

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5029  
**COMPANY NAME** : Far East Holdings Berhad  
**FINANCIAL YEAR** : December 31, 2021

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

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

## Intended Outcome

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

## Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

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

<b>Timeframe</b>	:	NA	NA
------------------	---	----	----

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The role of the Group Executive Chairman and the Senior Executive Director, Plantations &amp; Milling as well as Executive Director/Chief Operating Officer are separated and clearly defined, as stipulated in the Board Charter so as to ensure that there is a balance of power and authority. The Group Executive Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Senior Executive Director, Plantations &amp; Milling has overall responsibility for the plantation operating units, organisational effectiveness and implementation of Board policies and decisions. The Executive Director/Chief Operating Officer is responsible for the corporate matters of the Company covering amongst other corporate matters, financial, operation, governance, secretarial and human resource.</p> <p>The key role of Executive Director amongst others, include:-</p> <ul style="list-style-type: none"><li>(a) Developing the strategic direction of the Company and its subsidiaries ("the Group");</li><li>(b) Providing directions in the implementation of short and long term business plans;</li><li>(c) Providing strong leadership i.e. effectively communicating a vision, management philosophy and business strategy to the employees;</li><li>(d) Ensuring high performance and productivity of top management by creating conditions for top management motivation, performance management and professional development;</li><li>(e) Ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;</li><li>(f) Developing effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions;</li><li>(g) Appraise business opportunities which are of potential benefits to the Group;</li><li>(h) Ensuring that the Group's strategies and corporate policies are effectively implemented;</li><li>(i) Ensuring that Board decisions are implemented and Board directions are adhered to;</li><li>(j) Responsible for the day-to-day management of the Group to ensure to that it is effectively managed with all powers, discretions and delegations authorized from time to time by the Board;</li><li>(k) Keeping the Board fully informed of all important aspects of the Group's operation and ensuring sufficient information is distributed to Board Members; and</li><li>(l) Ensure any other relevant information or matters are brought to the attention of the Board in an accurate and timely manner.</li></ul>
<b>Explanation for departure</b>	:	NA
		NA

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

### Intended Outcome

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

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

*Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.*

<b>Application</b>	:	<b>Departure</b>
<b>Explanation on application of the practice</b>	:	The Chairman of the Board is also the Chairman of Remuneration Committee.
<b>Explanation for departure</b>	:	The Board of FEHB is of the opinion that the Chairman of the Company has played his role effectively. The Company believes that based on his experience, he is able to tap his knowledge to set a reward policy that attracts, motivates and retains staff who are capable to achieve long-term interests of shareholders.
<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

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

### Intended Outcome

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

### Practice 1.6

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>All Directors are provided with formal schedule of matters and a set of necessary Board papers in advance at least five (5) days prior to the respective Board meetings.</p> <p>The minutes of meetings are prepared and circulated to the Directors for review within fourteen (14) days after the meeting. Fundamental questions raised and key points discussed during the meeting were recorded, including declaration of interest of the Directors on any resolution by the Directors. The minutes would be confirmed by the Board at the next meeting and signed by the Chairman.</p>	
Explanation for departure	:	NA	
		NA	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	NA	
Timeframe	:	NA	NA

