

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5288  
**COMPANY NAME** : SIME DARBY PROPERTY BERHAD  
**FINANCIAL YEAR** : December 31, 2019

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT 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 of Directors ("the Board") of Sime Darby Property Berhad ("Sime Property" or "the Company") is primarily entrusted with the overall governance of the Group. In ensuring the long-term success of Sime Property Group ("the Group") and delivery of sustainable value to its stakeholders, the Board provides effective leadership, promotes and protects the interests of its shareholders, exercises reasonable and proper care of the Group's resources as well as safeguards its assets.</p> <p>The Board holds ultimate responsibility to provide strategic guidance on succession planning of the Group, to monitor management goals effectively, accountability to the Group and stakeholders as well as to ensure that the Group's internal procedures are well in place. In discharging the Board's responsibilities, the Board provides expertise, thought leadership and advice to the Management, champions good governance, high ethical standards and practices.</p> <p>In order to ensure the effective discharge of its functions and responsibilities, the Board has put in place a robust Corporate Governance Framework where specific powers of the Board are delegated to the relevant Board Committees and the Group Managing Director ("GMD") or in his absence, the Acting Group Chief Executive Officer ("AGCEO").</p> <p>The Board is assisted by the following Board Committees during the financial year under review:</p> <ol style="list-style-type: none"><li>1) Audit Committee ("AC")</li><li>2) Nomination and Remuneration Committee ("NRC")</li><li>3) Risk Management Committee ("RMC")</li><li>4) Board Tender Committee ("BTC")</li></ol>

The Terms of Reference (“TOR”) of the NRC, RMC and AC are available on the Company’s website at [www.simedarbyproperty.com/who-we-are/corporate-governance](http://www.simedarbyproperty.com/who-we-are/corporate-governance).

*Note: On 16 January 2020, the Board approved the establishment of a temporary Special Committee of the Board (“SC”) primarily to oversee and monitor the implementation of the Board’s decisions and to provide strategic guidance to the Group as delegated by the Board in the SC’s TOR.*

The Board has clearly demarcated the day-to-day operational functions of the Management and the overall responsibilities of the Board through Board Charter, Group Policies and Limits of Authority, TORs and other governance documents.

As guided by the Board Charter, the Board assumes, among others, the following seven (7) principal responsibilities:

**1) Promoting Good Corporate Governance Culture**

The Board, together with Management, is committed to promoting good corporate governance culture within the organisation which reinforces ethical, prudent and professional behaviour. In discharging its duties and responsibilities, the Board is governed by Group Procurement Policies & Authorities and Group Policies & Authorities which clearly define relevant matters and applicable limits, including those reserved for the Board’s approval, and those which the Board may delegate to the Board Committees, GMD / AGCEO and Management.

**2) Reviewing and Adopting a Strategic Plan for the Group**

The Board plays an active role in the development of the Company’s strategy and monitoring its performance and implementation. Sime Darby Property has an annual business plan process in place whereby the Board meets with the Management to discuss on the recommended corporate and operational strategies together with the proposed financial targets, investments and budgeted capital expenditure of the Group. During the financial year under review, the Board held two (2) off-site strategy sessions with Management to deliberate on the Strategy Blueprint and Financial Targets for the Financial Years 2020 to 2023.

The Board approved the Strategy Blueprint and Financial Targets for the Financial Years 2020 to 2023 and Budget for Financial Year 2020 in the subsequent meeting and requested Management to continuously review, track and update the Board every quarter.

The Board also tracks the progress of the Group's SHIFT20 Transformation Plan, a plan that comprises twenty (20) initiatives which the Company had identified based on five (5) strategic priorities to transform the Group over a period of five (5) years, on a quarterly basis. Monthly financial reports were also submitted to the Board to update the Board on the Company's financial position.

The Board continues to provide its guidance, views and inputs to ensure the strategies are well implemented and the business of the Group are properly managed to safeguard the shareholders' value.

**3) Overseeing Conduct of the Group's Business**

The Board monitors the conduct of business via the Report by Management presented by the GMD / AGCEO during quarterly Board meetings comprising among others, market overview, industry benchmarking, Key Performance Indicators ("KPI"), financial performance, operational performance highlights, marketing and sales highlights, as well as corporate activities. This also allows the Board to scan the business environment constantly and keep abreast of any changes that could materially affect the achievement of the Group's strategic objectives.

The Board constructively challenges Management's proposal and contributes to the development of the Company and the Group's strategic plans.

**4) Identifying Principal Risks and Ensuring the Implementation of Appropriate Internal Controls and Mitigation Measures**

The Board, through the RMC, reviews in detail the risk profile of the Group on a quarterly basis. A Risk Management Framework is in place to enable the Group to identify, assess and manage / mitigate the risks of the Group.

The Group Risk Heat Map is presented to the Board at its quarterly meetings to give a snapshot of the risk review of the Group. The RMC advises the Board on areas of high risk and the adequacy of compliance and control procedures throughout the organisation. The RMC assists the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group.

The Board, through the AC, reviews the systems of internal controls of the Group to ensure, as far as possible, the protection of its assets and shareholders' investment. The Group Corporate Assurance ("GCA") is responsible to assist the AC / Board in undertaking regular and systematic reviews of the Group's internal control systems so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Company and the Group.

The GCA has the authority to audit and review projects and systems at any time and report its findings directly to the AC. Any significant audit findings are reported and deliberated by the AC at AC meetings and subsequently reported to the Board.

During the financial year under review, Management had established a Group Oversight Management Committee (“GOMC”) to drive, manage and monitor the implementation of Governance, Risk and Compliance Framework within the Group. The GOMC is chaired by the GMD or in his absence, the AGCEO. The GOMC met three (3) times during the financial year under review.

**5) Succession Planning**

The Board, through the NRC, is responsible to ensure that there is an effective succession planning in place for Sime Darby Property. The NRC ensures that there is an appropriate dynamic of skills, experience and diversity on the Board and has a steady pool of talent for selection purposes.

In addition to the succession plan for the Board, the NRC in February 2019 with the assistance of an external consultant, reviewed the Company’s succession planning for senior critical roles and talent pool demographics with the view of enhancing the Group’s Succession Planning Framework. The Framework focuses on, amongst others, the determination of criticality of positions, identification and selection of talents based on pre-defined competency profiles and drawing up individual development plans to bridge the competency gap.

During the financial year under review, the NRC had successfully appointed one (1) key management position to replace the outgoing incumbent. The factors considered by the NRC included suitability of the shortlisted candidates based on their profiles, professional achievements and personality assessments.

The Board and the NRC had conducted a rigorous and robust selection process for the appointment of the right candidate for the GMD position. Upon recommendation by the NRC, the Board appointed Dato’ Azmir Merican Dato’ Azmi Merican as the GMD of Sime Darby Property with effect from 22 April 2020.

The NRC also reviewed the composition of the Board taking into consideration the mix of skills, competencies, experience, integrity, personal attributes and time commitment required of an individual Director to effectively fulfil his or her role as a Director to address any gaps. Diversity in terms of age, gender and ethnicity were also considered.

