

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5029
COMPANY NAME : Far East Holdings Berhad
FINANCIAL YEAR : 31 December 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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
<p>Explanation on application of the practice</p>	<p>The Board believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of Far East Holdings Berhad ("FEHB" or "Company") and its ability to attract investment, protect the rights of shareholders and stakeholders and enhance shareholder's value.</p> <p>The Board is mindful to protect the interests of its shareholders and stakeholders. In discharging its duties effectively, the Board is guided by its Terms of Reference ("Board Charter") which sets out the roles and responsibilities of the Board. The Board Charter serves as a source of reference and primary induction literature to provide insight to prospective Board Members and Senior Management. The Board Charter is reviewed periodically or on as and when necessary to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives. The Board Charter is accessible on our website www.fehb.com.my.</p> <p>The principal role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and executive management. It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.</p> <p>The Board is aware that an effective Board essentially comprising Directors who are fully committed, well informed and who possess diverse skill and experience relevant to the business that could contribute effectively to the growth of the Company.</p> <p>As stipulated in the Board Charter, the Board has targeted to meet at least five (5) times a year, with additional meetings convened as and when necessary.</p>

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

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 role of the Group Executive Chairman and the Executive Director, Plantations are separated and clearly defined, as stipulated in the Board Charter so as to ensure that there is a balance of power and authority. The Group Executive Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Executive Director, Plantations has overall responsibility for the plantation operating units, organisational effectiveness and implementation of Board policies and decisions. The existing Group Executive Chairman has never been a Chief Executive Officer of the Company. Under his stewardship, the Board is encouraged to practice healthy debate on any agenda tabled. Each one of the Board members is allowed to express his opinion or views which is debated openly until collective decision is made. The Chairman of the Board has played his role effectively to ensure that all resolutions are made after careful deliberation and discussion.</p> <p>The key roles and accountabilities of the Group Executive Chairman include:-</p> <ol style="list-style-type: none"> (1) Providing governance in matters requiring corporate justice and integrity; (2) Managing Board communications and board effectiveness and effective supervision over management; (3) Creating conditions for good decision making during Board and Shareholders' meetings; (4) Ensuring Board proceedings are in compliance with good conduct and best practices; (5) Protecting the interest of all stakeholders and providing such information as deemed appropriate; (6) Maintaining good contact and effective relationships with external parties, investing public, regulatory agencies and trade associations; (7) Ensuring that sufficient and accurate information are provided to the Board on a timely manner to facilitate decision making; (8) Ensuring compliance with all relevant regulations and legislations; (9) Maintaining effective relations with external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions; and (10) Appraise business opportunities which are of potential benefit to the Group.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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 role of the Group Executive Chairman and the Executive Director, Plantations are separated and clearly defined, as stipulated in the Board Charter so as to ensure that there is a balance of power and authority. The Group Executive Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Executive Director, Plantations has overall responsibility for the plantation operating units, organisational effectiveness and implementation of Board policies and decisions.</p> <p>The key role of Executive Director amongst others, include:-</p> <ol style="list-style-type: none"> (1) Developing the strategic direction of the Company and its subsidiaries ("the Group"); (2) Providing directions in the implementation of short and long term business plans; (3) Providing strong leadership i.e. effectively communicating a vision, management philosophy and business strategy to the employees; (4) Ensuring high performance and productivity of top management by creating conditions for top management motivation, performance management and professional development; (5) Ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance; (6) Developing effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions; (7) Appraise business opportunities which are of potential benefit to the Group; (8) Ensuring that the Group's strategies and corporate policies are effectively implemented; (9) Ensuring that Board decisions are implemented and Board directions adhered to; (10) Responsible for the day-to-day management for the Group are effectively managed with all powers, discretions and delegations authorized from time to time by Board; (11) Keeping the Board fully informed of all important aspects of the Group's operation and ensuring sufficient information is distributed to Board Member; and (12) Ensure any other relevant information or matters are brought to the attention of the Board in an accurate and timely manner.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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 Company Secretaries, YH Dato' Asmin binti Yahya is a member of Malaysian Institute of Accountants and Puan Noor Anisah binti Sabarudin is a licentiate of Companies Commission of Malaysia. Both Company Secretaries satisfy the qualification as prescribed under Section 235(2) of the Companies Act, 2016 and have the requisite experience and competency in company secretarial services.</p> <p>The Company Secretaries play an important advisory role, and is a source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations effecting the Company and Group.</p> <p>The Company Secretaries organise and attend all Board and Board Committee meetings and is responsible to ensure that meetings are properly convened and accurate and proper records of the proceedings and resolutions passed are taken and maintained at the Registered Office of the Company.</p> <p>Every quarter, the Company Secretaries would send a memo to the Directors, Management and affected persons on closed period dealing and process and procedure to assist them in complying with the MMLR.</p> <p>All Directors have right of access to the Company Secretaries as stipulated in the Board Charter.</p>
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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	All Directors are provided with formal schedule of matters and a set of necessary Board papers in advance at least five (5) days prior to the respective Board meetings. They have direct access to the advice and services of the Company Secretaries. The Minutes of meetings are prepared and circulated to the Directors for review and approval. Fundamental questions raised and key points discussed during the meeting were recorded, including declaration of interest of the Directors on any resolution by the Directors. The minutes would be confirmed by the Board at the next meeting and signed by Chairman.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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
<p>Explanation on application of the practice</p>	<p>The Board is mindful to protect the interests of its shareholders and stakeholders. In discharging its duties effectively, the Board is guided by its Terms of Reference ("Board Charter") which sets out the roles and responsibilities of the Board. The Board Charter is reviewed periodically or on as and when necessary to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives. The Board Charter is accessible on our website www.fehb.com.my and was revised on 21 February 2019.</p> <p>In discharging its fiduciary duties in respect of the Group, the Board is responsible to the following:-</p> <p>a. Duties and Responsibilities</p> <p>The Board assumes, amongst others, following duties and responsibilities:-</p> <ol style="list-style-type: none"> (1) Reviewing and adopting the overall strategic plans and programme for the Company and Group; (2) Overseeing and evaluating the conduct of business of the Company and Group; (3) Identifying principal risk and ensuring implementation of a proper risk management system to manage such risk. This includes reviewing procedures to identify the main risk associated with the Group's business and the implementation of appropriate systems to manage these risks; (4) Establishing a succession plan; (5) Reviewing the adequacy and the integrity of the management information and internal control systems of the Company and Group including systems for compliance with applicable laws, regulations, rules, directives and guidelines; (6) Monitoring Board composition, processes and performance with the guidance from the Nomination Committee; (7) Promote better investor relations and shareholders' communications; (8) Ensure that the Group's vision, mission, objectives and shareholders' interest are met; (9) Establish such committees, policies and procedures as required to effectively discharge the Board's roles and responsibilities; (10) Monitoring and reviewing policies and processes relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards; (11) Ensure that the Group has the appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility; and