## Intended Outcome

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

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

## Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by the company's Terms of Reference ("Board Charter") which sets out the roles and responsibilities of the Board. The Board Charter is reviewed periodically or on as and when necessary to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives. The Board Charter is accessible on our website <a href="http://www.fehb.com.my">www.fehb.com.my</a> and was last revised on 31 March 2022.</p> <p>In discharging its fiduciary duties in respect of the Group, the Board is responsible to the following:-</p> <p>a. <b>Duties and Responsibilities</b></p> <p>The Board assumes, amongst others, following duties and responsibilities:-</p> <ol style="list-style-type: none"><li>(1) Reviewing and adopting the overall strategic plans and programme for the Company and Group;</li><li>(2) Overseeing and evaluating the conduct of business of the Company and Group;</li><li>(3) Identifying principal risk and ensuring implementation of a proper risk management system to manage such risk. This includes reviewing procedures to identify the main risk associated with the Group's business and the implementation of appropriate systems to manage these risks;</li><li>(4) Establishing a succession plan;</li><li>(5) Reviewing the adequacy and the integrity of the management information and internal control systems of the Company and Group including systems for compliance with applicable laws, regulations, rules, directives and guidelines;</li><li>(6) Board composition, processes and performance with the guidance from the Nomination Committee;</li><li>(7) Promote better investor relations and shareholder's communications;</li><li>(8) Ensure that the Group's vision, mission, objectives and shareholders' interest are met;</li><li>(9) Establish such committees, policies and procedures as required to effectively discharge the Board's roles and responsibilities;</li><li>(10) Monitoring and reviewing policies and processes relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards;</li><li>(11) Ensure that the Group has the appropriate corporate governance structures in place including standards of ethical behavior and promoting a culture of corporate responsibility; and</li><li>(12) Performs such other functions as are prescribed by law or are assigned to the Board.</li></ol>

	<b>b. Matters Reserved for the Board</b>  The following are matters which are specifically reserved for the Board:- (1) Appointment of a Chairman of the Board of Directors and Company; (2) Appointment/removal of Directors; (3) Appointment and removal of Company Secretary; (4) Establishment of Board committees, their membership and delegated authorities; (5) Approval of interim dividend and recommendation of final dividend for shareholders' approval; (6) Approval of annual budgets including capital expenditure and monitoring against actual performance, including variance reporting; (7) Approval of corporate plan and programme; (8) Approval of new ventures and businesses; (9) Approval of material acquisitions and disposals of undertakings and properties; (10) Approval of the limits of authority for the Company and Group; (11) Approval of the Audited Financial Statements; (12) Calling of meetings of shareholders; (13) Review of corporate governance principles and policies; (14) Formulate direction and strategy, including a review of such exercise; (15) Assessing risk management issues and resolution; (16) Formulating and monitoring of key company policies; (17) Evaluating senior management's performance; (18) Determining corporate disclosure and announcements; (19) Maintaining investor and stakeholder relations; (20) Deliberate on all litigation matters that may be instituted against the Company and on such litigation actions that the Company may take against any third party; (21) Review of whistle blowing reports if applicable; and (22) Any other specific matters as may brought to the Board from time to time.	
	:	NA
		NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	NA
<b>Timeframe</b>	:	NA NA

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors are guided by the Code of Ethics as stipulated in part of the Board Charter as published in the website <a href="http://www.fehb.com.my">www.fehb.com.my</a></p> <p>Board members are required to observe the Directors' Code of Conduct and Ethics ("the Code") as follows:-</p> <ul style="list-style-type: none"><li>(a) Compliance at all times with the Code and the Board Charter;</li><li>(b) Observe high standards of Corporate Governance at all times;</li><li>(c) Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership;</li><li>(d) Will act honestly, in good faith and in the best interest of the Company and Group at all time;</li><li>(e) Owe a fiduciary duty to the Company and Group as a whole;</li><li>(f) Have a duty to practice due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;</li><li>(g) Will undertake diligent analysis of proposals placed before the Board;</li><li>(h) Will act with a level of skill expected from Directors of a public listed company;</li><li>(i) Will use the authorities of office for appropriate purpose in the best interest of the Company and Group as a whole;</li><li>(j) Will demonstrate commercial wisdom in decision making;</li><li>(k) Will not make improper use of information acquired as Directors;</li><li>(l) Will not disclose non-public information except where disclosure is authorised by the Board or legally mandated;</li><li>(m) Will not use price sensitive non-public information, which can affect the price of the securities of the Company and/or related listed companies when it becomes publicly known ("Inside Information"), for personal benefits. The Board will not trade in securities or provide information to others to trade in securities of the Company and/or related listed companies until the Inside Information is publicly released. The Board will also not trade in securities in any other companies where they have Inside Information which they obtain in the performance of their duties;</li><li>(n) Will keep confidential information received in the course of the exercise of their duties and recognise that such information remains the property of the Company and Group and that it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Board, or is required by law;</li><li>(o) Will not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company and Group;</li><li>(p) Will not take advantage of the Company and Group's property or use such property for personal gain or to compete with the Company and Group;</li><li>(q) Will protect and ensure the efficient use of the Company or Group's assets for legitimate business purposes;</li></ul>