	<p><b>6) <u>Overseeing the Development and Implementation of a Stakeholder Communications Policy for Sime Darby Property Group</u></b></p> <p>Sime Darby Property believes in building investor confidence through good Corporate Governance practices and communication with the stakeholders. The Company carried out its Investor Relations (“IR”) activities in accordance with its IR policy in order to create and enhance shareholders’ value.</p> <p>The Board is apprised of IR activities as well as analysts’ recommendations and market consensus of the Group’s performance against the KPIs on a quarterly basis. Report on movements of the share price of Sime Darby Property and Total Shareholders’ Returns against indices and peers were also reported to the Board on a quarterly basis.</p> <p><b>7) <u>Reviewing the Adequacy and the Integrity of the Management Information and Internal Control Systems of Sime Darby Property Group</u></b></p> <p>The Board is ultimately responsible for the adequacy and integrity of the Company’s management information and internal control systems. Details pertaining to the Company’s internal control systems and its effectiveness are provided in the Statement on Risk Management and Internal Control on pages 168 to 180 of the Annual Report 2019.</p> <p>The Board is guided by its Board Charter which outlines the duties and responsibilities of the Board.</p> <p>The Board Charter is published on the Company’s website at <a href="http://www.simedarbyproperty.com/who-we-are/corporate-governance">www.simedarbyproperty.com/who-we-are/corporate-governance</a>.</p>
<p><b>Explanation for departure</b></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>

## 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 Board is chaired by Tan Sri Dr. Zeti Akhtar Aziz, the seventh (7th) Governor of Bank Negara Malaysia ("BNM"), who is a highly respected individual for, among others, her achievements and exceptional leadership in leading BNM team to successfully implement the selective exchange controls to restore stability and promote economic recovery in Malaysia.</p> <p>Tan Sri Dr. Zeti Akhtar Aziz is a representative of Permodalan Nasional Berhad, a major shareholder of Sime Darby Property, and therefore is Non-Independent.</p> <p>The roles of the Chairman of the Board are clearly specified in the Board Charter, which is available on the Company's website at <a href="http://www.simedarbyproperty.com/who-we-are/corporate-governance">www.simedarbyproperty.com/who-we-are/corporate-governance</a>.</p> <p>The responsibilities of the Chairman, among others, are as follows:</p> <ol style="list-style-type: none"><li>1) Setting the values and ethical standards of the Group, instilling good corporate governance practices, leadership and effectiveness of the Board.</li><li>2) Ensures that procedures and processes are in place to facilitate effective conduct of the business of the Board.</li><li>3) Presides over Board meetings, stimulates debates on issues and encourages positive contributions from each Board member.</li><li>4) Ensures that Directors are properly briefed on issues arising at Board meetings and there is sufficient time allowed for discussion on complex or critical issues and where appropriate, arranges for informal meetings beforehand to enable thorough preparation so that ultimately, decisions can be made on a sound and well-informed basis.</li><li>5) Leads the Board in setting key policies and directions and ensures that the Board fulfils its obligations under the Board Charter.</li></ol>

	<p>The findings of the Board Effectiveness Evaluation (“BEE”) exercise conducted in respect of the financial year under review had shown strong leadership of the Chairman, Tan Sri Dr. Zeti Akhtar Aziz in managing Boardroom dynamics effectively by providing an open environment that encourages participation and active debate amongst Directors. The Chairman also provides excellent stewardship and guidance and has ensured that there is continued focus on addressing critical matters and issues. Directors cited the Chair's strengths in sharing her experience and providing guidance to Board members and Management whilst setting a strong tone at the top on risk, compliance and governance matters.</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

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 roles and responsibilities of the Chairman and the Group Managing Director ("GMD"), are separated, clearly defined and documented in the Board Charter, which is available on the Company's website at <a href="http://www.simedarbyproperty.com/who-we-are/corporate-governance">www.simedarbyproperty.com/who-we-are/corporate-governance</a>.</p> <p>The positions of Non-Executive Chairman and GMD, who carries the same function as Chief Executive Officer, are held by different individuals to ensure optimal balance, resulting in accountability and enhanced decision-making at Board level.</p> <p>During the financial year under review, the position of GMD of Sime Darby Property was held by Dato' Sri Amrin Awaluddin. The Board accepted Dato Sri Amrin Awaluddin's early cessation of contract on 3 May 2019.</p> <p>Pending the appointment of a new GMD and upon due consideration, the Board appointed Dato' Wan Hashimi Albakri W.A.A Jaffri, the Chief Operating Officer (Township Development) as the Acting Group Chief Executive Officer ("AGCEO") of Sime Darby Property with effect from 3 May 2019.</p> <p>The Chairman primarily presides over meetings of Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board. The GMD / AGCEO is responsible for the execution of the Group's strategies in line with the Board's direction, oversees the operations of the Company and drives the Group's businesses and performance towards achieving the Group's vision and goals.</p> <p>The GMD / AGCEO is assisted by the following Management Committees in the management of the Company's business to achieve its corporate targets and plans:</p> <ol style="list-style-type: none"><li>1) Group Management Committee;</li><li>2) Group Investment Committee;</li><li>3) Group Tender Committee; and</li><li>4) Governance Oversight Management Committee.</li></ol>

	<p><i>Note: Upon recommendation by the Nomination and Remuneration Committee, the Board appointed Dato' Azmir Merican Dato' Azmi Merican as the GMD of Sime Darby Property with effect from 22 April 2020. In tandem with Dato' Azmir Merican's appointment as GMD, Dato' Wan Hashimi will resume his critical role and position as Chief Operating Officer (Township Development).</i></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

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>	<p>The Group Secretary of Sime Darby Property is qualified to act as company secretary under Section 235 of the Companies Act 2016.</p> <p>The Group Secretary plays an advisory role to the Board particularly with regard to Sime Darby Property's Constitution, Board policies and procedures as well as its compliance with regulatory requirements and legislations.</p> <p>Puan Moriami Mohd is currently the Group Secretary and has been with the Group since year 2004. Puan Moriami is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and has twenty-five (25) years of experience in corporate secretarial practice.</p> <p>The Group Secretary is responsible in facilitating effective information flows within the Board and Board Committees and between Senior Management and Non-Executive Directors. All Directors have unrestricted direct access to the advice and services of the Group Secretary to facilitate the discharge of their duties.</p> <p>The Group Secretary attends all Board and Board Committees meetings and ensures that discussions and deliberations of the Board and Board Committees are properly documented and recorded in a timely manner, and subsequently communicated to the Management for appropriate actions. The Group Secretary further ensures that outstanding action items are properly tracked and monitored until such items are addressed and where necessary, reported to the Board.</p> <p>As part of good governance, pertinent comments and observations of each Director are also recorded in the minutes of meetings. The minutes of Board and Board Committees meetings are circulated to all Directors / Board Committee members for their perusal and comments. The Directors / Board Committee members may request for further clarification or raise any comments on the minutes prior to the minutes being confirmed as a correct record of the proceedings of the Board / Board Committees at the subsequent meeting.</p>

	<p>The Group Secretary is also tasked with organising and facilitating the induction programme or onboarding session for new Directors and the ongoing professional development of all Directors.</p> <p>The Group Secretary keeps herself abreast of the evolving regulatory changes and developments in corporate governance through continuous training.</p> <p>Based on the findings of the Board Effectiveness Evaluation (“BEE”) exercise conducted for the financial year under review, the Board commended the effectiveness of the Board administration and processes and noted that the Group Secretary had provided effective, adequate and timely support to the Board.</p> <p>The roles and responsibilities of the Group Secretary are clearly specified in the Board Charter, which is available on the Company’s website at <a href="http://www.simedarbyproperty.com/who-we-are/corporate-governance">www.simedarbyproperty.com/who-we-are/corporate-governance</a>.</p>	
<p><b>Explanation for departure</b></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>	

## 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>	:	<p>The Group Secretary tables the annual meeting calendar to the Board in advance of each new year in order to facilitate the Directors' time planning. The calendar provides all meetings scheduled for the Board and Board Committees including Annual General Meeting and Board Retreat.</p> <p>The Board meets at least once every quarter to review the financial, operational and business performances. Notices and agenda of meetings, duly endorsed by the Chairman, together with the draft minutes of the previous meeting which had been circulated for comments earlier on and relevant meeting papers are normally distributed at least five (5) working days before the meetings to ensure the Directors have sufficient time to review the papers and seek clarifications from Management before each meeting. Occasionally, the Board or Board Committee meetings may be called at shorter notice when critical decisions need to be made.</p> <p>Sime Darby Property had maintained its paperless meeting practice whereby meeting materials are distributed to the Directors via an electronic meeting management application, as part of its initiative to promote green environmental awareness. The Directors are provided with a device for this purpose, enabling the Directors to access the meeting materials in a timely and secured manner.</p> <p>In ensuring effective conduct of Board and Board Committee meetings, matters for approval are prioritised in the meeting agenda. Time allocation is also determined for each agenda item to manage the timing of the meetings efficiently.</p> <p>Key decisions are always made at Board meetings while Directors' Written Resolutions are confined to administrative matters or to formalise matters that have been deliberated at Board meetings. All Directors' Written Resolutions are supported with sufficient information to enable the Directors make informed decisions. Directors' Written Resolutions passed by the Board are thereafter tabled at the next Board meeting for notation.</p>

