

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5222

COMPANY NAME : FGV HOLDINGS BERHAD (formerly known as Felda Global Ventures Holdings Berhad)

FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>Beginning 2018, FGV has enhanced its strategic plan blueprint namely Strategic Plan 2020 (SP20 (V2)) in response to various internal and external factors such as industry and market dynamics and change in leadership. The renewed targets by 2022 is for FGV Holdings Berhad (formerly known as Felda Global Ventures Holdings Berhad) (FGV or the Company) Group of Companies (FGV Group or the Group) to achieve market capitalization of RM22 billion, revenue of RM21.2 billion and Profit Before Tax (PBT) of RM1.3 billion. Operationally, the Group aims to achieve Fresh Fruit Bunches (FFB) yield of 19.62 MT/Ha and Oil Extraction Rate (OER) of 21.51%. This long-term target is guided by 4 strategic thrusts i.e. operational excellence, moving down value chain, growth through portfolio balancing and optimize financial and human capital.</p> <p>Subsequently, the annual budget is prepared in line with key initiatives set in SP20 (V2) for each business unit and corporate center; by means of all required resources such as human capital, financial and necessary capital expenditures. Both SP20 (V2) and 2018 Budget were approved by the Board of Directors (the Board).</p> <p>To measure the success of its annual and long-term targets, we monitor and track the progress of 49 key initiatives contained in SP20 (V2) together with financial and operational performance on a monthly basis and presented to the Board on a quarterly basis. Nevertheless, we took necessary corrective actions in the event of any shortfall, for an instance, the severe labour shortage issue faced by the Group has achieved 90% requirement during 1H of the year.</p> <p>The key initiatives are also translated into Key Performance Indicators (KPIs) for Top Management to facilitate the Board during the annual performance review thereafter. Similarly, the progress and achievements of the KPIs are presented to the Board on a quarterly basis.</p>

	<p>The Group's vision for human resource is to create value through human capital transformation guided by 4 thrusts namely "Reward Right" (pay for performance), "Recruit/Retain Right" (manpower optimization), "Perform Right" (goals and objectives) and "Develop Right" (talent development).</p> <p>Sustainability is anchored in SP20 (V2) and represents an integral part of FGV's corporate culture. This is reflected in the relentless drive towards an all-inclusive approach of value creation for all Stakeholders, whilst actively balancing socioeconomic and environmental demands. In 2018, FGV has successfully achieved Roundtable on Sustainable Palm Oil (RSPO) certification for 19 mills complexes in line with the RSPO time bound plan.</p> <p>We execute strategic two way communication dialogues with our Shareholders and Stakeholders on quarterly basis and during the Annual General Meeting to derive an understanding of their expectations and to communicate about FGV.</p> <p>We cautiously take cognisant of the views of our Shareholder and Stakeholders in improving FGV by undertaking various improvement initiatives at corporate and operational level.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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 Chairman's main role is to ensure effective conduct of the Board through the execution of the following:</p> <ol style="list-style-type: none"> 1. Guide and mediate the Board's actions with respect to organisational priorities and good governance; 2. Ensure the Board conducts itself in accordance with the Board Charter; 3. Ensure the Board meetings are conducted effectively with all relevant matters tabled in the agenda and that all Directors receive timely information and are properly briefed; 4. Ensure the Board is updated on material matters relating to the Group by the Group President/Chief Executive Officer (GP/CEO); 5. Be the major point of contact between the Board and the GP/CEO; 6. Undertake appropriate corporate communications activities together with the GP/CEO; 7. Ensure the GP/CEO look beyond his executive functions and accept his full share of the responsibilities; 8. Review progress regularly on important initiatives and significant issues facing the Group together with the GP/CEO; and 9. Initiate and oversee the GP/CEO's performance evaluation process. <p>The role and responsibilities of Chairman of the Board have been clearly specified in the Board Charter which is available on FGV's website.</p> <p>Effective 23 January 2019, the position of GP/CEO has used the nomenclature Group Chief Executive Officer (GCEO).</p>
Explanation for departure	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	

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

Intended Outcome

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

Practice 1.3

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

Application	Applied
Explanation on application of the practice	<p>The Board appreciates the distinct roles and responsibilities of the Chairman of the Board and the GCEO. This division ensures that there is a clear and proper balance of power and authority. As such, the role of the Chairman and the GCEO is separate to ensure that no one individual has unfettered decision-making process.</p> <p>The Chairman has never assumed any executive position in the Company except on 24 October 2018, whereby the Chairman of the Board was appointed as the Interim Chief Executive Officer (Interim CEO) and assumed the role of Interim CEO temporarily until a suitable candidate was appointed as the new GCEO of the Company.</p> <p>On 23 January 2019, the Company announced the appointment of its new GCEO i.e. Dato' Haris Fadzilah Hassan. With this appointment, the Chairman resigned as the Interim CEO and the position of Chairman and GCEO are now held by different individuals.</p> <p>The Chairman's main role is to ensure effective conduct of the Board through the execution of the following:</p> <ul style="list-style-type: none">• Guide and mediate the Board's actions with respect to organisational priorities and good governance;• Ensure the Board conducts itself in accordance with the Board Charter;• Ensure the Board meetings are conducted effectively with all relevant matters tabled in the agenda and that all Directors receive timely information and are properly briefed;• Ensure the Board is updated on material matters relating to the Group by the GCEO;• Be the major point of contact between the Board and the GCEO;• Undertake appropriate corporate communications activities together with the GCEO;• Ensure the GCEO look beyond his executive functions and accept his full share of the responsibilities;• Review progress regularly on important initiatives and significant issues facing the Group together with the GCEO; and• Initiate and oversee the GCEO's performance evaluation process.