	<p>(r) Will disclose to the Board any interests which conflict with the interest of the Company and Group and will comply with the guidelines set out;</p> <p>(s) Will make reasonable enquiries as to whether the Company and Group is operating efficiently, effectively and legally towards achieving its goals;</p> <p>(t) Will not engage in conduct likely to bring discredit upon the Company and Group. The Board will make available their specific expertise as required from time to time to the Company and Group. The Board will encourage fair dealing by all employees with the Company and Group's customers, suppliers, contractors, competitors and other employees;</p> <p>(u) Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace;</p> <p>(v) Should at all time promote professionalism and improve the competency of management and employees of the Company and Group;</p> <p>(w) Should ensure effective use of natural resources, and improve quality of life by promoting corporate social responsibilities. Should be proactive to the need of the community and to assist in society-related programmed in line with the aspirations of the concept of "Caring Society" adopted by the Company; and</p> <p>(x) Have an obligation, at all times, to comply with the spirit, as well as the text of the law and the principles of this Charter. (All Directors must adhere to the Company's adoption of Anti-Bribery and Anti-Corruption Policies in line with Section 17A of Malaysian Anti-Corruption Commission (MACC) Act 2009.</p>	
<b>Explanation for departure</b>	:	NA
		NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	NA
<b>Timeframe</b>	:	NA NA

### Intended Outcome

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

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

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

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

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	At Far East Holdings Berhad ("FEHB" or "the Group"), we established a strong governance structure in place to supervise and manage sustainability issues as part of the Group's commitment to promoting and enhancing an integrated management on sustainability. The Board of Directors holds the highest authority and is responsible for the Group's Sustainability Agenda as well as its performance on sustainability matters. Our Sustainability Agenda guides FEHB towards becoming a sustainable and integrated palm oil player over the long-term, including achieving complete Malaysia Sustainability Palm Oil ("MSPO") certification and International Sustainability and Carbon Certification ("ISCC").
<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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Throughout the years, in order to pursue our Sustainability Agenda, FEHB has continued to engage with all rightful stakeholders. Comprehensive stakeholder engagements have been conducted in various and interactive manner to identify key material matters. Stakeholder engagement methods are employed to capture feedbacks and opinions from both internal and external stakeholders pertaining to the importance and impacts of economic, environmental and social risks and opportunities that are deemed crucial to sustainable development. As it provides vital insights for continual improvement in the delivery of our products and services and for sustainable business growth, regular engagement with stakeholders for a varied yet insightful range of perspectives and views in relation to products, services and corporate practices are of paramount importance to the Group.	
<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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	For the sake of our future generations, sustainability is a journey of continuous improvement where we embrace change and seek to do better in addressing climate-related related risks. With the progress made in 2021, we acknowledge that more could be done towards sustainable growth. We will continue our efforts in creating a shared environment that not only secures future agricultural growth and quality products, but also addresses the collective needs of our stakeholders as well as the environment.	
<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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board and the Senior Management have performed their respective roles in addressing material sustainability risks and opportunities. The performance evaluation of the Board in addressing the Company's material sustainability was evaluated through the annual Board's Effectiveness Evaluation for the assessment year 2021.	
<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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>Sustainability and Governance Division at Head Office had been established and headed by Encik Mohd Hafidz bin Shamsudin, having a plantation background and well versed with the industry to address the operations of the estate within limits of sustainability consideration.</p> <p>The Head of Sustainability and Governance also leads the Sustainability Taskforce in providing stewardship and guidance on relevant key sustainability matters of the company and to guide the company in meeting the economic environmental and social sustainability.</p> <p>The Sustainability and Governance Division reports to the Board Committee namely the Risk Management Committee.</p>