	<p>Where a potential conflict of interest arises, the Directors are required to make an immediate declaration to the Board if they have any interest in transactions to be entered into directly or indirectly with the Group. Such Director is required to abstain from participating in the deliberation and decision of the Board on all matters which he/she has interest.</p> <p>The deliberations and decisions at the Board and Board Committee meetings are well documented in the minutes of meeting including matters where Directors abstained from voting or deliberations. The minutes of meetings will normally be circulated for comments and for follow up action by Management within one (1) to two (2) weeks from the date of each meeting. This is to ensure that matters arising from the Board or Board Committees meetings are acted upon effectively and efficiently.</p> <p>The duly commented minutes of the meetings are subsequently tabled for confirmation at the next meeting. The minutes of the Board Committees are also presented to the Board for notation.</p>	
<p><b>Explanation for departure</b></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>	

### 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 Charter was first adopted by the Board in August 2017 prior to the listing of Sime Darby Property on 30 November 2017. It clearly defines the respective roles and responsibilities of the Board, Board Committees, individual Directors and Management as well as matters reserved for the Board.</p> <p>The Board Charter is being reviewed from time to time to ensure that it is up to date with changes in the relevant regulations and best practices, so that it remains relevant and consistent with the Board's objectives and responsibilities.</p> <p>The Board Charter was last reviewed in January 2019 and the updated version had been published on the Company's website at <a href="http://www.simedarbyproperty.com/who-we-are/corporate-governance">www.simedarbyproperty.com/who-we-are/corporate-governance</a>.</p> <p>As stated in the Board Charter, the Board is in charge of leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act honestly, in good faith and shall use his / her reasonable care and skills in discharging his / her duties in the best interest of the Company.</p> <p>As for the day-to-day management of the Sime Darby Property Group, it is delegated to the Group Managing Director ("GMD"). This formal structure of delegation is further cascaded by GMD to the Management team. The GMD and Management team, collectively remain accountable to the Board for the performance of the Group.</p> <p>The Board, however, takes full responsibility for the oversight and overall performance of the Group. Matters reserved for the Board include:</p> <ol style="list-style-type: none"><li>1) Group strategy, plans and budget.</li><li>2) Acquisitions and disposals and transactions exceeding authority limits.</li></ol>

	3) Changes to the GMD and Senior Management. 4) Changes in the key policies, procedures and delegated authority limits of 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 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>In discharging its functions, the Board adheres strictly to the Code of Business Conduct ("COBC") it has in place. Directors are expected to uphold the highest standard of integrity, ethical conduct and corporate governance in discharging their duties and in dealing with the stakeholders and regulators.</p> <p>The COBC has been in place since prior to the Company's listing and will be reviewed from time to time to ensure it remains current and relevant. The Group Compliance Office is responsible for coordinating and periodically reviewing and updating the COBC to ensure continuing relevance.</p> <p>The COBC was revised to incorporate an additional requirement that approval is to be first obtained in respect of Board Directorships outside the Group, consistent with the revisions made to the Board Charter in January 2019. The revised and updated COBC was given to all Directors, Management and employees of the Group and each of them was required to signify and acknowledge that they had read, understood and agreed to be bound by the principles and guidelines contained in the revised COBC.</p> <p>The COBC outlines the standards of behaviour that Sime Darby Property expects from its Directors, Management and employees, in line with Sime Darby Property Group's Core Values and business objectives. The COBC applies to all businesses and countries in which the Company operates.</p> <p>The COBC covers areas such as working with one another, avoiding conflict of interests, guarding against bribery and corruption, gifts, entertainment and travel, donations, prohibition of insider trading and money laundering, protecting the Group and shareholders, dealing with counterparts and business partners, dealing with government authorities, and political parties and internal organisations.</p>

	<p>All employees are expected to understand the principles and standards stipulated and must comply with it not only based on its form but also the substance of the ethical principles and conduct stated in the COBC. Given that organisational integrity is imperative towards establishing a culture that supports long-term success, all employees are expected to conduct themselves professionally with the COBC in mind.</p> <p>The Group also expects that contractors, subcontractors, consultants, representatives and parties performing work or services for or on behalf of Sime Darby Property Group to comply with the relevant parts of the COBC when performing such works or services. The COBC applies to all businesses and countries in which the Company operates.</p> <p>The Board has also implemented a 'No Gift Policy' across the organisation which prohibits the Directors, Management and employees of Sime Darby Property Group from offering, giving, soliciting or accepting any form of gifts to avoid creation of perception of bribery in our business dealings. The said policy is in line with Sime Darby Property's commitment to achieve the highest standard of ethics and integrity.</p> <p>During the financial year under review, the Board has adopted the following new policies as part of the Group's efforts to support the implementation of the anti-bribery and corruption and ethical principles articulated in the Groups' COBC and to uphold the highest standards of good governance:</p> <ol style="list-style-type: none"> <li>1) Anti-Bribery and Corruption Policy, including facilitation payment;</li> <li>2) Anti-Money Laundering Policy;</li> <li>3) Conflict of Interest Policy; and</li> <li>4) Sponsorship and Donation Policy, including political contribution.</li> </ol> <p>Various engagement activities were conducted to spread awareness of the policies and to address any concerns.</p> <p>The COBC is made available to the employees through the intranet and is accessible to the public for reference on the Company's website at <a href="http://www.simedarbyproperty.com/who-we-are/corporate-governance">www.simedarbyproperty.com/who-we-are/corporate-governance</a>.</p>
<p><b>Explanation for departure</b></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>	

<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>All Sime Darby Property's employees are expected to operate with the highest standard of integrity as they work with the Group's business partners who share the same views and principles. Any breach of such principles and any offence committed against the Group's interest is viewed seriously by the Group, which will result in immediate action against the parties responsible.</p> <p>The Board has put in place a Whistleblowing Policy and Procedures ("WPP") that provides a mechanism and avenue for employees or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines or raise concerns on any misconduct, in a safe and confidential manner.</p> <p>Examples of such misconduct included, but not limited to the following:</p> <ol style="list-style-type: none"><li>1) Fraud;</li><li>2) Misappropriation of assets;</li><li>3) Sexual harassment;</li><li>4) Criminal breach of trust;</li><li>5) Illicit and corrupt practices;</li><li>6) Questionable or improper accounting;</li><li>7) Misuse of confidential information;</li><li>8) Acts or omissions which are deemed to be against the interest of the Company, laws, regulations or public policies;</li><li>9) Giving false or misleading information (including suppression of any material facts or information);</li><li>10) Breaches of Group Policies and/or Code of Business Conduct; or</li><li>11) The deliberate concealment of any of the above matter or other acts of wrongdoings.</li></ol>

	<p>The Audit Committee (“AC”) is responsible for overseeing the implementation of the WPP for the Group’s employees whilst duties relating to the day-to-day administration of the WPP are performed by the Group Compliance Office (“GCO”). The Group Corporate Assurance Department (“GCA”) will investigate each claim independently. Upon completion of each investigation, a report will be prepared to the Chairman of AC and is made available to other AC members. The GCA shall prepare a summary report on status of investigation and present it to the AC on a quarterly basis.</p> <p>During the financial year under review, several complaints channelled through the Whistleblowing channels had been considered, addressed and dealt with in the strictest confidence by the GCO in consultation with the Chairman of the AC.</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