	<p>The specific responsibilities of the GCEO are summarised as follows:</p> <ul style="list-style-type: none"> • Communicate the Group's mission, vision and values; • Represent the interests of the Group with major customers, governments and their agencies, industries at large and other major Stakeholders; • Develop the strategic direction of the Group and provide direction in the implementation of short term and long term strategies and plans; • Assess business opportunities of potential benefit to the Group; • Manage the Group's businesses, covering inter-alia, the development and execution of a sustainable Strategic Plan, annual business plan and set key performance indicators for Key Senior Management; • Seek the Board's approvals on major investments, divestments, capital expenditures and disposals in alignment with the Group's strategic direction; • Seek the Board's approvals on relevant announcements to Bursa Securities and all matters reserved for the Board; • Present and update the Board the operational and financial performance of the Group; • Oversee, direct and control all aspects of the business operations in a cost effective manner within the authorities delegated by the Board; • Oversee the development and implementation of the human resources strategies and key initiatives; • Assist members of the Board and Board Committees in discharging their duties; • Review and approve Board and Board Committees papers, reports, proposals and updates; and • Assist the Chairman in organising information necessary for the Board to consider, deliberate and ensure that such information to the Board and Board Committees are provided on a timely basis. <p>In discharging the above responsibilities, the GCEO may delegate appropriate functions to any Key Senior Management.</p> <p>The role and responsibilities of the GCEO have been clearly specified in the Board Charter which is available on FGV's website.</p>
<p>Explanation for departure</p>	<p>:</p>

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.4

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

Application	Applied
Explanation on application of the practice	<p>All Directors shall have direct access to the Company Secretary. The Board also has full and unrestricted access to anyone in the Group in order to conduct any investigation and obtain any information pertaining to the Group, including access to the Company's Auditors and consultants and may seek relevant internal and external independent professional advice at the expense of the Company. FGV has in place a procedure for Directors to seek independent professional advice.</p> <p>The Company Secretary has the prerequisite qualifications and experience to support the Board. The Company Secretary organises and attends all Board and Board Committee meetings and ensure meetings are properly convened and proper records of the proceedings and resolutions passed are maintained accordingly at the registered office of the Company; and produced for inspection, if required.</p> <p>The Company Secretary is responsible for advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. The Company Secretary is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving prohibition on dealing in securities and restrictions on disclosure of price sensitive information.</p> <p>All Directors have unrestricted access to the advice and services of the Company Secretary. The Board through the Board evaluation assessment questionnaire evaluated the support and services of the Company Secretary for the financial year under review. The appointment and removal of any of the Company Secretary is a matter for the Board, as a whole.</p> <p>During the financial year, the Company Secretary has attended relevant conferences and training programmes in order to constantly keep herself abreast of the evolving capital market environment, regulatory changes and developments in corporate governance.</p>

	<p>Some of the training programmes attended by the Company Secretary during the year were:</p> <ol style="list-style-type: none"> 1. Decoding Transaction and Related Party Transaction Rule by CKM Advisory Sdn Bhd; 2. CEO On-Boarding Program-Module 2: Corporate Governance by KPMG & Malaysia Anti-Corruption Commission (MACC); 3. Sustainability Reporting Workshops for Company Secretaries 2018 by Bursa Malaysia; 4. Advocacy Programme on Corporate Governance Assessment using the revised ASEAN Corporate Governance Scorecard Methodology by Bursa Malaysia; 5. ISO 45001 Awareness and ISO 14001 Refresher Programme for all FGV employees by FGV Group Health, Safety and Environment Department; 6. Briefing Session on Legal Authority Limit by FGV Group Legal; 7. Corporate Governance – Recent changes in Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance 2017 by Messrs. KPMG; and 8. Malaysia's War on Corruption Symposium 2018 by MeLearn Global. 	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 1.5

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

Application	: Applied
Explanation on application of the practice	<p>The Board requires all its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors, and to use their best endeavours to attend meetings.</p> <p>Board meetings and Board Committee meetings are scheduled in advance of the new financial year to enable Directors to plan ahead and fit the year's meetings into their schedules. Special Board meetings are convened between the scheduled meetings to deliberate urgent proposals which require immediate decision by the Board.</p> <p>In order for the Board meetings to be more effective and to ensure in-depth deliberations of matters are achieved, the meeting agendas are sequenced taking into account the complexity of the matters to be tabled for approval, discussion or notation by the Board. The meeting agendas are set by the Chairman or Board Committee Chairman respectively, in reference to the responsibilities and duties of the respective Board and Board Committees and in consultation with the GP/CEO and the Company Secretary.</p> <p>The agendas and meeting papers are distributed in advance at least five (5) days prior to the meetings for all Board and Board Committee meetings to allow the Directors to understand the papers so that they can contribute effectively at the meetings. However, papers that are deemed urgent may still be submitted to the Company Secretary to be tabled to the Board at the Board meetings and to the Board Committees at the Board Committee meetings, subject to the approval of the Chairman of the Board or Board Committee Chairman respectively, and the GP/CEO.</p> <p>The Board has a regular annual schedule of matters which are tabled to the Board for their approval and/or notation which includes business strategies, business operations and financial performance updates, unaudited quarterly results, Annual Financial Statements, Annual Integrated Report, risks profile, material litigations and matters related to investor relations.</p>

	<p>Whenever necessary, relevant Members of the Executive Committee (EXCO) (effective 16 November 2018, the EXCO is now known as the Group Management Committee) or external advisors are also invited to attend Board meetings and Board Committee meetings to provide further clarity on matters discussed to enable the Board and Board Committees to arrive at a considered and informed decision.</p> <p>Presentations to the Board are prepared and delivered in a manner that ensures a clear and adequate presentation of the subject matter. All issues raised, deliberations, decisions and conclusions including dissenting views made at Board meetings along with clear actions to be taken by responsible parties are recorded in the minutes.</p> <p>Where the Board is considering a matter in which a Director has interest, the relevant Director immediately discloses their interest and abstains from participating in the discussions or decision making on the subject matter.</p> <p>The Board is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. As and when the need arises, Directors are also provided with the relevant information and training to prepare them to appraise key business, operational, corporate, legal and regulatory as well as industry matters.</p> <p>The discussions, conclusions, deliberations and decisions of the Board meetings and Board Committee meetings are minuted and circulated in a timely manner.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	: Applied
Explanation on application of the practice	<p>The Board has collective responsibilities for promoting the long-term sustainability and success of the Group by providing entrepreneurial leadership within a framework of prudent and effective controls. In doing so, the Board commits to high standards of integrity and ethics. Specific matters reserved for the Board's consideration and decision include :</p> <ol style="list-style-type: none"> a) Matters on the appointments and structures of the Board, Board Committees, Subsidiaries' Boards, the GP/CEO or GCEO and Key Senior Management. b) Matters on the remunerations of the Board, Board Committees, Subsidiaries' Boards, the GP/CEO or GCEO and Key Senior Management. c) Matters on the Strategic Plans, investments, divestments, delegation of authorities and any major changes in the strategic directions of the Group. d) Matters on the annual budgets, Financial Statements, Quarterly Results, dividends, matters related to managing risks and controls and financial decisions. <p>The Board formally adopts a Board Charter, which provides guidance to the Board in the fulfilment of its roles, duties and responsibilities. The Board Charter outlines the roles and responsibilities of the Board, the balance and composition of the Board, the Board's authorities, schedule of matters reserved for the Board, the establishment of the Board Committees, processes and procedures for convening Board meetings, the Board's assessment and review of its performance, compliance with ethical standards, Board's access to information and advice and declarations of conflict of interest. The Board Charter was last reviewed on 28 November 2018 and is made available in the Company's corporate website at www.fgvholdings.com.</p>