### Intended Outcome

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

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Nominating Committee ("NC") assists the Board in assessing the effectiveness of the Board as a whole, the Board committees as well as the performance of each Director. There is also a peer assessment and self-assessment of individual directors. The results of the assessment and areas which require improvement were compiled and reviewed by the NC which were then submitted together with its recommendation to the Board for consideration and approval. Overall, the Board is satisfied with the performance, roles and responsibilities of the Directors. The Board identified key areas that require enhancement and other areas where the Board could further solidify its strength. The Board would consider engaging independent experts periodically to facilitate the objective and conduct board evaluations, as stipulated within the Board Charter if needed.
<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 5.2

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

<b>Application</b>	:	<b>Departure</b>
<b>Explanation on application of the practice</b>	:	The Board composition is well structured of nine (9) directors with three (3) Independent Directors serving on the Board.
<b>Explanation for departure</b>	:	The Audit Committee comprises a totally Independent Directors and served as an important source of advice for the Board by providing viable recommendations to address pertinent key issues. The Board also undertakes an annual assessment on the overall independence of the Board to ensure that the independence of the Board is not impaired in anyway. The interested Directors also abstained from any deliberation and decision-making pertaining to the issues relating to the interested Directors. This practice has been embedded in Clause 13.0 of the Board Charter.
<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 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied	
Explanation on application of the practice	:	The Company had adopted a policy that Independent Director should not serve the Company for more than nine (9) years.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	This is evidenced as stated in the Board Charter and has been the Company's practice whereby none of the previous Directors serve as Independent Director for more than nine (9) years.



### Intended Outcome

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

### Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The principal role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and management. It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.</p> <p>The Board is aware that an effective Board essentially comprise Directors who are fully committed, well informed and who possess diverse skill and experience relevant to the business that could contribute effectively to the growth of the Company.</p> <p>The Nomination Committee ensured that assessment and evaluation of candidate is made thoroughly. In its selection of suitable candidates, the Nomination Committee refers to the Board selection criteria. All candidates to the Board are first considered by the Nomination Committee taking into consideration the mix of skills, competencies, experience, integrity, personal attributes and time commitment required to effectively fulfill his or her role as a director. Diversity in terms of age, gender and ethnicity is also considered during the selection process.</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 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In identifying candidates for appointment of Directors, the Board with the recommendation of Nomination Committee ("NC") assessed and evaluate the candidate with the requirements set even the candidate is based on the recommendations from existing Board members.</p> <p>The NC is responsible for recommending new nominees to fill vacancies on the Board as well as Board Committees. All nominees are initially considered by the NC taking into consideration the required mix of skills, competencies and experience as well as other required qualities such as commitment of time, integrity and professionalism before they are recommended to the Board for consideration and approval. The Board would consider recommendation from independent sources should the candidate fit the necessary skill sets and experience.</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 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied	
Explanation on application of the practice	:	It has been a practice of the company to highlight the Directors who seek re-election in the Statement Accompanying Notice of AGM and details of Individual Director is circulated to the Shareholders.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	<b>Departure</b>
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by Non-Independent Director, Mr Tee Kim Tee @ Mr Tee Ching Tee.
<b>Explanation for departure</b>	:	Mr Tee Kim Tee @ Mr Tee Ching Tee has more than fifty (50) years experience in the agriculture industry and specifically in the oil palm sector. Mr Tee Kim Tee @ Tee Ching Tee has been focused in steering the Nomination Committee to ensure that it runs in the best interest of the company and shareholders at large.
<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 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	<b>Departure</b>
<b>Explanation on application of the practice</b>	:	The Board comprises 22% of Women Directors i.e Dato' Asmin binti Yahya and Miss Ng Yee Kim. The Board acknowledges the importance of boardroom diversity and the establishment of a gender diversity policy. The Board with the recommendation of Nomination Committee had meticulously selected women Directors to fill the vacancy with the appointment of Dato' Asmin binti Yahya and Miss Ng Yee Kim.
<b>Explanation for departure</b>	:	The Board acknowledges that the recommendation of Practice 5.9 of the Malaysian Code on Corporate Governance ("MCCG") with regard to the 30% women representation on the Board has yet to be adopted. Nevertheless the Company has continued to practice gender diversity in its management, whereby 33% of its Senior Management comprise women.
<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 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:	The Board acknowledges the importance of boardroom diversity and the establishment of Gender Diversity. Currently 22% of Directors are women. Additionally, at Senior Management, 33% of the positions are women.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