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>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board comprises nine (9) Directors out of which 55.6% are Independent Directors:</p> <p>(a) Five (5) Independent Non-Executive Directors (“INED”).</p> <p>(b) Four (4) Non-Independent Non-Executive Directors.</p> <p>Based on the above, the Board had complied with the requirement to have more than 50% INEDs on its Board during the financial year under review which exceeded the 1/3 requirement of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).</p> <p>The Company has a Board Composition Policy in place since 26 July 2017 prior to the Company’s listing on 30 November 2017, which sets out the approach of the Board with regard to the composition of the Board and also, addresses specific requirements of the MMLR of Bursa Malaysia and the Malaysian Code on Corporate Governance (“MCCG”). Based on the principles of the Board Composition Policy, the Board acknowledges that a Board comprising a majority of Independent Directors allows more effective oversight of Management.</p> <p>Dato’ Jaganath Derek Steven Sabapathy, the Senior INED acts as a sounding board for the Chairman and serves as an intermediary for the other Non-Executive Directors where necessary and on matters that are deemed sensitive. He also provides an alternative avenue of communication for shareholders and stakeholders to convey their concerns and raise any issues so these can be channelled to and addressed by the relevant parties. The Senior INED, in common with the other Non-Executive Directors, has the same legal responsibilities to the Group as all other Directors.</p> <p>The Board also assessed the independence of the INEDs during the financial year under review. The Board was satisfied with the level of independence demonstrated by all the INEDs and was of the view that they could continue to bring sound independent and objective judgement to Board deliberations. Each INED also provided his/her declaration of independence to the Company in compliance with the criteria set out in the Listing Requirements.</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 4.2

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>	: Applied - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	<p>During the financial year under review, two (2) Independent Non-Executive Directors, namely Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and Dato' Johan Ariffin reached their cumulative terms of nine (9) years.</p> <p>Approval of the shareholders was obtained at the Company's last Annual General Meeting ("AGM") held on 2 May 2019 for Tengku Datuk Seri Ahmad Shah, who had reached the nine (9)-year cumulative tenure limit on 30 December 2019, to be retained as an Independent Non-Executive Director until the next AGM of the Company scheduled to be held on 26 June 2020.</p> <p>The Board, through the Nomination and Remuneration Committee ("NRC"), had undertaken relevant assessments and being satisfied, recommended for Tengku Datuk Seri Ahmad Shah to continue to serve as Independent Non-Executive Director.</p> <p>Pursuant thereto, the NRC and the Board, save for Tengku Datuk Seri Ahmad Shah, had considered the suitability of Tengku Datuk Seri Ahmad Shah as an Independent Non-Executive Director and agreed that he should continue to act as an Independent Non-Executive Director of the Company subject to approval of the shareholders at this forthcoming AGM.</p> <p>In accordance with the Malaysian Code on Corporate Governance, the Board, through the NRC, had undertaken relevant assessments and being satisfied, recommended for Tengku Datuk Seri Ahmad Shah to continue to serve as Independent Non-Executive Director based on the following justifications:</p>



	<ol style="list-style-type: none"> <li>1) Tengku Datuk Seri Ahmad Shah has fulfilled the criteria under the definition of Independent Non-Executive Director as stated in the Listing Requirements and continues to exercise independent judgment and due care during his present tenure;</li> <li>2) Tengku Datuk Seri Ahmad Shah and the other Independent Non-Executive Directors each function as a check and balance to the Board and exercise objectivity as Independent Non-Executive Directors;</li> <li>3) Tengku Datuk Seri Ahmad Shah has contributed in his roles as Independent Non-Executive Director, Chairman of the Board Tender Committee and Member of the Risk Management Committee;</li> <li>4) Tengku Datuk Seri Ahmad Shah has vast experience and strong knowledge in the property sector; and</li> <li>5) Tengku Datuk Seri Ahmad Shah has devoted sufficient time and attention to his professional obligations to the Company for informed and balanced decision making.</li> </ol> <p>Dato' Johan Ariffin, who was appointed to the Board on 31 December 2010, had reached the nine (9)-year cumulative tenure on 30 December 2019, and was redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director upon reaching the ninth (9th) year. Dato' Johan Ariffin, who is also due to retire by rotation under Rule 111 of the Company's Constitution, had informed the Board of his intention not to seek re-election. Accordingly, he will retire at the conclusion of the Company's forthcoming AGM.</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 4.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board has adopted the nine (9) years rule for Independent Non-Executive Directors (“INED”) as enumerated in Practice 4.2 of the Malaysian Code on Corporate Governance (“MCCG”).</p> <p>Upon completion of the nine (9) years, INEDs may continue to serve on the Board subject to the Directors’ redesignation as Non-Independent Directors or upon annual approval obtained from the shareholders to retain them as INEDs. If the Board continues to retain the INEDs after the twelfth (12th) year, the Board shall seek annual shareholders’ approval through a two-tier voting process.</p> <p>Any INEDs to be retained or redesignated as Non-Independent Director after the ninth (9th) year, shall be thoroughly assessed by the Nomination and Remuneration Committee and the Board.</p>

### 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>	<p><u>Appointment of Directors</u></p> <p>The Board is committed in ensuring diversity and inclusiveness in its composition and deliberations and it recognises that a diversified Board would contribute to give a positive and valuable impact on Sime Darby Property Group. In line with this, the Board considers all elements of diversity i.e. skills set, experience, age, nationality and gender in the nomination, selection and appointment of candidates to the Board.</p> <p>There is a clear and transparent process for the nomination, selection and appointment of suitable candidates to the Board of Sime Darby Property and achieving Board balance through diversity in skills set, experience, age, nationality and gender. The principle is encapsulated in the Board Composition Policy Framework and Terms of Reference of Nomination and Remuneration Committee (“NRC”).</p> <p>The formal process involves the NRC first identifying the gaps in the Board composition before sourcing, screening, conducting the initial selection of potential candidates and assessing the ability to perform effectively on those who have been identified. During the selection process, all candidates are considered taking into account the following criteria:</p> <ol style="list-style-type: none"><li>1) Required skills, knowledge, expertise and experience;</li><li>2) Time commitment, character, professionalism and integrity;</li><li>3) Ability to work cohesively with other Board members;</li><li>4) Specialist knowledge or technical skills in line with the Company’s strategy;</li><li>5) Diversity in age, gender and experience / background; and</li><li>6) Number of directorships in companies.</li></ol> <p>The Board comprises Directors with diverse demographics, skills and experience, all of whom contribute diverse perspectives and insights on Board decisions. The diversity of the Board’s skills and experience had been assessed through the Board Effectiveness Evaluation (“BEE”) conducted for the financial year under review.</p>

	<p>Based on the BEE exercise conducted during the financial year under review, the Directors considered favourably the current Board composition. The Board agreed to maintain the optimum Board size of not more than 12 as this would reflect a good balance of experience, expertise, mix of skill sets and strength in qualities relevant to the Board.</p> <p>The Board also agreed that notwithstanding the adequate composition, the potential inclusion of new Board members who could bring on board specialist experience and expertise in the following areas should also be considered:</p> <ol style="list-style-type: none"> <li>1) Property development experience (i.e. worked extensively in the industry with technical experience and expertise).</li> <li>2) Industry analyst experience, specifically in property development who is able to share holistic insights on the industry.</li> <li>3) Business development and branding.</li> <li>4) Legal.</li> <li>5) Technology, particularly in the area of smart technology and Big Data.</li> </ol> <p>The Board agreed on the selection criteria for the proposed new Director(s) taking into consideration the appropriate mix of skills, experience and strength in qualities which would be relevant for the Board to ensure it is duly readied to manage the evolving competitive landscape and technological changes and with reference to the Company's objectives and goals.</p> <p>As of the date of issuance of this report, the process of recruiting an Independent Non-Executive Director with the relevant experience and expertise in any one of the specific areas that the Board had identified in order to complement and strengthen the Board in discharging its duties effectively, is currently ongoing.</p> <p>A more detailed description on the diverse background, experience and composition of the Board are made available in Board of Directors' Profile contained in the Annual Report 2019.</p> <p><u>Appointment of Key Senior Management</u></p> <p>For appointment of key Senior Management, the NRC will consider and review the candidates focusing on their skills set, competencies, experience, age and other qualities prior to recommendation to the Board for approval.</p>
<p><b>Explanation for departure</b></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>	

