The members of the Nominating Committee comprise:

Dato' Mohzani Abdul Wahab
(Chairman)

Gen. Tan Sri Dato' Mohd Ghazali
Hj. Che Mat (R)

Maj. Gen. Dato' Hj. Khairuddin
Abu Bakar (R) J.P.

The Nominating Committee is responsible for proposing new nominees to the Board and Board Committees, for assessing on an ongoing basis, the contribution of each individual Director and the overall effectiveness of the Board. The final decision as to who shall be appointed as Director remains the responsibility of the full Board, after considering the recommendation of the Nominating Committee.

The Terms of Reference of the Nominating Committee are as follows:

- To assess and recommend to the Board candidates for directorship on the Board of the Company as well as membership of the Board Committees.
- To review and assess annually the overall composition of the Board in terms of appropriate size, required mix of skills, experience and core competencies, and the adequacy of balance between Executive Directors, Non-Executive Directors and Independent Directors.

- To establish the mechanism for the formal assessment of the effectiveness of individual Director, and to annually appraise the performance of Chief Executive Officer and Senior Management based on objective performance criteria as approved by the Board.

Meetings of the Nominating Committee are held as and when necessary, and at least once a year. The Committee met once during the year to discuss the assessment of the Board and Board Committees. The Committee also recommended for the Board to endorse the re-election and re-appointment of the relevant Directors at the forthcoming Annual General Meeting.

Remuneration Committee

The Board has established a Remuneration Committee consisting of the following Directors, all of whom are Non-Executive Directors:

Gen. Tan Sri Dato' Mohd Ghazali
Hj. Che Mat (R)

(Chairman)

Tan Sri Dato' Seri Lodin Wok
Kamaruddin

Dr. Raja Abdul Malek Raja Jallaludin

The Remuneration Committee reviews the remuneration packages, reward structure and fringe benefits applicable to the Chief Executive Officer and Senior Management on an annual basis and makes recommendations to the Board. The Board as a whole determines the remuneration of the Chief Executive Officer with each individual Director abstaining from decisions in respect of his own remuneration. In establishing the level of remuneration for the Chief Executive Officer and Senior Management, the Remuneration Committee has regard to packages offered by comparable companies, and may obtain independent advice.

The remuneration of the Chief Executive Officer comprises a fixed salary and allowances, and a bonus approved by the Board, which is linked to the Company's performance. The remuneration of Non-Executive Directors comprises annual fees, meeting allowance for every meeting that they attend, and reimbursement of expenses for their services in connection with Board and Board Committee meetings.

The Terms of Reference of the Remuneration Committee are as follows:

- To review annually and make recommendations to the Board the remuneration packages, reward structure and fringe benefits applicable to Chief Executive Officer and Senior Management to ensure that the rewards commensurate with their contributions to the Group's growth and profitability.
- To review annually the performance of the Chief Executive Officer and Senior Management and recommend to the Board specific adjustments in remuneration and reward payments if any, to reflect their contributions for the year.

- To ensure that the level of remuneration of the Non-Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.
- To keep abreast of the terms and conditions of service of the Chief Executive Officer and key Senior Management including their total remuneration packages for market comparability; and to review and recommend to the Board changes whenever necessary.
- To keep abreast of the remuneration packages of the Non-Executive Directors to ensure that they commensurate with the scope of responsibilities held and to review and recommend to the Board changes whenever necessary.

For the year, the Committee recommended on the proposed increase in the Non-Executive Directors' fees, which will be tabled for shareholders' approval at the forthcoming Annual General Meeting.

Sustainability Committee

The Board has established the Sustainability Committee who are responsible for monitoring the implementation of sustainability-related policies, measures and actions in achieving the Company's sustainability milestones and goals.

The members of the Sustainability Committee comprise:

Dr. Raja Abdul Malek Raja Jallaludin
(Chairman)
Datuk Zakaria Sharif
Dato' Mohzani Abdul Wahab

The terms of reference of the Sustainability Committee are as follows:

- To advise the Board and recommending to it, the business strategies in the area of sustainability;
- To monitor the implementation of sustainability strategies as approved by the Board;
- To recommend sustainability related policies for adoption by the Group;
- To recommend sustainability matters identified as material to the Board for its approval;
- To oversee the overall management of stakeholder engagement including ensuring grievance mechanisms are in place;
- To oversee the management of sustainability matters, with particular focus on matters material to the organisation; and
- To oversee the preparation of sustainability disclosures as required by laws and/or rules, and recommending it for the Board's approval.

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The Committee was established in early 2017. At its inaugural meeting, the Committee discussed and agreed on the governance structure and sustainability management plan for the Group's Sustainability Management as well as the scope and basis of the Group's Sustainability Report.