## Intended Outcome

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

## Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has done an individual assessment of Directors as well as the Committee and its composition with the standard criteria set and assessment is carried out annually for the past years.
<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 7.1

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



### Intended Outcome

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

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

### Practice 7.2

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>	:	<p>The Remuneration Committee currently consists of two (2) Non-Independent Directors and one (1) Independent Director. The Committee is responsible for setting the policy framework and for making recommendations to the Board on remuneration and other terms of employment for member of the Board and senior management. During the year under review, the Remuneration Committee held one (1) meeting.</p> <p>The Remuneration package is structured on the basis of linking rewards to financial and individual performance.</p> <p>The Remuneration Committee comprises the following members:-</p> <p><b>Dato' Sri Kamaruddin bin Mohammed</b> <i>Non-Independent, Executive Director</i></p> <p><b>Mr Tee Kim Tee @ Tee Ching Tee</b> <i>Non-Independent, Non-Executive Director</i></p> <p><b>Encik Nik Mohamed Zaki bin Nik Yusoff</b> <i>Independent, Non-Executive Director</i></p> <p>The Terms of Reference of Remuneration Committee is disclosed at <a href="http://www.fehb.com.my">www.fehb.com.my</a></p>
<b>Explanation for departure</b>	:	NA
		NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	NA
<b>Timeframe</b>	:	NA
		NA

## Intended Outcome

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

### Practice 8.1

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>	The detail of the remuneration for the Directors for the financial year ended 31 December 2021 is as per appendix.	
<b>Explanation for departure</b>	NA	
	NA	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :	NA	
<b>Timeframe</b> :	NA	NA

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Sri Kamaruddin bin Mohammed	Group Executive Chairman	170	31	787	1,000	28	20	2,036	575	149	787	1,000	28	20	2,559
2	Tee Cheng Hua	Non-Independent Senior Executive Director	90	21	452	630	28	-	1,221	435	115	739	750	28	-	2,067
3	Dato' Asmin binti Yahya	Non-Independent Executive Director/Chief Operating Officer	90	17	339	566	11	-	1,024	320	96	339	566	11	-	1,332
4	Dato' Suhaimi bin Mohd Yunus	Non-Executive Non-Independent Director	90	18	-	-	-	20	128	90	18	-	-	-	20	128
5	Datuk Mohd Afrizan bin Husain	Independent Director	90	26	-	-	-	40	156	90	26	-	-	-	40	156
6	Tee Kim Tee @ Tee Ching Tee	Non-Executive Non-Independent Director	90	17	-	-	-	35	142	385	102	315	132	-	35	969
7	Tee Lip Teng	Non-Executive Non-Independent Director	90	17	-	-	-	15	122	90	17	-	-	-	15	122
8	Nik Mohamed Zaki bin Nik Yusoff	Independent Director	90	25	-	-	-	50	165	90	25	-	-	-	50	165
9	Ng Yee Kim	Independent Director	90	23	-	-	-	35	148	90	23	-	-	-	35	148

### 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 8.2

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 detail of the remuneration for the Senior Management for the financial year ended 31 December 2021 is as per appendix.	
Explanation for departure	:	NA	
		NA	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	NA	
Timeframe	:	NA	NA

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Encik Nazaruddin bin Hasim	Plantation Controller	188,280	4,670	128,100	13,909	-	334,959
2	Encik Adnan bin Mustafa	Senior Regional Manager	145,800	7,200	81,600	7,938	-	242,538
3	Puan Noor Anisah binti Sabarudin	Manager, Secretarial & Corporate Affairs	151,450	8,000	103,425	-	-	262,875
4	Puan Rosliha binti Husin	Manager, Finance	122,238	5,500	83,475	-	-	211,213
5	Encik Norfadli bin Mahrom	Manager, Internal Audit	84,563	2,500	57,750	-	-	144,813
6	Encik Mohd Hafidz bin Shamsudin	Head of Division, Sustainability & Governance	28,360	500	-	-	-	28,860

**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 8.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The detail of the remuneration for the Senior Management for the financial year ended 31 December 2021 is as per appendix.