<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 currently comprises nine (9) Directors, of whom two (2) are women, or 22% female representation.</p> <p>In year 2018, the Board had achieved the target of 30% women Directors. However, the said percentage had since been reduced to 22% due to the subsequent change in Board composition.</p> <p>The Board strongly supports the Government's target of having 30% women's participation on boards of public companies in Malaysia.</p> <p>As a step to achieve the intended outcome, the Board of Sime Darby Property had, at its meeting held on 26 July 2017, agreed to maintain at least two (2) women Directors on the Board.</p> <p>Notwithstanding the lack of women representation on the Board by 7% at this point in time, the Board comprises Directors with diverse demographic, skills and experience, all of whom contribute diverse perspectives and insights on Board decisions.</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>	:	<p>The Board endeavours to improve its women representation on the Board to meet the target of at least 30% women's participation.</p> <p>The sourcing of and recruitment exercise that embraces gender, race and ethnicity diversity in the Board remain a priority on the Board's corporate governance agenda. The pursuit to actively source for suitable women candidates will continue to be a priority of the Board and Nomination and Remuneration Committee's corporate governance agenda in the new financial year.</p>
<b>Timeframe</b>	:	Others
		As and when suitable.

### 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>	:	<p>The Company has a formal policy on selection process and assessment criteria for appointment of new Directors. It also sets out the criteria for assessment of the appropriateness of the Board mix and composition.</p> <p>The policy allows the Board to engage executive search firms and other channels to assist in finding candidates with the relevant skills and background.</p> <p>During the financial year under review, the Board and the Nomination and Remuneration Committee (“NRC”) had conducted a rigorous and robust selection process for the appointment of the right candidate for the Group Managing Director position. Upon recommendation by the NRC, the Board appointed Dato’ Azmir Merican Dato’ Azmi Merican as the Group Managing Director of Sime Darby Property with effect from 22 April 2020.</p> <p>The Board continues to build a talent pool, a database of potential candidates collated from talent resourcing and recruitment consultants as a tool to facilitate new appointments and recruitments. The Board / NRC will screen through the said talent pool during the selection process in identifying the best suited candidate for a particular position.</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**

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>	:	<p>The Nomination and Remuneration Committee (“NRC”) is chaired by Datin Norazah Mohamed Razali, an Independent Non-Executive Director.</p> <p>The details of the NRC’s activities for the financial year ended 31 December 2019 is set out in the NRC Report on pages 154 to 163 of the Annual Report 2019.</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

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 and Remuneration Committee (“NRC”), conducts an annual review and assessment on effectiveness of the Board, the Board Committees, the individual Directors and Board Committee members of the Company. This assessment focuses mainly on the performance of individual Directors, training and development, participation and contribution to the Group. It is especially important in deciding whether a Director who is subject to re-election can be recommended accordingly at the next Annual General Meeting.</p> <p>Pursuant to and in line with the best practices of the Malaysian Code on Corporate Governance, the NRC engaged an external independent consultant, PricewaterhouseCoopers (“PwC”), to conduct and facilitate the Board Effectiveness Evaluation (“BEE”) exercise for the financial year under review. The BEE was conducted by way of Directors’ Self and Peer Evaluation Questionnaire as well as structured one-on-one interview sessions between representatives of PwC and each Board member, to obtain views on key strengths and areas for improvement.</p> <p>The results of the BEE were presented to the Board on 26 February 2020 where the Board noted the findings and areas that necessitated further improvements. The Board was satisfied with the BEE results which indicated that there had been improvements across all areas since the BEE conducted for the previous six (6) months financial period ended 31 December 2018.</p> <p>The results further indicated that there was better focus and oversight in key Board responsibilities, supported by an improvement in the performance of the Board Committees. The Board as a whole had discharged its functions, duties and responsibilities effectively in accordance with its Board Charter and there was a positive Boardroom environment and healthy Boardroom dynamics.</p>

	<p>Board discussions were open and constructive and Board members were encouraged to have full participation at Board meetings including participating in robust debate, discussions and active dialogue. Most of the Directors had been highly engaged when required to address issues and challenges faced by the Group.</p> <p>There were also no apparent weaknesses or shortcomings identified that warranted specific action plans by the Board. However, the findings of the BEE showed that the Board ought to continue its focus on and prioritise the following areas in the new financial year:</p> <ol style="list-style-type: none"> <li>1) Succession planning and talent development to ensure that the Company maximises the full potential of its talent and resources.</li> <li>2) Strengthening Business Continuity Plan and Environmental, Social and Governance matters, and ensuring that they are aligned with the Company's strategic agenda.</li> </ol> <p>The outcome of the BEE results also indicated that the current composition of the Board reflects balance and fit to provide governance and stewardship to the organisation. Moving forward, the Board intends to further enhance this composition in ensuring diversity and inclusivity in its decision-making process.</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

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>Sime Darby Property recognises that in order to attract and retain Directors, it is important to have a fair and competitive remuneration package that commensurate with their experience, skills, responsibilities, performance, contribution as well as industry benchmark.</p> <p>The Board has delegated to the Nomination and Remuneration Committee ("NRC") the responsibility to set the principles, parameters and governance framework relating to the Group's remuneration matters. The NRC is authorised to formulate, develop and implement formal and transparent procedures for the Group's Non-Executive Directors ("NEDs") and Senior Management ensuring that their compensation remain competitive and consistent with industry standards as well as commensurate with their experience, skills, level of responsibilities and complexity of business.</p> <p><b><u>Non-Executive Directors</u></b></p> <p>The Board has established a remuneration policy for the NEDs that aligns remuneration with strategy to drive the long-term success of the Company together with a comprehensive and fair remuneration package to continue to attract, retain and motivate Directors.</p> <p>The level of remuneration reflects their experience, level of responsibilities and industry's benchmark as well as complexity of business. The remuneration of NEDs consists of fixed Directors' fees per annum for Board and Board Committees.</p> <p>The Board as a whole, resolves on the fees for NEDs. The fees payable to the NEDs are subject to the approval of the shareholders at the Annual General Meeting ("AGM").</p>

The current remuneration structure for NEDs is as follows:

	<b>Board (RM / Year)</b>	<b>Audit Committee (RM / Year)</b>	<b>Other Committees (RM / Year)</b>
Chairman	540,000	80,000	60,000
Member			
i) Resident	220,000	50,000	35,000
ii) Non-resident	360,000		

Benefits such as transportation for official business assignments, insurance, medical, TPC Kuala Lumpur memberships were provided to the NEDs.

The NRC had, during the financial year under review, appointed an external international consultant to conduct a fresh review of the NED Remuneration Framework based on the results of the market survey on the remuneration and benefits received by the NEDs. The survey also considered other major factors including the revenue / size of the group against its peers as well as the fiduciary duties and time commitments expected of the NEDs and Board Committee members.

Pursuant to the findings of the consultant, the Board will be seeking shareholders' approval at the forthcoming Forty-Seventh AGM ("47th AGM"), for a revision to the NED Remuneration Framework as follows:

	<b>Annual Fixed Fees</b>	
	<b>Current NED Fees (RM)</b>	<b>Proposed NED Fees (RM)</b>
<b>Chairman</b>	540,000	No Change
<b>Resident Director</b>	220,000	220,000
<b>Non-Resident Director</b>	360,000	
<b>Audit Chairman</b>	80,000	70,000
<b>Audit Member</b>	50,000	40,000
<b>Other Committees* Chair</b>	60,000	70,000
<b>Other Committees* Member</b>	35,000	40,000

*\*Note: Excluding Special Committee of the Board.*

The rationale for the proposal is as follows:

- 1) Board Fees should commensurate with the level of responsibilities and be competitive against the market where it will source candidates for Board positions (e.g. different geographical locations, different domain expertise, etc), so that it can attract candidates with the requisite skill set and experience.
- 2) To maintain target positioning of 75th percentile of the market (the market will be defined as where Sime Darby Property will source its Board candidates from), given the transformation Sime Darby Property is undergoing and the fact that it needs to continue to attract top candidates.
- 3) To consider differentiating fees for Resident and Non-Resident only when the skillset and experience are not available in the Malaysian market.
- 4) To align fees for Board Committees as all Board Committees have similar fiduciary responsibilities. Benefits-in-kind provisions should pass the strict test of being in the public interest. Excessive remuneration may not be aligned with shareholders' interest.