BOARD APPOINTMENTS

As documented in the Board Charter, the appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation by the Nominating Committee. The Board appoints its members through a formal and transparent selection process which is consistent with the Articles of Association of the Company. All new appointees will be considered and evaluated by the Nominating Committee for the candidates' ability in terms of their skills, knowledge, experience, expertise and integrity to discharge responsibilities as expected of them. In the case of a candidate for Independent Non-

Executive Director, the Nominating Committee will evaluate the candidate's ability to discharge such responsibility or functions as expected of an Independent Non-Executive Director. The Company Secretary has the responsibility to ensure that all appointments are properly made and that legal and regulatory obligations are met.

BOARD COMMITMENT

The Directors are aware of the time commitment expected from each of them including attendance at Board, Board Committee and other types of meetings. With that, each director has devoted their time sufficiently in carrying out their responsibilities.

New Directors are expected to have such expertise so as to qualify them to make positive contribution to the Board, performance of duties and to give sufficient commitment, time and attention to the affairs of the Company.

The Company has an induction programme for newly appointed Directors. The programme aims at communicating to the newly appointed directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.

BOARD ASSESSMENT

Board evaluation is carried out by the Nominating Committee. During the year, the Nominating Committee held a meeting on the assessment of the Board and Board Committees. Upon the review conducted, the Committee was satisfied that the Board composition had the criteria required: a right blend of knowledge, experience and the appropriate mix of skills. In addition, there was mutual respect among Directors which contributed to a healthy environment to deliberate and promote good decision-making process.

DIRECTORS' TRAINING

The Company has adopted educational/training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.

All Board members are encouraged to attend training programs conducted by highly competent professionals that are relevant to the Company's operations and businesses. The Directors continuously attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the MMLR.

The trainings attended by the Directors during the year are as follows:

Director	Course Title And Organiser	Date
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	<ul style="list-style-type: none"> Half Day Risk Management Workshop on Cyber-Security and Fraud (IBM/Affin Holdings Berhad) 	9 May 2016
	<ul style="list-style-type: none"> PowerTalk : What Will Distinguish the Great Boards of Tomorrow (Malaysian Directors Academy/Lembaga Tabung Angkatan Tentera) 	25 July 2016
	<ul style="list-style-type: none"> 12th World Islamic Economic Forum – Decentralising Growth, Empowering Future Business (World Islamic Economic Forum Foundation) 	2 and 3 August 2016
Tan Sri Dato' Seri Lodin Wok Kamaruddin	<ul style="list-style-type: none"> SEACEN Conference on Central Bank Cooperation and Mandates (The South East Asian Central Banks Research and Training Centre) 	14 March 2016
	<ul style="list-style-type: none"> Global Emerging Markets Programme 2016 - Risk and Vulnerability of Global Markets: Reinforcing Resilience in Emerging Markets (Securities Commission) 	15 March 2016
	<ul style="list-style-type: none"> Independent Directors Programme: "The Essence of Independence" (Bursa Malaysia and ICLIF) 	28 March 2016
	<ul style="list-style-type: none"> Corporate Governance Breakfast Series with Directors "The Strategy, the Leadership, the Stakeholders and the Board" (Bursa Malaysia and Malaysian Directors Academy) 	6 May 2016
	<ul style="list-style-type: none"> Half Day Risk Management Workshop on Cyber-Security and Fraud (Affin Holdings Berhad/IBM) 	9 May 2016
	<ul style="list-style-type: none"> 12th World Islamic Economic Forum – Decentralising Growth, Empowering Future Business (World Islamic Economic Forum Foundation) 	2 August 2016
	<ul style="list-style-type: none"> Advocacy Sessions on Management Discussion & Analysis (MD&A) for CEO and CFO of Listed Companies (Bursa Malaysia) 	8 August 2016
	<ul style="list-style-type: none"> Half Day Talk On: <ul style="list-style-type: none"> - Shariah Non-Compliance Risk And Its Impact to Islamic Banks - MFRS 9 - Financial Instruments And Key Audit Matters - Internal Capital Adequacy Assessment Process (ICAAP) (Affin Holdings Berhad) 	26 September 2016