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Encik Nazaruddin bin Hasim	Plantation Controller	188	5	128	14	-	335
2	Encik Adnan bin Mustafa	Senior Regional Manager	146	7	82	8	-	243
3	Puan Noor Anisah binti Sabarudin	Manager, Secretarial & Corporate Affairs	152	8	103	-	-	263
4	Puan Rosliha binti Husin	Manager, Finance	122	6	83	-	-	211
5	Encik Norfadli bin Mahrom	Manager, Internal Audit	85	2	58	-	-	145
6	Encik Mohd Hafidz bin Shamsudin	Head of Division, Sustainability & Governance	28	1	-	-	-	29

### 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 9.1

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 Audit Committee is not the Chairman of the Board.</p> <p>The member of Audit Committee is as follow:-</p> <p><b>Datuk Mohd Afrizan bin Husain</b> <i>Chairman</i> <i>Independent, Non-Executive Director</i></p> <p><b>Encik Nik Mohamed Zaki bin Nik Yusoff</b> Member Independent, Non-Executive Director</p> <p><b>Miss Ng Yee Kim</b> <i>Member</i> <i>Independent, Non-Executive Director</i></p>	
Explanation for departure	:	NA	
		NA	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	NA	
Timeframe	:	NA	NA



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

Application	:	Applied	
Explanation on application of the practice	:	No appointment had been made from key audit partner.	
Explanation for departure	:	NA	
		NA	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	NA	
Timeframe	:	NA	NA

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee reviews issues on accounting policies, key audit matters highlighted by the external auditor, quarterly report, audited accounts, financial reporting, monitors the work of the Internal Audit function and ensures an objective and professional relationship is maintained with the external auditors. The Audit Committee has full access to the auditors both internally and externally who, in turn, have access at all times to the Chairman of the Audit Committee.	
Explanation for departure	:	NA	
		NA	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	NA	
Timeframe	:	NA	NA

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The members of Audit Committee is solely of Independent Directors comprising the following:-</p> <p><b>Datuk Mohd Afrizan bin Husain</b> <i>Chairman</i> <i>Independent, Non-Executive Director</i></p> <p><b>Encik Nik Mohamed Zaki bin Nik Yusoff</b> <i>Member</i> <i>Independent, Non-Executive Director</i></p> <p><b>Miss Ng Yee Kim</b> <i>Member</i> <i>Independent, Non-Executive Director</i></p>

### 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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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>	:	<p>The members of the Audit Committee comprised at least one member with the requisite accounting qualification based on the MMLR. Members of the Committee are financially literate. They continuously keep themselves abreast with the latest development in the new accounting and auditing standards and the impact it may have on the Group through briefings by the management and the external auditors.</p> <p>The Company maintains a policy for Directors to receive trainings at Company's expense.</p> <p>The courses and training programmes attended by Audit Committee members in 2021 is as follow:-</p> <table><tr><th>No</th><th>Name</th><th>Course Attended</th><th>Date Attended</th></tr><tr><td>1.</td><td>Datuk Mohd Afrizan bin Husain</td><td>Audit Committee Conference 2021</td><td>15.03.2021 - 16.03.2021</td></tr><tr><td></td><td></td><td>Malaysian Tax Conference 2021</td><td>06.04.2021 - 07.04.2021</td></tr><tr><td></td><td></td><td>ISACA Manila Computer Assurance Conference</td><td>27.05.2021 - 28.05.2021</td></tr></table>				No	Name	Course Attended	Date Attended	1.	Datuk Mohd Afrizan bin Husain	Audit Committee Conference 2021	15.03.2021 - 16.03.2021			Malaysian Tax Conference 2021	06.04.2021 - 07.04.2021			ISACA Manila Computer Assurance Conference	27.05.2021 - 28.05.2021
No	Name	Course Attended	Date Attended																		
1.	Datuk Mohd Afrizan bin Husain	Audit Committee Conference 2021	15.03.2021 - 16.03.2021																		
		Malaysian Tax Conference 2021	06.04.2021 - 07.04.2021																		
		ISACA Manila Computer Assurance Conference	27.05.2021 - 28.05.2021																		