Approval will be sought from the shareholders at the forthcoming 47th AGM for the following additional benefits to be provided to the Non-Executive Directors:

- 1) The introduction of a meeting allowance of RM1,500 per person per meeting, payable to members of the Special Committee and any other Non-Executive Directors who attend and participate in the Special Committee Meeting.
- 2) Per diem allowance for official events which was previously approved at RM1,000 per day shall instead be reimbursed on reasonable claims basis.

The Company is however not seeking any increase in approval limit in respect of the amount of benefits payable to the Non-Executive Directors from that approved in the Forty-Sixth AGM ("46th AGM").

Details of the said proposal are provided in the Notice of AGM on pages 360 to 366 of this Annual Report.

### **Senior Management Remuneration**

The NRC, in its Terms of Reference, is responsible:

- 1) To set the policies and procedures on the remuneration framework, including reviewing and making recommendations to the Board on all elements relating to remuneration, terms of employment, reward structure and fringe benefits for Executive Directors, the Group Managing Director ("GMD") and key pivotal positions.

- 2) To set the policies and / or guideline on the remuneration framework including reviewing and making recommendations relating to remuneration, to the Board for employees of the Group.

### ***Rewards Management***

#### **Base Salary and Annual Increment**

Sime Darby Property maintains market competitive salary ranges for different level of employees in the Company, which are tied to the Performance Management Framework.

The Management considers the economic outlook, market benchmark against both comparable companies within the industry as well as Company's affordability for the annual review exercise.

Salary increment were based on employees' performance and the salary position within their job grade i.e. using the comparative-ratio approach ("CR"). The increment framework was designed to accelerate salary growth for performing employees to be within market reference range.

#### **Benefits Management**

The Employee Handbook for the different job categories and job levels outlines the employment terms and conditions including compensation, leaves, education assistance and other benefits.

Sime Darby Property also provides flexible benefits to the Executive and above category of employees and an option for them to select the different leave, medical and insurance packages to suit their needs and priorities.

#### **Bonus Framework**

- 1) Guiding Principle
  - i) Bonus is a form of short-term incentive to reward past performance and a motivator for future performance. It is an important enabler in our journey to become a high performing organisation.
  - ii) Bonus payout must be directly aligned and commensurate with the Group, Company, Department and individual performance. There must be a clear differentiation in the bonus quantum awarded between the high performing organisations / individuals and the others.

	<p>2) The fundamental design principles of the approved Short-term Incentive Plan (Annual Bonus) are as follows :</p> <ul style="list-style-type: none"> <li>i) Performance measures aligned to employees' line-of-sight.</li> <li>ii) Performance factors to facilitate the achievement of the objectives and goals of the Group, Company and Department.</li> <li>iii) Bonus payments are both a reward for past performance and a motivator for future performance. It is an important enabler in our journey to become a high performing organisation.</li> <li>iv) Bonus payout must be directly related to the Group, Company, Department and individual performance. There must be a clear differentiation in the bonus quantum awarded between the high performing organisations / individuals and the others.</li> </ul> <p>During the financial year under review, the Board through the NRC, conducted a Total Rewards Review and Design Exercise to determine its competitiveness to the market and sufficiency to attract, retain and motivate the right talent that will help drive the Company's business goals and strategies.</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

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>	:	<p>The Nomination and Remuneration Committee (“NRC”) is responsible to formulate and review the remuneration policies and packages for the Directors as well as the Senior Management to ensure that they remain competitive, appropriate and commensurate with their experience, skills, level of responsibilities, industry benchmark as well as complexity of business.</p> <p>The Terms of Reference (“TOR”) of the NRC delineates the roles and responsibilities in relation to the nomination and remuneration matters, as provided in the TOR of the NRC which is available on the Company’s website at <a href="http://www.simedarbyproperty.com/who-we-are/corporate-governance">www.simedarbyproperty.com/who-we-are/corporate-governance</a>.</p> <p>Based on the Board Effectiveness Evaluation, the Board is satisfied that the NRC has effectively discharged its roles and responsibilities and provided strong support with respect to its nomination and remuneration functions, which include, among others, review the remuneration framework for the Board and key management personnel.</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

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> :	The remuneration received by each of the Directors for the financial year ended 31 December 2019 is set out in the table below :					
	<b>Salary RM</b>	<b>Fees <sup>(1)</sup> RM</b>	<b>Others <sup>(2)</sup> RM</b>	<b>Benefits in-kind <sup>(3)</sup> RM</b>	<b>Total RM</b>	
	<b>Executive Directors</b>					
	Dato' Sri Amrin Awaluddin (Resigned on 3 May 2019)	588,145	-	142,144	99,035	<b>829,324</b>
	Datuk Tong Poh Keow (Resigned on 31 May 2019)	609,410	-	538,674	32,126	<b>1,180,210</b>
	<b>Non-Executive Directors</b>					
	Tan Sri Dr. Zeti Akhtar Aziz	-	540,000	-	2,559	<b>542,559</b>
	Dato' Jaganath Derek Steven Sabapathy	-	465,000	-	2,559	<b>467,559</b>
	Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	-	315,000	-	26,691	<b>341,691</b>
	Dato' Johan Ariffin	-	290,000	-	3,856	<b>293,856</b>
	Datuk Dr Mohd Daud Bakar	-	290,000	-	3,099	<b>293,099</b>
	Dato' Seri Ahmad Johan Mohammad Raslan <sup>(4)</sup>	-	510,000	-	5,859	<b>515,859</b>

	Salary RM	Fees <sup>(1)</sup> RM	Others <sup>(2)</sup> RM	Benefits in-kind <sup>(3)</sup> RM	Total RM
Datin Norazah Mohamed Razali	-	330,000	-	23,807	<b>353,807</b>
Rizal Rickman Ramli <sup>(5)</sup>	-	290,000	-	11,901	<b>301,901</b>
Datuk Poh Pai Kong	-	270,000	-	5,319	<b>275,319</b>
<p>(1) Directors did not receive any remuneration for services rendered to any of its subsidiaries.</p> <p>(2) Comprises employer's contribution to Employees' Provident Fund, gratuity, car allowance and leave pay.</p> <p>(3) Comprises discount on purchase of Company / Group product, car lease scheme, leave passage, per diem allowance, telephone bills, parking fees, petrol and insurance coverage, where relevant.</p> <p>(4) Non-Resident Director.</p> <p>(5) Fees as nominee Director paid to Permodalan Nasional Berhad.</p>					
<b>Explanation</b> :					
<b>for departure</b>					
<p>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</p>					
<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>	:	<p>The Board is of the view that disclosure on a named basis of the top five (5) Senior Management's remuneration components in bands of RM50,000 as being disadvantageous to the Group given the competitiveness in the property industry for talent due to confidentiality of remuneration packages. The Board will continuously undertake a robust internal process to ensure that the remuneration of Senior Management is commensurate with their roles and accountability.</p> <p>As an alternative to the recommended practice and in order to achieve the intended outcome, the Board has opted to disclose the remuneration of Senior Management on a group basis as follows:</p> <table border="1" data-bbox="528 1243 1401 1619"> <thead> <tr> <th>Remuneration (Top 5 Senior Management)</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td>3,817,452.00</td> </tr> <tr> <td>Bonus</td> <td>1,051,699.00</td> </tr> <tr> <td>Company's contribution to provident fund, pension fund or other retirement benefit scheme</td> <td>889,876.72</td> </tr> <tr> <td>Expense allowances chargeable to income tax</td> <td>467,374.00</td> </tr> <tr> <td>Benefits-in-kind</td> <td>159,552.00</td> </tr> <tr> <td><b>Total</b></td> <td><b>6,385,953.72</b></td> </tr> </tbody> </table>	Remuneration (Top 5 Senior Management)	RM	Salary	3,817,452.00	Bonus	1,051,699.00	Company's contribution to provident fund, pension fund or other retirement benefit scheme	889,876.72	Expense allowances chargeable to income tax	467,374.00	Benefits-in-kind	159,552.00	<b>Total</b>	<b>6,385,953.72</b>
Remuneration (Top 5 Senior Management)	RM															
Salary	3,817,452.00															
Bonus	1,051,699.00															
Company's contribution to provident fund, pension fund or other retirement benefit scheme	889,876.72															
Expense allowances chargeable to income tax	467,374.00															
Benefits-in-kind	159,552.00															
<b>Total</b>	<b>6,385,953.72</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>	:	The Board will continuously monitor the matter and consider the appropriateness of such disclosure in the future.														
<b>Timeframe</b>	:	Others As and when appropriate.														