	<p>(12) Performs such other functions as are prescribed by law or are assigned to the Board.</p> <p>b. Matters reserved for the Board</p> <p>The following are matters which are specifically reserved for the Board:-</p> <ol style="list-style-type: none"> (1) Appointment of a Chairman of the Board of Directors and Company; (2) Appointment/removal of Directors; (3) Appointment and removal of Company Secretary; (4) Establishment of Board committees, their membership and delegated authorities; (5) Approval of interim dividend and recommendation of final dividend for shareholders' approval; (6) Approval of annual budgets including capital expenditure and monitoring against actual performance, including variance reporting; (7) Approval of corporate plan and programme; (8) Approval of new ventures and businesses; (9) Approval of material acquisitions and disposals of undertakings and properties; (10) Approval of the limits of authority for the Company and Group; (11) Approval of the Audited Financial Statements; (12) Calling of meetings of shareholders; (13) Review of corporate governance principles and policies; (14) Formulate direction and strategy, including a review of such exercise; (15) Assessing risk management issues and resolution; (16) Formulating and monitoring of key company policies; (17) Evaluating senior management's performance; (18) Determining corporate disclosure and announcements; (19) Maintaining investor and stakeholder relations; (20) Deliberate on all litigation matters that may be instituted against the Company and on such litigation actions that the Company may take against any third party; (21) Review of whistleblowing reports if applicable; and (22) Any other specific matters as may brought to the Board from time to time.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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
<p>Explanation on application of the practice</p>	<p>The Directors are guided by the Code of Ethics as stipulated in part of the Board Charter as published in the website www.fehb.com.my</p> <p>Board members are required to observe the Directors' Code of Conduct and Ethics ("the Code") as follows:</p> <ol style="list-style-type: none"> (1) Compliance at all times with the Code and the Board Charter; (2) Observe high standards of Corporate Governance at all times; (3) Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership; (4) Will act honestly, in good faith and in the best interest of the Company at all time and Group; (5) Owe a fiduciary duty to the Company and Group as a whole; (6) Have a duty to practice due care and diligence in fulfilling the functions of office and exercising the powers attached to that office; (7) Will undertake diligent analysis of proposals placed before the Board; (8) Will act with a level of skill expected from Directors of a public listed company; (9) Will use the authorities of office for appropriate purpose in the best interest of the Company and Group as a whole; (10) Will demonstrate commercial wisdom in decision making; (11) Will not make improper use of information acquired as Directors; (12) Will not disclose non-public information except where disclosure is authorized by the Board or legally mandated; (13) Will not use price sensitive non-public information, which can affect the price of the securities of the Company and/or related listed companies when it becomes publicly known ("Inside Information"), for personal benefits. The Board will not trade in securities or provide information to others to trade in securities of the Company and/or related listed companies until the Inside Information is publicly released. The Board will also not trade in securities in any other companies where they have Inside Information which they obtain in the performance of their duties; (14) Will keep confidential information received in the course of the exercise of their duties and recognize that such information remains the property of the Company and Group and that it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorized by the Board, or is required by law; (15) Will not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company and Group;