			Chapter 10 Series : Computation of Percentage Ratios	22.06.2021
			ISACA CIAG 2021	13.07.2021 - 15.07.2021
			Workshop on The Decision to Litigate - Tax Appeals and Choice of Forum	25.08.2021
			Workshop : Transfer Pricing and Contemporaneous Documentation	25.08.2021
			MIA Webinar Series : Applying MFRS 15 and MPERS S34 - Construction Contracts and Property Development Activities	25.10.2021 - 26.10.2021
			Budget Seminar 2022	25.10.2021
			Persidangan Cukai Kebangsaan 2021	23.11.2021 - 24.11.2021
			Conversation With Audit Committees	06.12.2021
	2.	Nik Mohamed Zaki bin Nik Yusoff	A Transformative Leap – My Digital Insights	09.04.2021
			ESG - Envisioning A Better Future	22.06.2021 - 23.06.2021
			MCCG Revision 2021 - Changing The Game In Corporate Governance	23.07.2021
			Conversation With Audit Committees	06.12.2021
3.	Ng Yee Kim	Audit Committee Conference 2021	15.03.2021 - 16.03.2021	
		Conversation With Audit Committees	06.12.2021	
		Fraud Risk Management	13.12.2021	
Explanation for departure	:	NA		
		NA		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.				
Measure	:	NA		
Timeframe	:	NA		NA

## Intended Outcome

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

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

## Practice 10.1

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 Company has established a separate stand-alone Risk Management Committee effective 1 January 2020 (the Committee was previously known as Audit and Risk Management Committee).</p> <p>The Risk Management Committee comprises Non-Executive members of the Boards. FEHB had established a Risk Management Committee with a primary objective to assist the Board in the discharge of its statutory and fiduciary responsibilities by identifying significant risks and ensuring that the Group Risk Management Framework includes the necessary policies and mechanisms to manage the overall risk exposures of the Group.</p> <p>The Group focuses on managing two types of risks (i.e.: strategic and operational). Strategic risks are caused by events that are external to the Group but have a significant impact on its strategic decisions or activities. Operational risks are inherent in the day-to-day operation or activities within the business units. The top six (6) business risks that were rated as High or Significant are as follows:-</p> <ol style="list-style-type: none"><li>(1) Over-Dependence on Foreign Workers;</li><li>(2) Fluctuation of Crude Palm Oil Prices ("CPO");</li><li>(3) COVID-19 Pandemic Threat;</li><li>(4) Environmental, Social and Governance ("ESG");</li><li>(5) Unfavorable Weather Condition; and</li><li>(6) Pests and Disease - Ganoderma Stem Rot and Bagworm.</li></ol> <p>The Internal Audit Function reviews the operational procedures and processes to ensure the effectiveness and integrity of the Group's internal control system.</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

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 10.2

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>The Board of Directors is committed to maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets and to review its adequacy and integrity. The system of internal control covers not only financial matters but also operational, compliance and risk management.</p> <p>The Board also recognises that a sound system of internal control can only reduce but not eliminate the possibility of poor judgement in decision making, human error, control process being deliberately circumvented by employees, management overriding controls and the occurrence of unforeseeable circumstances. Accordingly, the system could provide only reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.</p> <p>The Audit Committee of the Group perform regular risk management assessments and through the Internal Audit Department, review the internal control processes, and evaluate the adequacy and effectiveness of the risk management and internal control system. The Committee also seeks the observations of the independent external auditors of the Group.</p> <p>The Risk Management Committee is also established to assist the Board in discharge of its statutory and fiduciary responsibilities and also approved by the Board to address risks and environmental, social and governance (ESG) issue by identifying significant risks and ensuring that the Group Risk Management Framework includes the necessary policies and mechanism to manage the overall risk exposures of the Group. For detailed information, please refer to the Statement on Risk Management and Internal Control in the Annual Report of the Company.</p>	
Explanation for departure	:	NA	
		NA	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	NA	
Timeframe	:	NA	NA

### Intended Outcome

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

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

### Practice 10.3 - 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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Risk Management Committee comprises :-</p> <p><b>Chairman</b>     <b>Dato' Suhaimi bin Mohd Yunus</b> <i>Non-Independent, Non-Executive Director</i></p> <p><b>Members</b>     <b>Datuk Mohd Afrizan bin Husain</b> <i>Independent, Non-Executive Director</i></p> <p>                     <b>Tee Lip Teng</b> <i>Non-Independent, Non-Executive Director</i></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 11.1

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

## Intended Outcome

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

## Practice 11.2

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>	:	The Internal Audit Department is headed by Encik Norfadli bin Mahrom. His qualification is disclosed in the Company's Annual Report.  Internal Audit Department had adequate resources to carry out its duties during the year 2021. The internal and external auditors had conducted meetings to discuss on issues pertaining to the principal risks, follow-up actions taken by the management and also scopes/areas of audit to be covered by both parties.	
<b>Explanation for departure</b>	:	NA	
		NA	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	NA	
<b>Timeframe</b>	:	NA	NA

### Intended Outcome

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

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

### Practice 12.1

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

### Intended Outcome

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

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

### Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has continuously maintains transparent, thorough and concise communication with all stakeholders to enable them to make informed decision with respect to their business with the Company. The Board of Directors encourage reporting material information about the Company's strategy, governance, performance and prospects which reflects the commercial, social and environmental context within which it operates. Essentially, the Company's report explains the components involved in value creation of the Company and addresses the key elements of the Integrated Reports.	
Explanation for departure	:	NA	
		NA	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	NA	
Timeframe	:	NA	NA

**Intended Outcome**

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

**Practice 13.1**

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 28 days requirement is complied with as the Notice of Meeting is to be sent out on 29 April 2022 and the AGM is scheduled to be held on 15 June 2022.	
<b>Explanation for departure</b>	:	NA	
		NA	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	NA	
<b>Timeframe</b>	:	NA	NA

**Intended Outcome**

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

**Practice 13.2**

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

Application	:	Applied	
Explanation on application of the practice	:	All the Board Members normally attended the General Meetings unless due to unforeseen circumstances	
Explanation for departure	:	NA	
		NA	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	NA	
Timeframe	:	NA	NA

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Annual General Meeting of the company will be held in Kuantan, Pahang at a centrally accessible location. Adequate notice of meeting is given to all shareholders and shareholders who are unable to make the journey and attend the general meeting may submit the proxy forms to the Company to enable their proxy to attend, participate, speak and to vote on their behalf at the general meetings. Shareholders can also submit any question or query prior to the general meetings.</p> <p>The Company will strictly adhere to the Meeting's Standard Operating Procedure in view of COVID-19.</p>	
Explanation for departure	:	NA	
		NA	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	NA	
Timeframe	:	NA	NA

### Intended Outcome

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

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Chairman of the meeting encouraged participation of all attendees and all questions raised by the shareholders attended to during the meeting. The meeting in the past was well attended by the Board and Senior Management as well the shareholders.
<b>Explanation for departure</b>	:	NA
	:	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	NA
<b>Timeframe</b>	:	NA



## Intended Outcome

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

## Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	For the 47 <sup>th</sup> Annual General Meeting (AGM) of the Company held on 9 June 2021 was conducted by leveraging on technology, holding the AGM virtually in its entirety via Remote Participation and Voting (RPV) facilities. The virtual AGM was streamed on Boardroom's website for shareholders to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely. The detailed procedures to participate the meeting remotely were provided to the shareholders in the Administrative Details of the AGM sent through email and by ordinary post and the same were also published in the Company's website. The 47 <sup>th</sup> AGM proceeding was conducted smoothly with the choice of RPV facilities.
<b>Explanation for departure</b>	:	The Board is fully aware that full engagement with shareholders is paramount importance and will consider for fully virtual or hybrid if necessary.
<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 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The minutes was posted at <a href="http://www.fehb.com.my">www.fehb.com.my</a> within the time frame.
<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>	:	

## **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.*

Click or tap here to enter text.