	<p>The role of Independent Non- Executive Directors are clearly delineated in Paragraph 6 of the Board Charter.</p> <p>In enhancing active participation of Directors during Board's deliberations, the Directors had attended various external programmes in accordance with Paragraph 15.08(3)(b) during the year 2018. The list of training programmes attended by the Directors in 2018 are disclosed in the Corporate Governance Overview Statement available in the Annual Integrated Report 2018.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.1

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

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

Application	Applied
Explanation on application of the practice	<p>In discharging its responsibilities, the Board is also guided by the Directors' Code of Ethics and Conduct (CoEC) and Code of Business Practice (CoBP). Directors are expected to conduct themselves with the highest ethical standards and corporate governance.</p> <p>All Directors have given their commitment to comply with the Directors' CoEC and CoBP through a signed declaration. The Directors' CoEC and CoBP are made available to the Directors and are also published on the Company's corporate website.</p> <p>FGV also has in place a Code of Business Conduct and Ethics for employees (COBCE) which was revised and approved by the Board on 1 November 2017. The COBCE was established to address but not limited to the managing of conflicts of interest, prevention of abuse of power, corruption, insider trading and money laundering.</p> <p>It has been the practice of the Company to require that members of the Board to make a declaration in the event that they have interests in proposals being considered by the Board, including where such interests arise through close family members, in line with various statutory requirements on the disclosure of Director's interest.</p> <p>Any interested Directors shall abstain from deliberations and decisions of the Board on the subject proposal and, where appropriate, excuse themselves from being physically present during such deliberations. Further information on conflict of interest is codified in the Directors' CoEC and CoBP.</p> <p>In line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the relevant provisions of the Capital Markets & Services Act 2007, Directors, EXCO Members and principal officers of the Group are prohibited from trading in</p>

securities or any kind of property based on price sensitive information and knowledge, which have not been publicly announced. Notices on the closed period for trading in FGV's shares are circulated to Directors, EXCO Members and principal officers who are deemed to have privy to price sensitive information and knowledge, in advance of whenever the closed period is applicable. Further information on prohibitions relating to insider trading is codified in the Directors' CoEC and CoBP.

For prevention of conflict of interest, abuse of power, corruption, insider trading and money laundering, the Board have endorsed the following policies and procedures :

a) **COBCE**

The COBCE guides our employees to embrace the Group's values and comply with applicable laws and regulations, through honest, transparent and ethical business practices. The COBCE covers areas such as compliance, integrity, conduct in the work place, business conducts, protection of the Group's assets, confidentiality and conflict of interest.

b) **External Gift, Entertainment & Hospitality Policy (GEH Policy)**

The GEH Policy is modelled based on good practices to govern the giving and receiving of gifts, entertainment and hospitality to or from third parties with emphasis on integrity, ethical standards and adherence to the law. The Group endeavours to maintain a high standard of integrity, transparency and accountability in all aspects of its business through efficient, productive and disciplined behaviour.

c) **Asset/Personal Interest Declaration Policy (APID Policy)**

The APID Policy is intended to reflect the Directors and employees' transparency towards the Group. It is also to ensure that the assets and personal interests are acquired through reasonable legal means within their financial ability and free from conflict of interest situation.

The above policies are made available in the Centralized Management System (internal hub) for easy access by employees. The above policies were also communicated to all employees in the Group via email. In ensuring the above policies and procedures are being implemented and complied to, FGV periodically organize awareness programmes through roadshows and forum events.

Since the signing of the Malaysian Corporate Integrity Pledge on 9 April 2012, FGV remains committed to uphold the integrity principles and strive towards creating a business environment that is free from corruption in the conduct of its business and in its interactions with its business partners and the authorities.

	<p>In the journey towards achieving good governance, FGV is committed to a culture of integrity. This is to ensure that FGV Group conducts its businesses globally in compliance with laws and ethical values.</p> <p>Through the execution of the Directors' CoEC and CoBP, the COBCE, GEH Policy, APID Policy, the Corporate Integrity Pledge, the Integrity Pact and FGV Integrity Plan, FGV Group is committed to :</p> <ol style="list-style-type: none"> 1. Take pride in contributing towards FGV's success; 2. Uphold FGV's core values P.R.I.D.E.; 3. Deliver products and services to customers as pledged; 4. Perform to the best ability at global standards, whilst continuously improving the quality of FGV Group's products and services; 5. Adhere to all sets of laws, policies, procedures, rules, regulations and guidelines; and 6. Adopt an open and honest attitude in all aspects. 	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