	<p>(16) Will not take advantage of the Company and Group’s property or use such property for personal gain or to compete with the Company and Group;</p> <p>(17) Will protect and ensure the efficient use of the Company or Group’s assets for legitimate business purposes;</p> <p>(18) Will disclose to the Board any interests which conflict with the interest of the Company and Group and will comply with the guidelines set out in the paragraph 12 entitled “Declaration of Interest” as stipulated in the Board Charter;</p> <p>(19) Will make reasonable enquiries as to whether the Company and Group is operating efficiently, effectively and legally towards achieving its goals;</p> <p>(20) Will not engage in conduct likely to bring discredit upon the Company and Group. The Board will make available their specific expertise as required from time to time to the Company and Group. The Board will encourage fair dealing by all employees with the Company and Group’s customers, suppliers, contractors, competitors and other employees;</p> <p>(21) Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace;</p> <p>(22) Should at all time promote professionalism and improve the competency of management and employees of the Company and Group;</p> <p>(23) Should ensure effective use of natural resources, and improve quality of life by promoting corporate social responsibilities. Should be proactive to the need of the community and to assist in society-related programmed in line with the aspirations of the concept of “Caring Society” adopted by the Company; and</p> <p>(24) Have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Charter.</p>
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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 Company has established a Whistleblower Policy in response to Whistleblower Protection Act, 2010 which could be reviewed in detail at our website www.fehb.com.my. The Group's Whistleblowing Policy established in 2016 and was further revised in 2019 provides an avenue for employees and stakeholders dealing with the Group with proper procedure to disclose or raise genuine concerns on possible improprieties, improper conduct or other malpractices within the Group. It gives an appropriate communication and feedback channel which facilitates whistleblowing in a transparent and confidential manner.</p> <p>The purpose of this Policy is to:-</p> <ul style="list-style-type: none">(a) promote the importance of detecting Improper Conduct;(b) encourage the reporting of Improper Conduct and any other matters that may cause financial or non-financial loss to FEHB or tarnish the reputation of FEHB; and(c) help to protect people who report Improper Conduct in good faith from discrimination, harassment and retaliation.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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 majority independent directors.

Application	Applied
Explanation on application of the practice	The current Board consists of seven (7) Non-Executive Directors and two (2) Executive Directors i.e. Group Executive Chairman and Executive Director, Plantations, with three (3) of the nine (9) Directors being Independent Directors with a synergistic mixture of businessmen, planters, professionals and technical expertise. This mix of skills and experience is vital for the successful direction of the Group.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

Intended Outcome

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

Practice 4.2

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

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

Application	Applied
Explanation on application of the practice	The Company had made a policy that an Independent Director should not serve the Company for more than nine (9) years. This could be evidenced by previous retirements of our Independent Directors namely Cik Sharina binti Bahrin, Miss Ng Yee Kim, Encik Khairul Azahar bin Ariffin, Mr Ng Say Pin , YH Dato' Dr Ahmad bin Aman and Encik Hashim Naina Merican bin Yahaya Merican. None of the existing Independent Directors had exceeded nine year service.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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	Applied
Explanation on application of the practice	None of the Independent Directors had exceeded the nine year service.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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	The Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion, throughout the organisation. This includes the selection of Board members and senior management. In addition, the Group believes it is utmost important that the Board and senior management is comprising the best qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgment to ensure that the Board functions effectively.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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>The Board acknowledges the important of boardroom diversity and the establishment of a gender diversity policy. Despite no specific targets being set in relation to boardroom diversity, the Board is committed to improving boardroom diversity in terms of gender. Hence, the Board will consider the appointment of women director as and when circumstances permit. The Board will take steps to nurture suitable and potential candidates.</p> <p>On the other hand, women are well represented in the Senior Management of FEHB which now exceeds 30% of the Senior Management Group.</p>
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	For any vacant position in the future, the Board when sourcing for suitable candidates, consideration is given to identify suitable qualified women candidates.
Time frame	As and when required