**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>	:	Not Adopted
<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>	:	<p>The Audit Committee ("AC") Chairman, Dato' Seri Ahmad Johan Mohammad Raslan is a fellow member of the Institute of Chartered Accountants of England and Wales, member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. Dato' Seri Ahmad Johan Mohammad Raslan is an Independent Non-Executive Director and is appointed as the AC Chairman since 12 July 2017. He is not the Chairman of the Board.</p> <p>The Terms of Reference of the AC has reflected the requirements in Practice 8.1 of the Malaysian Code on Corporate Governance that "<i>The AC Chairman is not the Chairman of the Board</i>".</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 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>	:	Sime Darby Property Berhad has always recognised the need to uphold independence. None of the Audit Committee (“AC”) members were former key audit partners within the cooling-off period of two (2) years.  The policy has been adopted in the Terms of Reference of the 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>	:	<p>The Board is committed to ensuring that a clear, balanced and meaningful assessment of the Group financial performance and prospects through the audited financial statements and quarterly announcement of results are provided to the shareholders and regulatory bodies. In view thereof, the Board, through the Audit Committee ("AC"), oversees the process and the integrity and quality of reporting, annually and quarterly. The AC, assists the Board by reviewing the financial statements and quarterly announcements of results to ensure completeness, accuracy and adequacy in the presence of external auditors and internal auditors prior to recommending the same to the Board for approval.</p> <p>The AC manages the relationship with its external auditors on behalf of the Board. The AC considers the re-appointment, remuneration and terms of engagement of the external auditors annually. The review covers the independence and service level of the external auditors which include, among others, the quality of work, timeliness and non-audit services provided.</p> <p>The AC, had in February 2020, undertaken an annual assessment of the overall performance of PricewaterhouseCoopers PLT ("PwC") including independence, objectivity and professionalism. PwC, in February 2020, had provided a written assurance that they are independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year ended 31 December 2019.</p> <p>The AC was satisfied with the quality of audit, performance, competency and sufficient resources provided to the Group. The AC was also satisfied in its review that the provision of the non-audit services by PwC to the Company during the financial year ended 31 December 2019 did not impair their objectivity and independence as external auditors of Sime Darby Property.</p>



	Having considered the outcome of the annual assessment of external auditors, the Board, had in February 2020, approved the recommendation for the shareholders' approval to be sought at the forthcoming Forty-Seventh (47th) Annual General Meeting on the re-appointment of PwC as external auditors 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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted															
<b>Explanation on adoption of the practice</b>	:	During the financial year under review, the Audit Committee ("AC") comprised four (4) Independent Non-Executive Directors ("INEDs") as follows : <table border="1" data-bbox="491 768 1385 954"><thead><tr><th>No.</th><th>Director / Designation</th><th>Membership</th></tr></thead><tbody><tr><td>1.</td><td>Dato' Seri Ahmad Johan Mohammad Raslan</td><td>Chairman</td></tr><tr><td>2.</td><td>Dato' Jaganath Derek Steven Sabapathy</td><td>Member</td></tr><tr><td>3.</td><td>Datin Norazah Mohamed Razali</td><td>Member</td></tr><tr><td>4.</td><td>Datuk Poh Pai Kong</td><td>Member</td></tr></tbody></table>	No.	Director / Designation	Membership	1.	Dato' Seri Ahmad Johan Mohammad Raslan	Chairman	2.	Dato' Jaganath Derek Steven Sabapathy	Member	3.	Datin Norazah Mohamed Razali	Member	4.	Datuk Poh Pai Kong	Member
No.	Director / Designation	Membership															
1.	Dato' Seri Ahmad Johan Mohammad Raslan	Chairman															
2.	Dato' Jaganath Derek Steven Sabapathy	Member															
3.	Datin Norazah Mohamed Razali	Member															
4.	Datuk Poh Pai Kong	Member															

### 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>	:	<p>The members of the Audit Committee ("AC"), collectively, have a wide range of relevant skills, knowledge and industry experience. They are capable of providing sound advice to the Board not only in terms of financial reporting but also on internal audit and the state of the Group's risk and internal control environment.</p> <p>All Directors including the AC members had during the financial year under review, attended various training programmes and seminars organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in law, regulations, risk management and business environment. Details of the trainings or seminars attended by the members during the financial year ended 31 December 2019 are set out in the Corporate Governance Overview Statement under "Continuing Development Programme for Directors" in the Annual Report 2019.</p> <p>During the financial year under review, at the request of the NRC, the Group Secretary collaborated with Institute of Corporate Directors Malaysia ("ICDM") to undertake a Director's Training Needs Assessment in order to come out with a Directors' Training Framework that identifies an individual Director's training needs and development aspirations which are then translated into a development plan covering areas such as regulatory compliance, sustainability and innovation. Following the individual and collective assessment of the Directors, a list of training programmes was recommended to the Board for its endorsement.</p>

	<p>All AC members are aware of the need to continuously develop and increase their knowledge in the area of accounting and auditing standards considering the frequent change and development in the aforesaid area. The members of the AC had continuously been briefed on the relevant changes in the financial reporting standards by the Group Chief Financial Officer and External Auditors at the AC quarterly meetings.</p> <p>Based on the results of the Board Effectiveness Evaluation exercise for the financial year under review, the Board was generally satisfied that the AC collectively and its members individually, had discharged their functions, duties and responsibilities effectively in accordance with the Terms of Reference of the AC.</p> <p>The details of the AC's activities during the financial year ended 31 December 2019 are set out in the Audit Committee Report on pages 181 to 185 of the Annual Report 2019.</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