The 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>FGV Whistleblowing Policy and Procedures (Whistleblowing Policy) was established in 2012 to enable employees, including the public to report without fear of retaliation, any wrongdoings that they may observe or experience. The Company continuously reviewed the Whistleblowing Policy, and the latest version was approved by the Board on 28 May 2018.</p> <p>The main objectives of the Whistleblowing Policy are:</p> <ol style="list-style-type: none">1. To provide avenues for employees to disclose any improper conduct.2. To assure the employees that they will be protected from reprisals, discrimination or victimisation for whistleblowing in good faith.3. To provide a formal mechanism for action on all reports made.4. To take necessary action of any improper conduct reported by other sources. <p>Improper conduct may include:</p> <ol style="list-style-type: none">1. Malpractice, impropriety, fraud and embezzlements.2. Misappropriation of assets and funds.3. Criminal breach of trust.4. Illicit and corrupt practices.5. Questionable or improper accounting.6. Misuse of confidential information.7. Acts or omissions, which are deemed to be against the interest of the Group, laws, regulations or public policies.8. Breaches of any FGV Group policies or the COBCE.9. Attempts to deliberately conceal any of the above or other acts of wrongdoing.10. Abetting any of the above. <p>Reports of wrongdoing can be channelled via the following:</p>

1. In writing

- a. Posting through e-Alert form in FGV's corporate website.
- b. Through written letter to:
Secretariat of Whistleblowing Committee
Group Governance Division
Level 13 West, Wisma FGV
Jalan Raja Laut
50350 Kuala Lumpur
- c. E-mail to alert@fgvholdings.com

2. Telephone call

Telephone call can be made to the Whistleblowing Hotline at the following numbers:

<u>Country</u>	<u>Phone Number</u>
Malaysia	1 800 888 717
USA	18 555 030 531
Thailand	1 800 060 162
Indonesia	001 803 601 940
China (South)	10 800 260 0730
China (North)	10 800 6000 146
Pakistan	00800 90 060 009

3. In person by meeting the Secretariat of Whistleblowing Committee.

The Whistleblowing Committee consists of six (6) permanent members:

- 1. Head of Group Governance Division (Chairman);
- 2. Chief Human Resources Officer;
- 3. Group Chief Finance Officer;
- 4. Chief Counsel;
- 5. Chief Risk Officer; and
- 6. Head of Governance and Compliance.

As mandated by the Board, Whistleblowing Committee is responsible to:

- 1. manage complaints reported through secured and accessible whistleblowing channels,
- 2. ensure transparent investigation and
- 3. provide protection.

In the year of 2018, Whistleblowing Committee has conducted three (3) Whistleblowing Committee meetings to deliberate on 34 cases received through whistleblowing channels.

	<p>Whistleblowing Committee shall handle and deliberate the disclosures of improper conduct against Senior General Manager positions and below; whereas the Whistleblowing Committee Chairman shall refer and discuss with Senior Independent Non-Executive Director on disclosures of improper conduct received against Vice President positions and above, Sector Heads, Members of the Board and Government Appointed Directors to determine the next course of action.</p> <p>Investigations on whistleblowing cases shall be done by the Group Governance Division on matters relating to fraud, bribery and abuse of power. The Group Human Resources shall investigate on any misconduct related matters.</p> <p>A whistleblower will be accorded with the following protection under the Whistleblowing Policy:</p> <ol style="list-style-type: none"> 1. Confidential information and identity of the whistleblower; and 2. Detrimental action as consequences of the disclosure. <p>The Whistleblowing Report is presented to the Board Governance & Risk Management Committee on a quarterly basis.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Governance of the Group and the responsibility for driving good corporate citizenship is vested in a unitary Board, which is supported by several Board Committees and the Company Secretary. The Board, through its committees, provides strategic direction, while the GP/CEO, assisted by the EXCO and its Management Committees, is accountable to the Board for implementing the Strategic Plans approved by the Board.</p> <p>Under the Company's new Constitution, the number of Directors shall not be less than two (2) and not more than twelve (12). The composition of the Board fairly reflects the interest of the significant Shareholders, without compromising the interest of the minority Shareholders. The Board composition is also in compliance with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>As at 20 March 2019, there are ten (10) members on the Board, comprising :</p> <ul style="list-style-type: none"> • seven (7) Independent Non-Executive Directors, and • three (3) Non-Independent Non-Executive Directors.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years								
Explanation on application of the practice	:	<p>Todate, FGV has seven (7) Independent Non-Executive Directors and none of them has served beyond nine (9) years.</p> <p>The tenure of the Independent Non-Executive Directors as at 20 March 2019 are set out in the profiles of the Board of Directors on pages 59 to 60 of FGV's Annual Integrated Report 2018 summarised as follows:</p> <table border="1"><thead><tr><th>Years of service</th><th>Less than 1 year</th><th>1-2 years</th><th>4-5 years</th></tr></thead><tbody><tr><td>Number of Directors</td><td>2</td><td>4</td><td>1</td></tr></tbody></table> <p>Under Clause 106 of FGV's new Constitution, the term of Independent Director shall not exceed three (3) years. Upon completion of three years tenure, such Independent Director shall cease to be a Director, but may still be eligible for re-appointment.</p> <p>FGV also has in place a Board Nomination and Election Policy and Procedures which deals with the tenure of Independent Non-Executive Directors of FGV beyond nine (9) years and the conditions to continue to serve on the Board of FGV. If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. This policy is further stated in the Board Charter (Paragraph 6.4.5 (d),(e) and (f) of the Board Charter).</p> <p>The Independent Non-Executive Directors on the Board act as caretakers of the minority Shareholders, and their views carry significant weight in the Board's decision-making process. The presence of Independent Non-Executive Directors fulfils a pivotal role in corporate accountability. Although all the Directors have equal responsibility at the Board level, the roles of these</p>	Years of service	Less than 1 year	1-2 years	4-5 years	Number of Directors	2	4	1
Years of service	Less than 1 year	1-2 years	4-5 years							
Number of Directors	2	4	1							

Independent Non-Executive Directors are particularly important as they provide unbiased and independent views, advice, as well as judgement to take account of the interests, not only of the Group, but also that of minority Shareholders, employees, customers, suppliers and the many communities within which the Group conducts its business. The Board places great importance on the balance of its Independent Non-Executive Directors since they serve as an essential source of impartial and professional guidance to protect the interest of the Shareholders.

The Board has undertaken an assessment of the Independent Non-Executive Directors, and has concluded that each of them continues to demonstrate behaviour that reflects their independence, which is in accordance with the definition of Independent Directors under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The independence of Non-Executive Directors is reviewed on an annual basis as part of the Directors' evaluation process. The Board is satisfied that all its Independent Non-Executive Directors represent the interest of the minority Shareholders by virtue of their roles and responsibilities.

The Malaysian Code on Corporate Governance 2017's recommended practice on reinforcing independence provides a limit of a cumulative term of nine (9) years tenure for an Independent Director, after which, the said Directors may either seek Shareholders' approval to continue to remain on the Board or be re-designated to a Non-Independent Non-Executive Director. Details on the Board's tenure can be found in the Corporate Governance Overview Statement in FGV's Annual Integrated Report 2018.

The Board has identified Dato' Yusli Mohamed Yusoff as the Senior Independent Non-Executive Director to whom concerns of shareholders and stakeholders may be conveyed. Shareholders and other interested parties may contact Dato' Yusli Mohamed Yusoff to address any concerns in writing or via telephone, facsimile or electronic mail as follows:

Tel : +603 2789 0021

Fax : +603 2789 0001

Email : sid@fgvholdings.com

Postal address : FGV Holdings Berhad
(formerly known as Felda Global
Ventures Holdings Berhad),
Level 21, Wisma FGV,
Jalan Raja Laut,
50350 Kuala Lumpur, Malaysia.

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

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

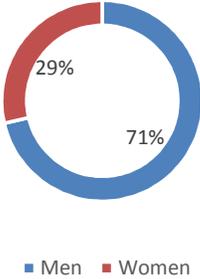
Intended Outcome

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

Practice 4.4

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

Application	Applied
Explanation on application of the practice	<p>The Nomination and Remuneration Committee assesses the suitability of Board candidates, taking into account the following selection criteria before recommending their appointment to the Board for approval:</p> <ol style="list-style-type: none">1. Relevant skills, knowledge, expertise and experience;2. Existing directorships and current professional responsibility;3. Character, professionalism and integrity; and4. Number of directorships (not exceeding five (5) directorships in listed companies) and other external obligations which may affect the candidates' commitment, including time commitment. <p>The Board shall be implementing improvements in its practices on nomination and election of Directors as detailed in the FGV Board Nomination and Election Policy and Procedures. The Board remains focused on enhancing the diversity of Directors' perspectives. Directors are chosen for their corporate leadership skills, experience and expertise. Diversity of experience in business as well as academic backgrounds are also considered. The right blend of skills and experience is crucial in ensuring the attainment of long-term value for FGV's shareholders.</p> <p>In accordance with FGV's Constitution, at each Annual General Meeting (AGM), one-third (1/3) of the Directors shall be subjected to retirement by rotation, but they shall be eligible for re-election. The Directors to retire in every year shall be those who have served longest in office since their last election or appointment date, and each Director shall retire at least once in every three (3) years. Newly appointed Directors during the year must offer themselves for re-election at the first AGM following their appointment.</p> <p>The Nomination and Remuneration Committee reviews and recommends to the Board the rotation and re-election of Directors at the AGM. Where a Director is due to retire from office, the Nomination and Remuneration Committee reviews the composition of the Board and decides whether to recommend the retiring Director for re-election taking into consideration the Director's contributions, attendance and time commitment</p>

	<p>The appointment of Top Management is based on the organization structure, business strategies, succession planning and internal resources.</p> <p>The selection and appointment process of Top Management are done through rigorous and robust exercises. A Search Committee conducted the assessments on the candidates' suitability before recommending their appointment to the Nomination and Remuneration Committee and Board of Director for approval.</p> <p>FGV has always acknowledged the contribution of female employees in the organisation and have increased the gender diversity within its Top Management. Currently, women are represented in four (4) positions out of fourteen (14) positions or 29% of the Top Management.</p> <div data-bbox="586 653 1360 1003">  <table border="1"> <caption>Gender Diversity in Top Management</caption> <thead> <tr> <th>Gender</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Men</td> <td>71%</td> </tr> <tr> <td>Women</td> <td>29%</td> </tr> </tbody> </table> </div>	Gender	Percentage	Men	71%	Women	29%
Gender	Percentage						
Men	71%						
Women	29%						
<p>Explanation for departure :</p>							
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>							
<p>Measure :</p>							
<p>Timeframe :</p>							

Intended Outcome

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 for departure	<p>FGV has in place a Board Nomination and Election Policy and Procedures to enhance, clarify and formalise its policies on Board Composition, Independence, Conflict of Interest and Board Assessment. The Policy on Board Composition provides the size of the Board, the selection criteria, the Directors' skills sets and Board diversity to be considered for new appointments of Directors. The Policy on Board Composition also provides that FGV shall adopt and pursue Board diversity in considering the composition of the Board and shall adopt a meritocracy system which does not discriminate, particularly on the grounds of gender and ethnicity.</p> <p>On 1 January 2018, there are two (2) female directors on the Board.</p> <p>The Board identified the need to improve gender diversity in order to reach at least 30% female representation on the Board and approved the appointments of two (2) additional female Directors in 2018, which created in a total four (4) female directors. However, one (1) female director has resigned later on.</p> <p>As at 20 March 2019, FGV Board comprised of seven (7) male Directors and three (3) female Directors (30% female representation). The Board will continue its support for adequate female representation in the Board.</p>
Explanation for departure	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	
Timeframe	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>FGV sought independent sources to identify suitably qualified candidates, and had also considered candidates proposed by third party referrals.</p> <p>The FGV Board Nomination and Election Policy and Procedures provides that the sourcing of the candidates to the Board may be undertaken internally via recommendations by the Chairman of the Nomination and Remuneration Committee, and within the bounds of practicality, by the Directors or Major Shareholders of FGV or undertaken externally through the recommendations of independent third party service providers appointed by the Board.</p> <p>The Nomination and Remuneration Committee shall then make a full assessment of the candidates, in accordance with Clauses 6.1.2, 6.1.3 and 6.1.4 of the Board Nomination and Election Policy and Procedures, to evaluate whether they have the necessary and desirable core competencies to discharge their responsibilities effectively before they are recommended to the Board. For appointment of Independent Directors, the Nomination and Remuneration Committee shall include the additional criteria of independence in the assessment, as per Clause 6.2.2 of the Board Nomination and Election Policy and Procedures.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Nomination and Remuneration Committee is a Senior Independent Non-Executive Director.</p> <p>The Nomination & Remuneration Committee is chaired by Dato' Yusli Mohammed Yusoff, a Senior Independent Non-Executive Director.</p> <p>The role of Senior Independent Non-Executive Director are set out in the Board Charter, which is available on FGV's website at www.fgvholdings.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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>A formal evaluation was conducted to assess the Board's effectiveness as well as to recommend areas and remedial actions for improvement (Board Performance Evaluation). The Board Performance Evaluation was conducted for the Board as a whole, its Committees and contributions from each individual Director.</p> <p>The Board appointed an external consultant to facilitate the Board Performance Evaluation process for the FYE 2017. The external consultant performed a gap analysis to ascertain the level of conformance with the prescribed standards and requirements namely the Companies Act, 2016, the Malaysian Code on Corporate Governance 2017 and the Corporate Governance Guide – Moving from Aspiration to Actualisation, 3rd Edition (CG Guide) in order to determine areas which require further improvement as compared to best practices.</p> <p>The Board Performance Evaluation process involved a peer and self-review assessment, where Directors' assessed their own as well as their fellow Directors' performance including the assessment of the Independent Directors. Peer and self-assessment questionnaires were developed and distributed to all Board members.</p> <p>The assessment of the Board effectiveness covers a broad spectrum of governance attributes encompassing eight (8) main elements including leadership culture, risk, talent process and technologies, board oversight, stakeholder engagement, strategy and innovation, performance and evaluation, leadership succession and remuneration.</p> <p>Based on the interviews carried out as well as the feedback gathered from the questionnaire forms circulated, the results of the assessment and its recommendations thereof, were compiled and collectively summarised and reported to the Nomination and Remuneration Committee.</p>

	<p>The Chairman of the Nomination and Remuneration Committee presented the Board Performance Evaluation results in the ensuing meeting for deliberation. The Board upon assessing the results, identified action plans and initiatives, as part of a continual improvement process in the Boardroom. It is the Board's goal to ensure that it is doing the right things, in the right way and, in doing so, is setting the right tone for the adoption of good governance for FGV and the Group. For the FYE 2017 Board Performance Evaluation, no major concerns were raised.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The remuneration programs for all of the employees inclusive of the Senior Management are guided by the Group's Compensation Policy which is established for three purposes :</p> <ol style="list-style-type: none">1. To attract and retain the most qualified talent into FGV Group by offering competitive remuneration packages;2. To fairly compensate all employees of FGV Group according to job functions; and3. To ensure fair and equitable distributions of compensation packages internally and externally based on performances and deliverables. <p>The Group's Compensation Policy takes into account market competitiveness, the demands, complexities and performance of FGV Group as well as the individual employee's skills and experiences.</p> <p>The Group's Compensation Policy was last revised on 1 June 2018. The Group's Compensation Policy is not made available on FGV's website.</p> <p>FGV also has in place a Board Remunerations Policy to determine the remuneration of Directors. The detailed remuneration received by FGV Board members are disclosed in the Corporate Governance Overview Statement in FGV's Annual Integrated Report 2018.</p> <p>Summary of Non-Executive Directors' Remuneration Policy and Senior Management's Remuneration Policy are disclosed in the Corporate Governance Overview Statement in FGV's Annual Integrated Report 2018 and are published in the Company's corporate website at www.fgvholdings.com.</p>
Explanation for departure	:	

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

Intended Outcome

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	:	FGV has established a Nomination and Remuneration Committee which comprise exclusively of Non-Executive Directors and all of its members are Independent Directors and chaired by the Senior Independent Non-Executive Director. The full details of the Nomination and Remuneration Committee's Terms of Reference are published in the Company's corporate website at www.fgvholdings.com . The summary of work of the Nomination and Remuneration Committee are disclosed in the Nomination and Remuneration Committee Report in FGV's Annual Integrated Report 2018.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	FGV has been disclosing in detail on named basis the remuneration of FGV individual directors which includes fees, salary, bonus, benefits in-kind and other benefits. This information is disclosed in the Corporate Governance Overview Statement in FGV's Annual Integrated Report 2018.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.2

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

Application	:	Applied
Explanation on application of the practice	:	The top five (5) Senior Management's remuneration on a named basis which includes salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 per annum is disclosed in the Corporate Governance Overview Statement in FGV's Annual Integrated Report 2018.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of FGV's Audit Committee is not the Chairman of the Board of Directors of FGV.</p> <p>The Audit Committee is chaired by Datuk Mohd Anwar Yahya an Independent Non-Executive Director. He is a Member of several professional bodies, such as Member of the Institute of Chartered Accountants in England and Wales (ICAEW), Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). He is not the Chairman of the Board.</p> <p>The Audit Committee's Terms of References states that the Chairman of the Audit Committee is not the Chairman of the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	The Audit Committee's Terms of Reference states that a former key audit partner must observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	Applied
Explanation on application of the practice	<p>FGV has in place an External Auditor Policy which covers the appointment and re-appointment of external auditors, assessing their performance and independence, audit partner rotation, audit delivery and reporting, engagement of external auditor for non-audit services and removal of external auditor.</p> <p>The External Auditor Policy states that the Group shall only engage external auditor from top four (4) firms of professional accountants for the Financial Statement statutory audit of the Group and as far as practicable, shall retain the engagement of one external audit firm for the Group covering all listed and unlisted subsidiaries within Malaysia and outside Malaysia. Any new appointment or replacement of external auditors shall be through a formal tendering process. FGV currently engages Messrs. PwC as its external auditor for the Group.</p> <p>A suitability and independence assessment has been undertaken through a checklist of factors considered prior to proposing the re-appointment of the external auditor for the FYE 31 December 2018 at the general meeting in June, 2018. The factors considered were calibre of the firm, its quality process/performance, the audit team, its independence and objectivity, audit scope and planning, audit fees and audit communications. From the assessment, the Audit Committee concluded that PwC remains suitable and independent for re-appointment as the external auditor.</p> <p>The External Auditor Policy requires that the External Auditor's performance and independence be assessed using an assessment checklist covering the following, upon completion of every annual audit.</p> <ul style="list-style-type: none"> • Calibre of external audit firm; • Quality of process/performance; • Audit team; • Independence and objectivity; • Audit scope, planning and methodology; • Audit fees; • Audit deliverables; and • Audit communication.

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	Datuk Mohd Anwar Yahya is a Member of the Institute of Chartered Accountants in England and Wales (ICAEW), a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and a Member of the Malaysian Institute of Certified Public Accountants (MICPA). All members of the Audit Committee are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities. The Audit Committee, therefore, meets the requirements of paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which stipulates that at least one (1) member of the Audit Committee must be a qualified accountant. The details of the Audit Committee members' trainings attended in 2018 can be found in the Corporate Governance Overview Statement in FGV's Annual Integrated Report 2018.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	Applied
Explanation on application of the practice	<p>The Board acknowledges its overall responsibility in overseeing the Group's risk management framework and internal control systems and is cognisant that the framework and control systems are designed to manage and reduce, rather than eliminate, the risks identified to an acceptable level of risk appetite.</p> <p>At Management level, FGV Board is supported by a dedicated Group Risk Management Division (GRMD) which undertakes the following responsibilities:</p> <ul style="list-style-type: none">• Reviewing, assessing, enhancing and monitoring the Group's Risk Management Framework including risk management policies and procedures;• Maintaining the Risk Registers of the Group;• Providing guidance to all Group's operations in identifying and assessing risks, developing relevant and effective mitigation strategies to manage the risks;• Preparing risk reports to BGRMC and Board;• Undertaking analysis on specific risks and where necessary, reporting the same to BGRMC and the Board; and• Overseeing the Group's Business Continuity Management. <p>GRMD liaises with the Risk Owners, who are customarily the heads of Business Clusters and Corporate Centres. The Risk Owners are supported by their respective Cluster Risk Champions and Risk Champions. They are tasked with ensuring the implementation of the action plans to effectively mitigate the risks identified. Descriptions of the risks and their mitigation and action plans are inputted and tracked in the company's risk register via the Enterprise Risk Management System (ERMS), which is updated every quarter.</p> <p>The Board has also established the Board Governance & Risk Management Committee to effectively oversee FGV's risk management framework and policies.</p> <p>Matters related to risks and mitigation plans are escalated and tabled to the Board Governance & Risk Management Committee and subsequently to the Board.</p>

	<p>The matrix for oversight, assurance, risk management and internal control is clearly set up in FGV. The risk management oversight approach is premised on the four lines of defence model, coordinating various players involved and their activities to effectively monitor the enforcement of risk culture.</p> <p>FGV also have in place an integrated framework of internal controls which applies to all subsidiaries within the Group except for joint venture companies and associates not managed by FGV. However, we ensure that our interests and investments are safeguarded by having Board representation(s) and/or nominated appointee(s) in the respective joint ventures and/or associates.</p> <p>The key elements of our internal control structure are as follows:</p> <ul style="list-style-type: none"> • Policies & Procedures • Ethics & Integrity • Information & Monitoring • Authority & Responsibility • Competency.
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

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

Practice 9.2

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

Application	Applied
Explanation on application of the practice	<p>FGV's risk management and internal control framework is disclosed in the Statement on Risk Management and Internal Control (SORMIC) in FGV's Annual Integrated Report 2018. The SORMIC together with the Corporate Governance Overview Statement and the Corporate Governance Report have been approved by the Board.</p> <p>The top ten (10) Group and cluster risks and mitigation measures are reported quarterly to the Board Governance & Risk Management Committee and the Board. The quarterly risk report also covers high level strategic risks, project and emerging risks which forms an effective tool in monitoring risk management and framework within the Group.</p> <p>FGV manages risks by incorporating mitigation measures into corporate and operation plans. FGV risk management processes are supported by policies and procedures which are consistent with the ISO 31000 Risk Management Standard, developed to aid relevant personnel in undertaking their risk management responsibilities.</p> <p>Descriptions of the risks and their mitigation and action plans are inputted and tracked in the company's risk register via the Enterprise Risk Management System (ERMS), which is updated every quarter.</p> <p>FGV also has in place an integrated framework of internal controls which applies to all subsidiaries within the Group except for joint venture companies and associates not managed by FGV. We ensure that our interests and investments are safeguarded by having Board representation(s) and/or nominated appointee(s) in the respective joint ventures and/or associates.</p> <p>The key elements of our internal control structure are as follows:</p> <ul style="list-style-type: none">• Policies & Procedures• Ethics & Integrity• Information & Monitoring• Authority & Responsibility

	<ul style="list-style-type: none"> • Competency <p>Review of the Risk Management and Internal Control framework is done regularly, to ensure continued effectiveness of the framework. These include:</p> <ul style="list-style-type: none"> • assessment of controls via quarterly monitoring and updating of identified risks in the risk registers, • GRMD conducting risk register reviews on specific subsidiaries and corporate centres to improve the individual registers, • external review of the risk framework and implementation of the recommendations to improve same via a planned roadmap, • periodic independent Group Internal Audit reviews for objective assurance on the efficacy of the risk management framework and internal controls. 	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	Adopted
Explanation on adoption of the practice	FGV has established the Board Governance & Risk Management Committee which comprise exclusively of Non-Executive Directors and all its members are Independent Directors. One of the Board Governance & Risk Management Committee's responsibilities in relation to risk management is to direct and oversee the formulation of the Group's overall enterprise risk management framework and strategies, including policies, procedures, systems, capability and parameters to identify, assess and manage risks to ensure their relevance and appropriateness to the Group's position and business, to advise and report to the Board, the overall risk appetite, tolerance and strategy on managing business risks, to report to the Board, key business risks and seeks its approval on the management of key business risks that are aligned to the Group's risk appetite, to monitor the effectiveness and progress of management of key business risks and accordingly report to the Board the status of the key business risks, and to recommend to the Board, the approval of and/or amendments to the Group risk management framework and strategies, including policies, procedures, systems, capability and parameters, as relevant.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has an in-house Group Internal Audit ("GIA") function, which is independent and reports functionally direct to the Audit Committee and administratively to the GP/CEO. The conduct of GIA is based on a Group Internal Audit Charter, which is established consistent with the requirements of the Institute of Internal Auditors' International Professional Practices Framework and approved by the Audit Committee as affirmed through a Quality Assurance Review conducted by the Institute of Internal Auditors Malaysia in 2014.</p> <p>The next Quality Assurance Review is expected to be conducted in 2019.</p> <p>The Audit Committee assesses the performance of the Chief Internal Auditor, which includes assessment of the effectiveness of the Group's internal audit function with reference to the Institute of Internal Auditors' International Professional Practices Framework.</p> <p>The Audit Committee reviews and approves the internal audit plan on an annual basis, which includes review of the resources and organization structure of the internal audit function.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	: Applied
Explanation on application of the practice	<p>A declaration of relationships and conflicts of interest was undertaken in 2014, 2017 and 2018. From the declaration there are no conflicts of interest although there are Group Internal Audit (GIA) personnel who have relations within FGV. Where there are relationships, the personnel are rotated to areas of audit that do not involve their relations.</p> <p>Relationships are also identified during the recruitment process which requires candidates to declare if they have any relationships and no recruitment has been made of persons with relationships. In undertaking the internal audit work, GIA personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence. These have been disclosed in FGV's Annual Integrated Report 2018 and will be disclosed in the next FGV's Annual Integrated Report 2019.</p> <p>The number of resources in the internal audit department is disclosed in FGV's Annual Integrated Report 2018.</p> <p>The name and qualifications of the person responsible for internal audit is also disclosed in FGV's Annual Integrated Report 2018.</p> <p>The GIA function is carried out in accordance with a recognized framework, i.e. the Institute of Internal Auditors' International Professional Practices Framework.</p>
Explanation for departure	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

There is 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>Under FGV Investment Department, Investor Relations unit is responsible to ensure a planned and balanced engagement with its current and potential shareholders throughout the year. In providing constant communication with the investment community, variety of medium use to engage including in-house meetings, quarterly briefings, courtesy visits, conferences and roadshows.</p> <p>The Company holds physical briefings and/or conference calls with the media and analysts immediately after announcement of quarterly results to Bursa Securities, chaired by the GP/CEO or the Group Chief Financial Officer. The briefings provide a platform for the media and analysts to receive a balanced and complete view of FGV's performance and issues faced. Reasonable access to Group Management Committee is also provided to ensure analyst and shareholders are able to meet with the key management.</p> <p>Through FGV's corporate website, recent information will be updated for the existing and new shareholders to access. Corporate presentations that have been used for conferences and roadshow can also be viewed by the interested parties.</p> <p>In 2018, FGV conducted 33 engagement sessions with investors and analysts via face-to-face meetings and conference calls.</p> <p>The list of investor relations activities in 2018 are as follows :</p> <ul style="list-style-type: none">• Periodic engagements with key shareholders were done through courtesy visits at the shareholders' office.• FGV also participated in non-deal roadshows and investor conferences (local and overseas) to reach out to the potential shareholders.• Conducted quarterly briefing on FGV quarterly results via conference call or physical briefing with the analysts.• Organised plantation and downstream (refinery) visits for the investment community to understand and provide updates on FGV's business.

	<ul style="list-style-type: none"> Updated FGV's corporate website on management presentations / Annual Reports. 	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>FGV applies a progressive approach to integrated thinking and integrated reporting. The leadership of the Group develops and directs the strategy and manages the business in an integrated way, taking cognisance of the capital resources required and the interests of all the Stakeholders.</p> <p>This is demonstrated throughout FGV's Annual Integrated Report published every year.</p> <p>In preparing the Annual Integrated Report 2018, we were guided by the International Integrated Reporting Council (IIRC) Framework, published by the IIRC in December, 2013.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.1

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

Application	Applied
Explanation on application of the practice	<p>FGV had issued its notice of 2018 Annual General Meeting on 30 April 2018 to FGV shareholders which is 28 days prior to the 2018 Annual General Meeting date, which was on 28 June 2018.</p> <p>FGV's notice of 2018 Annual General Meeting was advertised in one (1) nationally circulated Bahasa Malaysia newspaper, one (1) nationally circulated English newspaper and one (1) nationally circulated Chinese newspaper.</p> <p>FGV issued its notice of 2019 Annual General Meeting on 29 April 2019 to FGV shareholders which is more than 28 days prior to the 2019 Annual General Meeting date, which shall be on 25 June 2019.</p> <p>FGV's notice of 2019 Annual General Meeting is also advertised in one (1) nationally circulated Bahasa Malaysia newspaper, one (1) nationally circulated English newspaper and one (1) nationally circulated Chinese newspaper.</p>
Explanation for departure	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	
Timeframe	

Intended Outcome

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

Practice 12.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>All Directors of FGV had attended FGVs' 2018 Annual General Meeting and Extraordinary General Meeting held on 28 June 2018 save for Dato' Sri Abu Bakar Haji Harun who had retired on 28 June 2018.</p> <p>The Chairman of the Audit Committee, Nomination and Remuneration Committee, Investment Committee, Board Tender Committee and Special Board Committees together with the members of Board Governance & Risk Management Committee were also present at FGV's 2018 Annual General Meeting and Extraordinary General Meeting.</p> <p>The GP/CEO, the Group Chief Financial Officer, the members of the EXCO and external auditors also attended FGV's 2018 Annual General Meeting and Extraordinary General Meeting.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	The Board noted the importance of attendance of the Board of Directors of FGV at general meetings.
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure		<p>In line with the recommended best practices in corporate governance, FGV has conducted poll voting through electronic voting (e-Polling) as this is a more efficient and transparent process that results in a fair and more accurate reflection of Shareholders' views. This practice would enforce greater Shareholders' rights, and it is consistent with the principle of "one share one vote".</p> <p>The venues of FGV's general meetings were held in Kuala Lumpur and this provided easy access to the shareholders.</p> <p>At the moment, FGV is not considering to leverage on technology for voting in absentia as its current Constitution permits its shareholders who are unable to attend all general meetings, to appoint proxies to vote on their behalf.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	FGV will assess whether to leverage on technology to facilitate voting in absentia and remote shareholders' participation at general meetings.
Timeframe	:	

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

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

Click here to enter text.