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	NA
Explanation for departure	The Board and Nomination Committee did not utilise independent sources as the management understands the industry better and would be in the best position to look for potential candidates with background which fits the criteria's requirements.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	In line with the MCCG, apart from referrals from Directors, major shareholders and management, the Board is open to utilising independent sources to identify suitably qualified candidates where necessary.
Time frame	As and when required

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 Nomination Committee (“NC”) is authorised by the Board to carry out the duties and responsibilities as follows:-</p> <p>(a) Identify and recommend to the Board, candidates for directorships of the Company. In making its recommendations, the NC will also consider candidates for directorships proposed by the Group Chief Executive Officer and, within the bounds of practicality, by any other senior executive or any director or shareholder or independent sources. In making its recommendations, the NC shall consider the following:-</p> <ul style="list-style-type: none">• skills, knowledge, expertise and experience;• professionalism;• integrity and objectivity;• in the case of candidates for the position of independent non-executive directors, the NC shall also evaluate the candidates’ ability to discharge such responsibilities/function as expected from an independent non-executive director;• diversity (including gender diversity); and• ability to work together with other members of the Board for the best interest of the Company. <p>The ultimate decision on the appointment of directors to the Board is the responsibility of the Board or the shareholders after due consideration of the recommendations of the NC.</p> <p>(b) Recommend to the Board, directors to fill the seats on Board Committees.</p> <p>(c) Annually review the required mix of skills, independence and diversity (including gender diversity), experience and other qualities, including core competencies which non-executive and executive directors should possess.</p> <p>(d) Annually review the term of office and performance of the Board Audit Committee and each of its members annually to determine whether such Board Audit Committee and members have carried out their duties in accordance with their terms of reference.</p> <p>(e) Annually evaluate the effectiveness of the Board and Board Committees (including its size and composition) and the contributions of each individual director including independent non-executive directors as well as the Group chief executive officer and/or Group chief financial officer. All assessments and evaluations carried out by the NC in the discharge of all its functions shall be properly documented and conducted at least once a year either internally or via other independent sources.</p> <p>(f) Entitled to the services of the Company Secretary who must ensure that all appointments are properly made and all necessary information is obtained from the directors, both for the FEHB’s own records and for the purposes of meeting statutory obligations, as well as obligations arising from the MMLR</p>

	<p>or other regulatory requirements.</p> <p>(g) Determine appropriate trainings for Directors, review the fulfilment of such training and disclose details in the annual report as appropriate, in accordance with Bursa Malaysia's requirements on Continuing Education.</p> <p>(h) Consider and recommend the Directors for re-election at each Annual General Meeting.</p> <p>(i) Ensure an appropriate framework and plan for Board succession for the Company.</p> <p>(j) Consider and examine such other matters as the NC considers appropriate.</p> <p>(k) Consider other matters as referred to the NC by the Board.</p> <p>The Nomination Committee comprises the following members:- YH Dato' Tan Bing Hua (Chairman) <i>Independent, Non-Executive Director</i></p> <p>Mr Tee Kim Tee @ Tee Ching Tee <i>Non-Independent, Non-Executive Director</i></p> <p>Encik Nik Mohamed Zaki bin Nik Yusoff <i>Independent, Non-Executive Director</i></p>
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

Intended Outcome

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

Practice 5.1

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

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

Application	Applied
Explanation on application of the practice	<p>The NC assists the Board in assessing the effectiveness of the Board as a whole, the Board committees as well as the performance of each Director. There is also a peer assessment and self-assessment of individual directors.</p> <p>The results of the assessment and areas which required improvement were compiled and reviewed by the NC which were then submitted together with its recommendation to the Board for consideration and approval. Overall, the Board is satisfied with the performance, roles and responsibilities of the Directors. The Board identified key areas that required enhancement and other areas where the Board could further solidify its strength. The Board would consider engaging independent experts periodically to facilitate the objective and conduct board evaluations, as stipulated within the Board Charter if needed.</p>
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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>The Company has in place a remuneration framework in determining the remuneration of the Directors and Senior Management which is designed to enable the Company to attract and retain experienced and knowledgeable individuals of the calibre needed to support the Company's operations and expansion plans in line with its mission of delivering the best return to its shareholders.</p> <p>The Remuneration Committee ("RC") recommends to the Board the remuneration package for the ED which is structured on the basis of linking rewards to corporate and individual performance.</p> <p>The remuneration package of the NED is determined by the Board as a whole on the recommendation of the RC. The NEDs are remunerated by way of fees and allowances. Remuneration payable to the Directors, including any reviews of remuneration, is subject to shareholders' approval at the AGM.</p>
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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 Remuneration Committee currently consists of wholly Non-Independent Directors. The Committee is responsible for setting the policy framework and for making recommendations to the Board on remuneration and other terms of employment for member of the Board and senior management. During the year under review, the Remuneration Committee held one (1) meeting.</p> <p>The Remuneration Committee met once in the year under review to evaluate the remuneration for the Board and Senior Management. The Remuneration package is structured on the basis of linking rewards to financial and individual performance.</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	The Terms of Reference will be published on the website upon revision be made.
Time frame	As soon as practicable date