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 Board is responsible for effective risk management and internal control of Sime Darby Property Group. The Board embeds risk management practices into activities, initiatives and processes of the Group. The risk management framework has been set in place by the Board to identify, evaluate, mitigate and monitor key risks faced by the Group.</p> <p>The Board recognises that the framework is designed to mitigate rather than to eliminate risks or events with significant adverse impact on the achievements of the Group's objectives and strategies.</p> <p>The Board, through the Risk Management Committee ("RMC") reviews the risk management framework and processes to ensure they remain relevant for use and monitors the effectiveness of risk treatment / mitigation action plans for the management and control of the key risks. The RMC deliberated the quarterly risk report which identified principal risks of the Group and the corresponding rating for each risk. The appropriate risk tolerance will depend on the nature of the projects undertaken and the objectives pursued. The risk appetite will be reviewed periodically by the RMC in response to the operating environment.</p> <p>The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is provided on pages 168 to 180 of the Annual Report for the financial year ended 31 December 2019.</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 disclosed the key features of its risk management and internal control system in detail in the Statement on Risk Management and Internal Control on pages 168 to 180 of the Annual Report 2019.	
<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>	:	Adopted																		
<b>Explanation on adoption of the practice</b>	:	<p>During the financial year under review, the Risk Management Committee ("RMC") consists of five (5) members, three (3) of whom were Independent Non-Executive Directors to oversee the Company's Risk Management Framework and policies. Nevertheless, Dato' Johan Ariffin had been re-designated from Independent Non-Executive Director to Non-Independent Non-Executive Director effective 30 December 2019.</p> <p>The members of the RMC are as follows :</p> <table border="1"><thead><tr><th>No.</th><th>Director / Designation</th><th>Membership</th></tr></thead><tbody><tr><td>1.</td><td>Dato' Jaganath Derek Steven Sabapathy <i>(Senior Independent Non-Executive Director)</i></td><td>Chairman</td></tr><tr><td>2.</td><td>Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj <i>(Independent Non-Executive Director)</i></td><td>Member</td></tr><tr><td>3.</td><td>Dato' Johan Ariffin <i>(Non-Independent Non-Executive Director)</i>  <i>(Redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director on 30 December 2019)</i></td><td>Member</td></tr><tr><td>4.</td><td>Datuk Dr Mohd Daud Bakar <i>(Non-Independent Non-Executive Director)</i></td><td>Member</td></tr><tr><td>5.</td><td>Encik Rizal Rickman Ramli <i>(Non-Independent Non-Executive Director)</i></td><td>Member</td></tr></tbody></table> <p>The Board has adopted the Terms of Reference of RMC which is available on the Company's website at <a href="http://www.simedarbyproperty.com/who-we-are/corporate-governance">www.simedarbyproperty.com/who-we-are/corporate-governance</a>.</p> <p>The RMC Report is presented on pages 186 to 191 of the Annual Report 2019.</p>	No.	Director / Designation	Membership	1.	Dato' Jaganath Derek Steven Sabapathy <i>(Senior Independent Non-Executive Director)</i>	Chairman	2.	Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj <i>(Independent Non-Executive Director)</i>	Member	3.	Dato' Johan Ariffin <i>(Non-Independent Non-Executive Director)</i>  <i>(Redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director on 30 December 2019)</i>	Member	4.	Datuk Dr Mohd Daud Bakar <i>(Non-Independent Non-Executive Director)</i>	Member	5.	Encik Rizal Rickman Ramli <i>(Non-Independent Non-Executive Director)</i>	Member
No.	Director / Designation	Membership																		
1.	Dato' Jaganath Derek Steven Sabapathy <i>(Senior Independent Non-Executive Director)</i>	Chairman																		
2.	Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj <i>(Independent Non-Executive Director)</i>	Member																		
3.	Dato' Johan Ariffin <i>(Non-Independent Non-Executive Director)</i>  <i>(Redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director on 30 December 2019)</i>	Member																		
4.	Datuk Dr Mohd Daud Bakar <i>(Non-Independent Non-Executive Director)</i>	Member																		
5.	Encik Rizal Rickman Ramli <i>(Non-Independent Non-Executive Director)</i>	Member																		



### 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>	<p>The Group Corporate Assurance (“GCA”) is an in-house internal audit function which is led by a Chief Assurance Officer (“CAO”) who reports functionally to the Audit Committee (“AC”) and administratively to the Group Managing Director / Acting Group Chief Executive Officer to ensure independence.</p> <p>As guided by the Group Audit Charter approved by the AC, the GCA is an independent and objective function that supports the :</p> <ol style="list-style-type: none"><li>1) Organisation in achieving its defined strategic, operational, financial and compliance objectives; and</li><li>2) Board of Directors and its Committees in discharging their governance responsibilities.</li></ol> <p>The CAO functions include, among others, as follows :</p> <ol style="list-style-type: none"><li>1) Provides regular assessment on the adequacy and effectiveness of the Group’s processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work;</li><li>2) Report significant issues related to the processes for controlling the activities of the company, including potential improvements to those processes and provide information concerning such issues through resolution;</li><li>3) Periodically provide information on the status and results of the annual GCA plan as well as the adequacy of resources; and</li><li>4) Design, maintain and resource an effective and efficient internal audit organisation in GCA.</li></ol> <p>To ensure that the responsibilities of GCA are fully discharged, the AC :</p> <ol style="list-style-type: none"><li>1) Recommends to the Board the appointment, transfer or dismissal of the CAO;</li><li>2) Assesses and reviews the performance and effectiveness of the CAO; and</li></ol>

	<p>3) Performs appraisal or assessment of the performance of the GCA function.</p> <p>The GCA engagements were carried out based on the audit plan for the financial year ended 31 December 2019 as approved by the AC. The results of the audits as disclosed in the GCA reports were reviewed by AC and discussed at quarterly AC meetings. The relevant Management members were made responsible for ensuring corrective actions on reported weaknesses were taken within the required timeframes. GCA conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately.</p> <p>A summary of the GCA's activities during the financial year ended 31 December 2019 is set out in the Audit Committee Report on pages 181 to 185 in the Annual Report 2019.</p>
<p><b>Explanation for departure</b></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>

## 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>In accordance with the Group Corporate Assurance (“GCA”) Charter, the GCA acts as an independent and objective function that supports Sime Darby Property Group in achieving its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</p> <p>The GCA is spearheaded by the Chief Assurance Officer (“CAO”), Encik Aravindan K. Devapalan who is a fellow member of the Chartered Association of Accountants and a member of Malaysian Institute of Accountants.</p> <p>The GCA department is staffed by fifteen (15) internal auditors including the CAO, with relevant experience and qualifications and all of which are free from any relationship or conflicts of interest, which could impair their objectivity and independence.</p> <p>As per the Group Audit Charter, the GCA activities are governed by adherence to the Institute of Internal Auditors’ mandatory guidance including the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (“Standards”). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the corporate governance activity’s performance.</p> <p>The Institute of Internal Auditors’ Practice Advisories, Practice Guides and Position Papers will be adhered to as applicable to guide operations. In addition, the GCA activities will adhere to the Group’s relevant policies and procedures and the assurance activity’s standard operating procedures manual which has been drawn up with reference to the Standards.</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 acknowledges the importance of an effective, transparent and regular communication with its stakeholders, institutional investors and investing public at large to provide a clear picture of the Group's performance and position. Sime Darby Property is committed in maintaining high standards in the dissemination of relevant and material information on the Group in order to maintain effective, comprehensive and timely disclosure of information.</p> <p>Sime Darby Property values constant dialogue and is committed to clear communication with its shareholders and investors. Continuous engagement is maintained with the investing community through a planned Investor Relations ("IR") programme managed by the IR unit under the patronage of Group Chief Financial Officer.</p> <p>Communication and feedback from investors can also be directed to <a href="mailto:investor.relations@simedarbyproperty.com">investor.relations@simedarbyproperty.com</a> or :</p> <p>Sime Darby Property Berhad Level 7, Block G No. 2, Jalan PJU 1A/7A Ara Damansara, PJU 1A 47301 Petaling Jaya Selangor Darul Ehsan Malaysia Tel: +603-7849 5000</p> <p>Sime Darby Property provides a section for "Investor Relations" in its website at <a href="http://www.simedarbyproperty.com">www.simedarbyproperty.com</a> which provides the latest information on the Group such as quarterly results, financial results, Bursa announcements, Board Charter, Terms of Reference for Board Committees, stock performance, shareholder and dividend information, investor presentations and Investor calendar.</p>

	<p>Sime Darby Property also embraces social media, apart from the Company’s website, as an important communication channel with stakeholders as these channels allow immediate and easy access to information as well as providing a platform to gain feedback from stakeholders.</p> <p>The Forty-Sixth (46th) Annual General Meeting (“AGM”) of the Company (the second AGM as a listed entity) was held on 2 May 2019. Active participation by the shareholders was encouraged during the AGM in which an open platform was made available to the shareholders to raise questions relevant to the AGM agenda and appropriate response and clarification are promptly provided by the Board / Management to the shareholders.</p> <p>As an initiative to leverage on technology to broaden its channel of dissemination of information, enhance the quality of engagement with its shareholders and facilitate further participation of shareholders at the Company’s general meetings as well as to promote environmental sustainability and cost efficiency, Sime Darby Property has established an e-communication platform with shareholders for the following :</p> <ol style="list-style-type: none"> <li>1) