

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5113  
**COMPANY NAME** : Rimbunan Sawit Bhd  
**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for the oversight and overall management of the company. To assist in the discharge of its responsibilities and facilitating its ongoing oversight of the Group, the Board has established Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.</p> <p>Through the Risk Management Committee ("RMC"), the Board oversees the management framework of the Group. The RMC advises the Board on areas of high risk and the adequacy of compliance and control procedures throughout the organization</p> <p>In discharging the Board responsibilities on succession planning, the Nomination Committee is responsible for reviewing candidate for key management position. The Board has adopted a succession plan and will review the said plan from time to time.</p> <p>The Company has put in place electronic forum to enable communication with shareholders via its website and carry out its investor relations activities.</p> <p>The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. Details of the Company's internal control system and its effectiveness are</p>

	available in the Statement on Risk Management and Internal Control as outlined on page 39 to 41 of this annual report.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board responsible for instilling good corporate governance, leadership and effectiveness of the board.</p> <p>The main responsibilities of the Chairman are as follows:</p> <ul style="list-style-type: none"><li>• The Chairman is responsible for leadership of the board and also acts as co-ordinator between non-executive director and management of the company.</li><li>• The Chairman leads the meeting pace and discussion in an effective manner.</li><li>• The Chairman promotes boardroom environment that encourage effective debate and contribution from the Board members to facilitate informed decision-making.</li><li>• The Chairman ensuring the provision of accurate, timely and clear information to Directors.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman is Mr. Tiong Chiong le and the Executive Director (ED) is fulfilled by Mr. Tiong Chiong Ong with a clear division of responsibility between the running of the Board and the Company's business respectively.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Both Company Secretaries of the Company are qualified secretaries as required pursuant to Section 235(2) of the Malaysian Companies Act 2016 and are the members of the Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA). They are competent in carrying out their work and plays supporting and advisory roles to the Board and the Group on issue relating to compliance with laws and requirements as well as the Code of Corporate Governance. They ensure adherence and compliance to the procedures and regulatory requirements from time to time. They also ensure that meetings are properly convened and deliberations at meetings are accurately and sufficiently captured and minuted, minutes and statutory records are properly kept and updated.  The Company Secretaries constantly keep themselves abreast of the regulatory changes and developments in CG through attendance at relevant course and training programmes.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Members of board receive the meeting agenda and the relevant board papers containing complete, adequate and timely information to enable full deliberation on the issue to be discussed at the meeting. The minutes of meetings are circulated to all Board members.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Generally, key matters reserved for the Board include, inter-alia, the approval of annual budgets and strategic plan, quarterly and annual financial statements for announcement, major investment and divestiture, monitoring of the Group's financial and operating performance, including internal control systems, risk management and overseeing of policies. Such delineation of roles is clearly set out in the Board Charter ("the Charter"), which serves as a reference point for Board activities. The Charter provides guidance for Directors and Management regarding the roles and responsibilities of the Board, Chairman, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. The Charter is made available on the Company's website <a href="http://www.rsb.com.my">www.rsb.com.my</a> and will be periodically reviewed and updated to ensure it remains consistent with the Board's objective and responsibilities.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board is committed to conducting its business in accordance with the upmost standards of business ethics and complying with the law, rules and regulations. The Directors are mindful that a strong business ethics and effective and efficient monitoring system will promote an ethical corporate climate in fostering an excellent culture of corporate governance. The Board is guided by the Directors' Code of Conduct in discharging its oversight role effectively. The Code of Conduct requires all Directors to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders. This Code of Conduct is also made available on the Company's website.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board also encourages its employees and associates to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of the Group’s Code of Conduct and to disclose any improper conduct or other malpractices within the Group in an appropriate way.</p> <p>The Whistleblowing Policy adopted by the Company provides and facilitates a mechanism for any employee and associate to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse. Whistleblower may also approach the Senior Independent Director for any issue of their concerned.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>During the financial year ended 31 December 2018, the Board has seven (7) members, comprising two (2) Independent Directors, three (3) Non-Independent Non-Executive Directors, one (1) Executive Director and one (1) Director/CEO. The Board does not meet a prescribed number of independent directors. However, the Board composition complies with the Main market Listing Requirements of Bursa Malaysia Securities Berhad that at least 2 directors or 1/3 of the board of directors of the company, whichever is the higher, are independent directors.</p> <p>Consequent to the resignation of Dato' Jin Kee Mou as Director/CEO which took effect from 3 January 2019, the Board currently consist of Six (6) members comprising of (2) Independent Directors, two (2) Non-Independent Non-Executive Directors and two (2) Executive Director.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Our Independent Directors, Mr. Bong Wei Leong and Mr. Tiong Ing Ming have served as Independent Directors of the Company for a consecutive term of more than nine (9) years. However, the Board is of the view that the independence should not be measured solely by tenure of service and concurred that their independence as Independent Directors have not been compromised in any way based on the following justifications and recommendation from the Nomination Committee:</p> <ul style="list-style-type: none"><li>(a) They fulfilled the criteria as Independent Director as stipulated in the Listing Requirements and therefore are able to offer impartial judgement and advice to the Board;</li><li>(b) They remain independent and vocal, actively participated in deliberations and exercised independent judgement at Board and Board Committee meetings without compromising operational consideration. Hence, provide a check and balance to operational management; and</li><li>(c) They continue to exercise independent and objective judgement in carrying out their duties as Independent Directors and they provide guidance, unbiased and independent views to many aspects of the Company and the Group's strategy so as to safeguard the interests of minority shareholders. Their long tenure as Independent Directors have no conflict of interest or undue influence</li></ul>

	<p>from management and interested parties.</p> <p>Having considered the above, the Board had recommended both Mr. Bong Wei Leong and Mr. Tiong Ing Ming to be retained as Independent Directors of the Company and such proposal shall be tabled for shareholders' approval at the forthcoming Annual 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>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

**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.

<b>Application</b>	:	Please refer to Practice 4.2
<b>Explanation on adoption of the practice</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board and senior management consists of qualified individual with diverse backgrounds, skill, age and experiences especially in entrepreneurship, plantation and timber industries, sale and marketing, business administration, finance, legal, accounting and taxation. The members of the Boards with their combine business, management and professional experiences, knowledge and expertise, provide the core competencies to allow for diverse and objective perspective on Company's business and direction.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board has yet to adopt gender diversity policies and targets. However, the company will promote corporate culture that embraces diversity when determining composition of Board and employees at all level from diverse pool of qualified candidate. The Board will continue to monitor and review the Board size and composition from time to time and ensure that women candidates are sought in the recruitment exercise. The evaluation of candidates' suitability is solely based on their competency, appropriate skill, character, time commitment, integrity, contribution and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Directors, as the case may be.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Nomination Committee will recommend candidates for all directorships to be filled to the Board which involves selection and assessment of candidates for directorships proposed by the CEO/ED and within the bounds of practicality, by any other senior executive or any director or shareholder, interviewing or meeting up with candidates, deliberation by the Nomination Committee and recommendations by the Nomination Committee to the Board. However, the Board will utilize independent sources to identify suitably qualified candidates if deemed necessary.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by Mr. Bong Wei Leong, an Independent Director of the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board through the Nomination Committee conducted an annual assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment and peer approach. From the results of the assessment, including the mix of skills, experience and other qualities possessed by Directors, the Board considered and approved the recommendations made by the Nomination Committee on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting. The Nomination Committee shall assess the independence of all Independent Directors annually and report to the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions shall be properly documented.</p> <p>In evaluating the suitability of candidates, the Nomination Committee considers, inter-alia, the competency, experience, commitment (including time commitment), contribution and integrity of the candidates, and additionally in the case of candidates proposed for appointment as Independent Directors, the candidates' independence.</p> <p>During the financial year ended 31 December 2018, the Nomination Committee upon its annual review carried out, is satisfied that the size and composition of the Board is optimum and conducive to effective discussion and decision making. There is appropriate mix of skills, experience and core competencies in the composition of the Board and that the Board has an appropriate number of Independent Directors. The Nomination Committee is also satisfied that all the members of the Board are suitably qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, good character, experience,</p>

	integrity, core competencies and qualities as well as their time devoted and committed to discharge their roles.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted the Directors' Remuneration Policies and Procedures, summarised as follows:</p> <p>(a) The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.</p> <p>(b) The level of remuneration for the Executive Directors are determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies, business results, experience and individual performance.</p> <p>(c) No Director other than the Executive Directors shall have a service contract with the Company.</p> <p>This policy is also made available on the Company's website.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Following the implementation of the CG Code, our RC's terms of reference, copy of which is available on the company's website.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b> :	Applied																																																																																																												
<b>Explanation on application of the practice</b> :	<p>The Board is of the opinion that matters pertaining to Directors' remuneration are of a personal nature. However, in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirement"), the remuneration of RSB's Directors for the financial year ended 31 December 2018 were as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Fee</th> <th colspan="2">Salary</th> <th colspan="2">Bonus</th> <th colspan="2">Other Emoluments &amp; Benefits</th> </tr> <tr> <th>Company RM</th> <th>Group RM</th> <th>Company RM</th> <th>Group RM</th> <th>Company RM</th> <th>Group RM</th> <th>Company RM</th> <th>Group RM</th> </tr> </thead> <tbody> <tr> <td colspan="10"><b>Executive Directors</b></td> </tr> <tr> <td>Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King</td> <td>-</td> <td>6,000</td> <td>270,000</td> <td>270,000</td> <td>30,000</td> <td>30,000</td> <td>600</td> <td>600</td> </tr> <tr> <td>Dato' Jin Kee Mou</td> <td>55,000</td> <td>91,600</td> <td>-</td> <td>372,000</td> <td>-</td> <td>124,000</td> <td>1,000</td> <td>70,473</td> </tr> <tr> <td colspan="10"><b>Non-Executive Directors</b></td> </tr> <tr> <td>Tiong Kiong King</td> <td>75,000</td> <td>124,600</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>2,000</td> <td>2,000</td> </tr> <tr> <td>Tiong Chiong Ong</td> <td>120,000</td> <td>174,600</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>1,000</td> <td>264,950</td> </tr> <tr> <td>Tiong Chiong Ie</td> <td>35,000</td> <td>36,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>1,200</td> <td>1,200</td> </tr> <tr> <td>Bong Wei Leong</td> <td>45,000</td> <td>45,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>2,400</td> <td>2,400</td> </tr> <tr> <td>Tiong Ing Ming</td> <td>35,000</td> <td>36,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>2,200</td> <td>2,200</td> </tr> </tbody> </table>										Fee		Salary		Bonus		Other Emoluments & Benefits		Company RM	Group RM	Company RM	Group RM	Company RM	Group RM	Company RM	Group RM	<b>Executive Directors</b>										Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	-	6,000	270,000	270,000	30,000	30,000	600	600	Dato' Jin Kee Mou	55,000	91,600	-	372,000	-	124,000	1,000	70,473	<b>Non-Executive Directors</b>										Tiong Kiong King	75,000	124,600	-	-	-	-	2,000	2,000	Tiong Chiong Ong	120,000	174,600	-	-	-	-	1,000	264,950	Tiong Chiong Ie	35,000	36,000	-	-	-	-	1,200	1,200	Bong Wei Leong	45,000	45,000	-	-	-	-	2,400	2,400	Tiong Ing Ming	35,000	36,000	-	-	-	-	2,200	2,200
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Tiong Ing Ming	35,000	36,000	-	-	-	-	2,200	2,200																																																																																																					
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<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																																																																																																													
<b>Measure</b> :																																																																																																													
<b>Timeframe</b> :																																																																																																													



### 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is of the opinion that the matters pertaining to remuneration breakdown is private and confidential. This is necessary in order to maintain industrial good HR practice to sustain internal and external competitiveness.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Please refer to Practice 7.2	
<b>Explanation on adoption of the practice</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit committee is Mr. Bong Wei Leong an Independent Director of the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Committee has adopted the practice for AC to require a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a members of AC and such practice is incorporate in the terms of reference of AC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Audit Committee had assessed the suitability and independence of the external auditors based on the External Auditors Policy and considered several factors including adequacy of experience, resources of the firm and independence of the external auditors. AC is satisfied with the external auditors' performance, technical competency, independence and fulfilment of criteria as outlined in the External Auditors Policy. The external auditors have confirmed and assured in writing of their independence to the Audit Committee.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Departure
<b>Explanation on adoption of the practice</b>	:	The Audit Committee (AC), formed on 2 March 2006, comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The AC is chaired by an Independent Non-Executive Director, Mr. Bong Wei Leong. The Committee composition complies with the Main market Listing Requirements of Bursa Malaysia Securities Berhad that the audit committee must be composed of not fewer than Three (3) members and all the AC members must be non-executive directors, with a majority of them being independent directors.

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The member of the Audit Committee of the Company comprised at least one (1) member with the requisite accounting qualification based on the requirement of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. All members of the Audit Committee are financial literate and keep themselves abreast of relevant developments in accounting and auditing standards.

	<p>The training programmes attended by the members of Audit Committee are set out below:</p>	
	<p><b>Title of training/seminar</b></p>	<p><b>Number of day(s) spent</b></p>
	<p>2019 Budget Seminar</p>	<p>1</p>
	<p>Introduction to Malaysian Business Reporting System (MBRS)</p>	<p>1</p>
	<p>Malaysian Business Reporting System (MBRS) for Preparers: Financial Statements</p>	<p>2</p>
	<p>MPERS: Practical Financial Reporting Issues</p>	<p>2</p>
	<p>Sales and Service Tax Mechanism for Effective Implementation and GST Transitional Rules Management</p>	<p>1</p>
	<p>Prevention of Money Laundering &amp; Terrorism Financing- Role of Company Secretaries</p>	<p>1</p>
	<p>Seminar on Companies Act 2016 : Dealing with Common Issue</p>	<p>1</p>
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</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 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The group adopt a Risk Management Framework which formalised in 2008 which widely adapted from the various international standards and with some reference to local elements such as Persatuan Insuran Am Malaysia (PIAM), NIOSH Malaysia, and Malaysian Codes of Corporate Governance; in line with Enterprise Risk Management ("ERM") framework validated in year 2016; and also in compliance with Bursa Malaysian Listing Requirements under para 15.26 (b) and statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers.</p> <p>Furthermore, Internal Audit activity is govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the <i>Definition of Internal Auditing</i>, the <i>Code of Ethics (COE)</i>, and the <i>International Standards for the Professional Practice of Internal Auditing (Standards)</i> for evaluating the effectiveness of the internal audit activity's performance. In addition, the internal audit activity will adhere to the Group relevant policies and procedures and the internal audit activity's standard operating procedures manual.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The board has established the framework to oversee a company's management of risks starts with determine the risk appetite (amount of risk that is actually taken for risk reward benefit) and risk tolerance (maximum risk that can be taken before financial distress), ensuring the adequacy of risk management practices. Further information on RSB Group's internal control and risk management is presented in the Statement on Risk Management and Internal Control.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### 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.

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	<p>The Risk Management Committee ("RMC") of Rimbunan Sawit Berhad ("RSB" or "the Company") was established since RSB is listed in 2006. RMC consist of two Independence Director and Executive Director(ED). ED and Senior Management have more in-depth knowledge on the exposures that the company is subjected to, it is added value to deliberations of the committee, particularly on operational risk as that executive directors have a greater propensity to evaluate risk are usually linked to the company's performance.</p> <p>However, the Audit Committee ("AC") established by Board on 2<sup>nd</sup> March 2006 with not less than three (3) members, Independent Directors of the Company play a vital role in overseeing management's approach to RMC. The AC has clear written Terms of Reference (TOR") defining its functions, qualifications for membership, scope of duties and responsibilities, regulations and procedures governing the manner in which the Board and Committee is to operate and how decisions are to be taken.</p>

## Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	As disclosed on Report of the Audit Committee, The Internal Audit Function (“IA”) provides the Board and senior management independent assurance on the adequacy and effectiveness of risk management and internal control system by conducting regular audits based on the annual risk based audit plan duly approved by the AC and any unplanned audit reviews and special assignment undertaken by IA were issued to the Committee quarterly incorporating findings, recommendations to improve on the weaknesses noted which in accordance with Internal Audit Charter. Internal audit charter is a formal document that defines internal audit’s role, professionalism, authority, responsibility and scope or nature of internal audit activities within the Group. Having a charter establishes the internal audit activity’s position within the Group, including the head of internal audit’s reporting lines, access to records, people and property and the scope of internal audit activities. Furthermore, as mentioned above, IA adopted a professional recognised framework such as the Professional Practices Framework (“IPPF”) by the Institute of Internal Auditors to execute of internal audits and quality assurance.
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The IA was established since RSB is listed on June 2006. During the year 2018, the Group’s IA is a dedicated in-house team made up of fourteen (14) staffed, including the Head of Internal Audit. Mr. Herbert Chan Geh Ming was appointed as the Internal Audit Senior Manager to lead the Internal Audit Department of RSB in July 2016. Mr. Herbert Chan has 21 years of experiences in the profession spanned across commercial sectors, after graduating from Irish University with a Bachelor of Business Administration degree. He is a chartered member of the Institute of Internal Auditors, (“CMIIA”). IA is staffed by thirteen (13) which, consists of two (3) Audit Assistant Managers and ten (10) audit officer/ executives of the qualified in accounting field, commerce, entrepreneurship, business management, industrial relationship and labour studies, human resources development, biotechnology, economic, and computer science. All staffs are not related to people who work for or have business relationships with the Group, or have served in some official capacity previously or provided significant services to the Group in the past.</p> <p>The Group’s IA reports functionally to the AC and the Board by quarterly basis. In year 2018, total forty-eight (48) of internal audit assignments completed from an annual &amp; ad-hoc internal audit report summarizing work done which aligned to the audit plan approved by AC. The Group IA is carried out in accordance with IPPF and Internal Audit Charter. For further details, kindly refer to Statement of Risk Management and Internal Control.</p>
<b>Explanation for departure</b>	:	

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at <a href="http://www.rsb.com.my">www.rsb.com.my</a> where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. <a href="mailto:rsb@rsb.com.my">rsb@rsb.com.my</a> to which stakeholders can direct their queries or concerns.</p> <p>The Board is committed to ensuring that communications to the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulator is in accordance with applicable legal and regulatory requirements.</p> <p>The Company announces its quarterly and full year results within the mandatory period. The financial statements and, where necessary other presentation materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via Bursa LINK on a timely basis to ensure effective dissemination of information relating to the Group.</p> <p>The Board places importance in ensuring disclosures made to shareholders and investors are comprehensive, accurate and on a timely and even basis as they are critical towards building and</p>

	<p>maintaining corporate credibility and investor confidence. As such, the Company has adopted a Corporate Disclosure Policy and Procedures to set out the policies and procedures for disclosure of material information of the Group to ensure compliance with the Listing Requirements. The Corporate Disclosure Policy and Procedures are applicable to all employees and Directors of the Group as well as those authorised to speak on their behalf.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	:	
<p><b>Timeframe</b></p>	:	

### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b>	:	N/A	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The notice of upcoming AGM in 2019 as provided to shareholders on 30 April 2019, at least 28 days before the meeting, which will held on 29 May 2019. This goes above and beyond Section 316(2) of CA 2016 and Para 7.15 of Main market Listing Requirements of Bursa Malaysia Securities Berhad.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>At the thirteenth AGM, six out of seven directors were present in person to engage directly with the shareholder. The chairman of Audit Committee, Nomination Committee and Risk Management Committee CEO, management and external auditors were in attendance to respond to the shareholders' queries.</p> <p>Mr. Bong Wei Leong is the Senior Independent Director duly identified by the Board to whom concerns or queries concerning the RSB Group may be conveyed to.</p> <p>The Company's responses to queries raised by the Minority Shareholder Watchdog Group were also shared and read out during the last annual general meeting.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	At present, the Company does not leverage on technology to facilitate voting in absentia and remote shareholder's participation in General Meeting.	
		The Company General Meeting have always held at location which are accessible by public transport.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.*

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