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 detail of the Remuneration for the Directors for the financial year ended 31 December 2018 are as follows:-																																																																																																																																		
	<table border="1"> <thead> <tr> <th>GROUP</th> <th>Fees (RM'000)</th> <th>Meeting Allowance (RM'000)</th> <th>Salaries and Bonus (RM'000)</th> <th>Other Emoluments (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="5">Executive Director</td> </tr> <tr> <td>YH Dato' Sri Kamaruddin bin Mohammed</td> <td>443,171</td> <td>160,900</td> <td>1,038,000</td> <td>28,000</td> </tr> <tr> <td>Mr Tee Cheng Hua</td> <td>303,630</td> <td>108,750</td> <td>798,238</td> <td>28,000</td> </tr> <tr> <td colspan="5">Non-Executive Director</td> </tr> <tr> <td>YH Dato' Indera Wan Bakri bin Wan Ismail</td> <td>65,000</td> <td>10,500</td> <td>-</td> <td>-</td> </tr> <tr> <td>YH Dato' Tan Bing Hua</td> <td>65,000</td> <td>56,000</td> <td>-</td> <td>-</td> </tr> <tr> <td>YH Dato' Jamaluddin bin Abd Majid</td> <td>65,000</td> <td>28,910</td> <td>-</td> <td>-</td> </tr> <tr> <td>Mr Tee Kim Tee @ Tee Ching Tee</td> <td>295,000</td> <td>130,600</td> <td>-</td> <td>-</td> </tr> <tr> <td>Encik Hashim Naina Merican bin Yahaya Merican</td> <td>65,000</td> <td>54,422</td> <td>-</td> <td>-</td> </tr> <tr> <td>Mr Tee Lip Teng</td> <td>65,000</td> <td>25,200</td> <td>-</td> <td>-</td> </tr> <tr> <td>Encik Nik Mohamed Zaki bin Nik Yusoff</td> <td>65,000</td> <td>38,000</td> <td>-</td> <td>-</td> </tr> <tr> <td>YH Datuk Mohd Afrizan bin Husain</td> <td>10,863</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td colspan="5">COMPANY</td> </tr> <tr> <td colspan="5">Executive Director</td> </tr> <tr> <td>YH Dato' Sri Kamaruddin bin Mohammed</td> <td>145,000</td> <td>40,900</td> <td>1,038,000</td> <td>28,000</td> </tr> <tr> <td>Mr Tee Cheng Hua</td> <td>65,000</td> <td>18,150</td> <td>443,038</td> <td>28,000</td> </tr> <tr> <td colspan="5">Non-Executive Director</td> </tr> <tr> <td>YH Dato' Indera Wan Bakri bin Wan Ismail</td> <td>65,000</td> <td>10,500</td> <td>-</td> <td>-</td> </tr> <tr> <td>YH Dato' Tan Bing Hua</td> <td>65,000</td> <td>56,000</td> <td>-</td> <td>-</td> </tr> <tr> <td>YH Dato' Jamaluddin bin Abd Majid</td> <td>65,000</td> <td>28,910</td> <td>-</td> <td>-</td> </tr> <tr> <td>Mr Tee Kim Tee @ Tee Ching Tee</td> <td>65,000</td> <td>39,600</td> <td>-</td> <td>-</td> </tr> <tr> <td>Encik Hashim Naina Merican bin Yahaya Merican</td> <td>65,000</td> <td>54,422</td> <td>-</td> <td>-</td> </tr> <tr> <td>Mr Tee Lip Teng</td> <td>65,000</td> <td>25,200</td> <td>-</td> <td>-</td> </tr> <tr> <td>Encik Nik Mohamed Zaki bin Nik Yusoff</td> <td>65,000</td> <td>38,000</td> <td>-</td> <td>-</td> </tr> <tr> <td>YH Datuk Mohd Afrizan bin Husain</td> <td>10,863</td> <td>8,678</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	GROUP	Fees (RM'000)	Meeting Allowance (RM'000)	Salaries and Bonus (RM'000)	Other Emoluments (RM'000)	Executive Director					YH Dato' Sri Kamaruddin bin Mohammed	443,171	160,900	1,038,000	28,000	Mr Tee Cheng Hua	303,630	108,750	798,238	28,000	Non-Executive Director					YH Dato' Indera Wan Bakri bin Wan Ismail	65,000	10,500	-	-	YH Dato' Tan Bing Hua	65,000	56,000	-	-	YH Dato' Jamaluddin bin Abd Majid	65,000	28,910	-	-	Mr Tee Kim Tee @ Tee Ching Tee	295,000	130,600	-	-	Encik Hashim Naina Merican bin Yahaya Merican	65,000	54,422	-	-	Mr Tee Lip Teng	65,000	25,200	-	-	Encik Nik Mohamed Zaki bin Nik Yusoff	65,000	38,000	-	-	YH Datuk Mohd Afrizan bin Husain	10,863	-	-	-	COMPANY					Executive Director					YH Dato' Sri Kamaruddin bin Mohammed	145,000	40,900	1,038,000	28,000	Mr Tee Cheng Hua	65,000	18,150	443,038	28,000	Non-Executive Director					YH Dato' Indera Wan Bakri bin Wan Ismail	65,000	10,500	-	-	YH Dato' Tan Bing Hua	65,000	56,000	-	-	YH Dato' Jamaluddin bin Abd Majid	65,000	28,910	-	-	Mr Tee Kim Tee @ Tee Ching Tee	65,000	39,600	-	-	Encik Hashim Naina Merican bin Yahaya Merican	65,000	54,422	-	-	Mr Tee Lip Teng	65,000	25,200	-	-	Encik Nik Mohamed Zaki bin Nik Yusoff	65,000	38,000	-	-	YH Datuk Mohd Afrizan bin Husain	10,863	8,678	-	-
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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 RM50,000.00.