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Director	Course Title And Organiser	Date
Tan Sri Dato' Seri Lodin Wok Kamaruddin (cont'd.)	<ul style="list-style-type: none"> Half Day Talk On: <ul style="list-style-type: none"> - Amendments to Listing Requirements Of Bursa Malaysia Securities Berhad - Companies Act 2016 - Proposed Code Of Corporate Governance 2016 - Policy Document On Corporate Governance by Bank Negara Malaysia (Affin Holdings Berhad) 	10 November 2016
	<ul style="list-style-type: none"> Corporate Governance Breakfast Series with Directors: "The Cybersecurity Threat and How Board Should Mitigate the Risks" (Bursa Malaysia and Malaysian Directors Academy) 	18 November 2016
Dato' Mohzani Abdul Wahab	<ul style="list-style-type: none"> Malaysian Corporate Law and Case Law on Directors' Powers and Shareholders' Rights : Get The Balance Right (Companies Commission of Malaysia) 	6 October 2016
	<ul style="list-style-type: none"> 2016 National Conference Navigate Waves of the Digital Revolution (Institute of Internal Auditors Malaysia) 	11 October 2016
Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P.	<ul style="list-style-type: none"> Annual National Seminar on Directors Duties, Governance, Regulatory Updates & Current Issues 2016 (Federation of Public Listed Companies Berhad) 	26 and 27 January 2016
Dr. Raja Abdul Malek Raja Jallaludin	<ul style="list-style-type: none"> Corporate Governance, Directors' Duties and Regulatory Updates Seminar 2016 (Federation of Public Listed Companies Berhad) 	29 August 2016
	<ul style="list-style-type: none"> Role of the Chairman & Independent Directors' Seminar 2016 (Malaysian Institute of Corporate Governance) 	28 September 2016
Datuk Zakaria Sharif	<ul style="list-style-type: none"> MIRA Breakfast Talk on Companies Bill (Malaysian Investor Relations Association) 	22 April 2016
	<ul style="list-style-type: none"> Powertalk : What Will Distinguish the Great Boards of Tomorrow (Malaysian Directors Academy/Lembaga Tabung Angkatan Tentera) 	25 July 2016
	<ul style="list-style-type: none"> Malaysian Corporate Law and Case Law on Directors' Powers and Shareholders' Rights : Get The Balance Right (Companies Commission of Malaysia) 	6 October 2016

DIRECTORS' REMUNERATION

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal. The level of remuneration for the Chief Executive Officer is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.

The details on the aggregate remuneration of Directors for the financial year ended 31 December 2016 for Boustead Plantations Berhad and its group of companies are as follows:

	Group		Company	
	Non-Executive Directors RM'000	Executive Directors RM'000	Non-Executive Directors RM'000	Executive Directors RM'000
Directors' fees	513	–	505	–
Meeting allowances	43	–	43	–
Total	556	–	548	–

Remuneration payable to Directors of Boustead Plantations Berhad and its group of companies during the year analysed into bands of RM50,000, which complies with the disclosure requirements under the MMLR is as follows:

	Group		Company	
	Non-Executive Directors	Executive Directors	Non-Executive Directors	Executive Directors
From RM50,001 to RM100,000	4	–	5	–
From RM100,001 to RM150,000	2	–	1	–

ACCOUNTABILITY AND AUDIT

The Audit Committee reviews the integrity of the financial reporting and oversees the independence of external auditors.

Transparency and Financial Reporting

In presenting the annual financial statements and quarterly announcements of results to the shareholders, the Board aims to present a balanced and understandable assessment of the Group's position and prospects.

Before the financial statements were drawn up, the Directors have taken the necessary steps to ensure all the applicable accounting policies are applied consistently, and that the policies are supported by reasonable and prudent judgement and estimates. All accounting standards, which the Board considers to be applicable, have been followed. The role of the Audit Committee in the review and reporting of the financial information of the Group is outlined in the Audit Committee Report of this annual report.

Related Party Transactions

Directors recognise that they have to declare their respective interests in transactions with the Company and the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. The Company has an internal framework to ensure it complies with the related party transactions and recurrent related party transactions as prescribed in the MMLR.

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The related party transactions are recorded and presented to the Audit Committee on a quarterly basis for review and discussion should any concern arise. All related party transactions are reviewed as part of the annual internal audit, and the Audit Committee reviews any related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that causes questions of management integrity to arise. Details of related party transactions are set out in Note 31 to the financial statements.

Internal Control

The Board acknowledges its responsibilities for the Group's system of internal control covering not only financial controls but also operational controls, compliance controls and risk management.

The information on the Group's internal controls is presented in the Statement on Risk Management and Internal Control of this annual report.

Relationship with External Auditors

The Board is aware of the potential conflict of interest situation if the external auditors are also engaged in providing non-audit services to the Group. In this regard, a written confirmation from the external auditor is obtained that the external auditors are, and have been, independent throughout the audit engagement in accordance with relevant professional and regulatory requirements. The Board has established transparent and appropriate relationship with the external auditors through the Audit Committee. The Audit Committee has reviewed the adequacy of experience and resources allocated by the external auditors and is satisfied with the audit services rendered. The Committee believes that auditors' performance has been satisfactory and supports the resolution for their reappointment at the forthcoming annual general meeting. During the financial year, two (2) sessions between the Audit Committee and the external auditors in the absence of management were held for better exchange of views between both parties in relation to financial reporting. The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report of this annual report.

RECOGNISE AND MANAGE RISKS

Sound framework to manage material business risks

The Company has established policies and framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy. As required by the Board, the Management has devised and implemented appropriate risk management systems and reports to the Board and Senior Management. Management is charged with monitoring the effectiveness of risk management systems and is required to report to the Board via the Risk Management Committee. The Board has received, and will continue to receive periodic reports through the Risk Management Committee, summarising the results of risk management issues and initiatives undertaken during the year.

The Company has maintained a high-level risks register which is reviewed and updated on a quarterly basis where the focus areas of the risks are updated and deliberated at the Audit Committee meetings. The Risk Management Committee ensures continuous review of the Group's key risks and monitors the progress of mitigation action plans on a quarterly basis.

Internal audit function

The Group has an internal audit function that is independent of the Company activities and operations. The Head of Internal Audit reports directly to the Audit Committee who reviews and approves the internal audit department's annual audit plan, financial budget and human resource requirement to ensure that the department is adequately resourced with competent and proficient internal auditors.

Further details of the activities of the internal audit function are set out in the Statement of Risk Management and Internal Control of this annual report.

Whistle-Blowing

The Board is committed in preserving and protecting the interest and reputation of the Company at all times. In line with this commitment, the Board expects the highest standards of integrity and accountability from all employees. Any acts of wrongdoing on the part of the employee are viewed seriously and as such, disciplinary and/or remedial action as appropriate shall be taken. In this respect, the whistle-blowing policy has been established as a means of deterring wrongdoing and promoting transparency and good governance. The policy also provides guidelines for reporting and investigation of any acts of wrongdoing.

The Board and Management give their assurance that employees or third parties can raise serious concerns within the Group without fear of victimisation, subsequent discrimination or disadvantage provided that they are done in good faith. Dedicated channels for reporting have been set up which among others, include a written letter with the required information to identify key management as stipulated in the policy or email to alert@boustead.com.my. All concerns raised will be reviewed and deliberated by the Investigation Committee comprising Heads of Group Human Capital, Legal and Internal Audit of Boustead Holdings Berhad. A report and updates on the fraud cases are provided to the Audit Committee on a quarterly basis.

TIMELY DISCLOSURE AND INVESTOR RELATIONSHIP

The Company is fully committed to maintain a high standard for the dissemination of relevant and material information on the development of the Group. The Company also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders. The Company uses a number of formal channels for effective dissemination of information to the shareholders and stakeholders particularly through the annual report, announcements to Bursa Malaysia, media releases, quarterly results, analyst briefings, company websites and investor relations.

The annual report has comprehensive information pertaining to the Company, while various disclosures on quarterly and annual results provide investors with financial information. Material information will be disseminated broadly and publicly via Bursa Malaysia. Interested parties may also obtain the full financial results and the Company's announcements from the Group's website at <http://www.bousteadplantations.com.my>.

The Group's investor relation activities are aimed at developing and maintaining a positive relationship with all the stakeholders. This is done through active two-way communication, as well as timely, accurate and full disclosure to promote and demonstrate a high standard of integrity and transparency, to enhance stakeholders' understanding of the Group, its core businesses and operations and enable investors to make informed decisions in valuing the Company's shares.

EFFECTIVE COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS

The Board believes that the Company should at all times be transparent and accountable to the shareholders and stakeholders and is continuously evaluating the effectiveness of information dissemination to the shareholders and the investing public.

The Company is of the view that the Annual General Meeting and other general meetings are important opportunities for meeting investors and addressing their concerns. The Board, Senior Management and external auditors attend all such meetings. Registered shareholders are invited to attend and participate actively in such meetings, including questioning and seeking clarification on the Group's strategic direction, business operations, performance and proposed resolutions.

Each shareholder can vote in person or by appointing a proxy to attend and vote on his/her behalf. Separate issues are tabled in separate resolutions at general meetings, voting is carried out systematically and resolutions are properly recorded.

Pursuant to Paragraph 8.29A of the MMLR, poll voting will be implemented at the 104th Annual General Meeting, and an independent scrutineer will be appointed for validation of the votes casted.

This statement is made in accordance with a resolution of the Board of Directors dated 23 February 2017.