Application	Departure
Explanation on application of the practice	NA
Explanation for departure	So as to maintain confidentiality and sensitivity of remuneration and other emoluments of Senior Management on a named basis, FEHB departs from Practice 7.2 and 7.3 of the MCCG.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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	Departure
Explanation on application of the practice	NA
Explanation for departure	So as to maintain confidentiality and sensitivity of remuneration and other emoluments of Senior Management on a named basis, FEHB departs from Practice 7.2 and 7.3 of the MCCG.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

Intended Outcome

There is an effective and independent Audit and Risk Management 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 and Risk Management Committee is not the Chairman of the board.

Application	Applied
Explanation on application of the practice	<p>The Audit Committee is known as Audit and Risk Management Committee.</p> <p>The member of Audit and Risk Management Committee is as follow:-</p> <p>YH Datuk Mohd Afrizan bin Husain <i>Independent, Non-Executive Director</i></p> <p>YH Dato' Tan Bing Hua <i>Independent, Non-Executive Director</i></p> <p>Encik Nik Mohamed Zaki bin Nik Yusoff <i>Independent, Non-Executive Director</i></p>
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

Intended Outcome

There is an effective and independent Audit and Risk Management 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 and Risk Management 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	No appointment had been made from key audit partner.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

Intended Outcome

There is an effective and independent Audit and Risk Management 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 and Risk Management Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	Applied
Explanation on application of the practice	The Audit and Risk Management Committee reviews issues of accounting policies, presentation for external financial reporting, monitors the work of the Internal Audit function and ensures an objective and professional relationship is maintained with the external auditors. The Audit and Risk Management Committee has full access to the auditors both internally and externally who, in turn, have access at all times to the Chairman of the Audit and Risk Management Committee.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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 and Risk Management Committee should comprise solely of Independent Directors.

Application	Applied
Explanation on application of the practice	The member is as follows:- YH Datuk Mohd Afrizan bin Husain <i>Independent, Non-Executive Director</i> YH Dato' Tan Bing Hua <i>Independent, Non-Executive Director</i> Encik Nik Mohamed Zaki bin Nik Yusoff <i>Independent, Non-Executive Director</i>
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Time frame	NA

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 and Risk Management 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	The members of the Audit Committee comprised at least one member with the requisite accounting qualification based on the MMLR. Members of the Committee are financial literate. They continuously keep themselves abreast with the latest development in the new accounting and auditing standards and the impact it may have on the Group through briefings by the management and the external auditors.																								
	The Company maintains a policy for Directors to receive trainings at Company's expense. The courses and training programmes attended by Directors in 2018 is as follow:-																								
	<table border="1"> <thead> <tr> <th>No</th> <th>Name</th> <th>Course Attended</th> <th>Date Attended</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>YH Dato' Sri Kamaruddin bin Mohammed</td> <td>In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Kerja Sebagai Ibadah</td> <td>24 July 2018 12-13 November 2018</td> </tr> <tr> <td>2.</td> <td>YH Dato' Indera Wan Bakri bin Wan Ismail</td> <td>MPOC Reach & Remind Friends of Industry Seminar 2018 Palm Oil Economic Review and Outlook (R&O) Seminar 2018 Taklimat Pensijilan Minyak Sawit Mampan Malaysia (MSPO) Persidangan Industri Getah Kebangsaan 2018 National Seminar 2018 Malaysian Plantation Industry In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Lunch Talk Asia Pacific Conference on Food Security</td> <td>9 January 2018 18 January 2018 28 March 2018 10-12 July 2018 16-17 July 2018 24 July 2018 9 October 2018 30-31 October 2018</td> </tr> <tr> <td>3.</td> <td>YH Dato' Tan Bing Hua</td> <td>In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Advocacy Programme on CG Assessment using the revised Asean CG scorecard methodology (Malaysian PLCs) How to develop business models for integrated reporting</td> <td>24 July 2018 29 August 2018 14 November 2018</td> </tr> <tr> <td>4.</td> <td>YH Dato' Jamaluddin bin Abd Majid</td> <td>In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Kerja Sebagai Ibadah</td> <td>24 July 2018 12-13 November 2018</td> </tr> <tr> <td>5.</td> <td>Mr Tee Kim Tee @ Tee Ching Tee</td> <td>In-house programme - Exploring the Ganoderma Effect at FEHB's Estate</td> <td>24 July 2018</td> </tr> </tbody> </table>	No	Name	Course Attended	Date Attended	1.	YH Dato' Sri Kamaruddin bin Mohammed	In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Kerja Sebagai Ibadah	24 July 2018 12-13 November 2018	2.	YH Dato' Indera Wan Bakri bin Wan Ismail	MPOC Reach & Remind Friends of Industry Seminar 2018 Palm Oil Economic Review and Outlook (R&O) Seminar 2018 Taklimat Pensijilan Minyak Sawit Mampan Malaysia (MSPO) Persidangan Industri Getah Kebangsaan 2018 National Seminar 2018 Malaysian Plantation Industry In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Lunch Talk Asia Pacific Conference on Food Security	9 January 2018 18 January 2018 28 March 2018 10-12 July 2018 16-17 July 2018 24 July 2018 9 October 2018 30-31 October 2018	3.	YH Dato' Tan Bing Hua	In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Advocacy Programme on CG Assessment using the revised Asean CG scorecard methodology (Malaysian PLCs) How to develop business models for integrated reporting	24 July 2018 29 August 2018 14 November 2018	4.	YH Dato' Jamaluddin bin Abd Majid	In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Kerja Sebagai Ibadah	24 July 2018 12-13 November 2018	5.	Mr Tee Kim Tee @ Tee Ching Tee	In-house programme - Exploring the Ganoderma Effect at FEHB's Estate	24 July 2018
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	6.	Mr Tee Cheng Hua	In-house programme - Exploring the Ganoderma Effect at FEHB's Estate	24 July 2018
	7.	Encik Nik Mohamed Zaki bin Nik Yusoff	In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Advocacy Programme on CG Assessment using the revised Asean CG scorecard methodology (Malaysian PLCs) Kerja Sebagai Ibadah	24 July 2018 29 August 2018 12-13 November 2018
	8.	Mr Tee Lip Teng	MPOC Reach and Remind Friends of Industry Seminar 2018 MPOB Palm Oil Economic Review & Outlook Seminar 2018 POC 2018 Palm Oil Price Outlook Conference & Exhibition MPOB TAS Interaction with Member of Malaysian Palm Oil Industry MPOC Market Forum 2018 In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Palm Oil Trade Fair & Seminar 2018 Argus Biofuels London Conference & Exhibition 2018	9 January 2018 18 January 2018 5-7 March 2018 18 April 2018 15 May 2018 24 July 2018 28-29 August 2018 10-11 October 2018
	9.	YH Datuk Mohd Afrizan bin Husain	Cybersecurity, IT Assurance & Governance Conference 2018 National Tax Conference 2018 Asia Pacific Computer Audit, Control and Security 2018 World Congress of Accountants 2018 MIA Conference 2018 Budget 2019: Key Updates and Changes for Corporate Accountant IFRS (MFRS) Technical Update 2018 Latest Developments on MFRS 16 MFRS 9 - Financial Instruments	14-16 May 2018 16-17 July 2018 20-21 September 2018 5-8 November 2018 10-11 November 2018 15 November 2018 04 December 2018 17 December 2018 27 December 2018
Explanation for departure	NA			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	NA			
Time frame	NA			

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 of Directors is committed to maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets and to review its adequacy and integrity. The system of internal control covers not only financial matters but also operational, compliance and risk management.</p> <p>The Board also recognises that a sound system of internal control can only reduce but not eliminate the possibility of poor judgement in decision making, human error, control process being deliberately circumvented by employees, management overriding controls and the occurrence of unforeseeable circumstances. Accordingly, the system could provide only reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.</p> <p>The Audit and Risk Management Committee of the Group perform regular risk management assessments and through the Internal Audit Department, review the internal control processes, and evaluate the adequacy and effectiveness of the risk management and internal control system. The Committee also seeks the observations of the independent external auditors of the Group.</p> <p>For detailed information, please refer to the Statement on Risk Management and Internal Control in the Annual Report of the Company.</p>
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

Intended Outcome

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

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

Practice 9.2

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

Application	Applied
Explanation on application of the practice	The Board with the assistance of the management undertook to identify the principal business risks in the critical areas of the Group, assessing the likelihood of material exposures and identifying the measures taken and the time frame to mitigate and minimise these risks. This was done through desktop reviews, interviews with the management and thorough deliberation and discussion among the Directors in the Board meetings.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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	Applied
Explanation on application of the practice	<p>The Risk Management Committee comprising of Board members and Senior Management. The Board is responsible for the overall corporate governance of the Group and is also entrusted with the responsibility of exercising reasonable care of the Company as well as the Group's resources in enhancing the shareholders long-term value while taking into account of other stakeholders. The Board understands that upholding corporate governance value is not merely achieving the desired financial performance, but also promoting ethical, professional and sustainable culture.</p> <p>The Audit and Risk Management Committee at Board's level comprising the following:-</p> <p>YH Datuk Mohd Afrizan bin Husain <i>Independent, Non-Executive Director</i></p> <p>YH Dato' Tan Bing Hua <i>Independent, Non-Executive Director</i></p> <p>Encik Nik Mohamed Zaki bin Nik Yusoff <i>Independent, Non-Executive Director</i></p>
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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	The Group has established an Internal Audit Department to assist the Audit and Risk Management Committee in the discharge of its duties and responsibilities. Its role is to provide independent and objective reports on the organisation's management, records, accounting policies and controls to the Board. The Internal Audit function includes evaluation of the processes by which significant risks are identified, assessed and managed. Such audits are carried out to ensure instituted controls are appropriate, effectively applied and within acceptable risk exposures consistent with the Group's risk management policy. The Internal Audit Department reports directly to the Audit and Risk Management Committee and its findings and recommendations are communicated to the Board.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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	The Internal Audit Department is headed by En Zahari Jaafar. His qualification as disclosed in the Company Annual Report. Internal Audit Department had adequate resources to carry out its duties during the year 2018. The internal and external auditors had conducted a meeting to discuss on issues pertaining to the principal risks, follow-up actions taken by the management and also scopes/areas of audit to be covered by both parties.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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 Annual General Meeting (“AGM”) is the principal forum for dialogue with individual shareholders and investors. It is a crucial mechanism in shareholder communication for the Company. At the Company’s AGM, which is generally well attended, shareholders have direct access to the Board and are given the opportunities to ask questions during open question and answer session prior to the motion moving for approval of the Company’s Audited Statements and Directors’ Report for the financial year. The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group’s operations in general. Where it is not possible to provide the questions with immediate answer to a significant question, the Chairman will undertake to provide him/her with a written answer after the AGM.</p> <p>The Company’s e-mail address fareast@fareh.po.my is one of the means to communicate with the Company. The Board has appointed YH Dato’ Tan Bing Hua, as Senior Independent Non-Executive Director as a Director responsible for Investor Relationship. Any queries with regard to the Group may be communicated to him. His email address is tanbinghua@fareh.po.my. Shareholders may also contact the Company Secretaries or visit our website www.fehb.com.my for further information.</p>
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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	The Directors recognised the responsibility for ensuring that accounting records are properly kept and the financial statements are prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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	The Notice of Meeting will be sent out on 29 April 2019 and the AGM's date to be held on 19 June 2019.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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	All the Board Members normally attended the General Meetings unless due to unforeseen circumstances.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

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	The Company holds its general meeting in Kuantan, Pahang at a centrally accessible location. Adequate notice of meeting is given to all shareholders and shareholders who are unable to make the journey and attend the general meeting may submit the proxy forms to the Company to enable their proxy to attend, participate, speak and to vote on their behalf at the general meetings. Shareholders can also submit any question or query prior to the general meetings.
Explanation for departure	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	NA
Time frame	NA

**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.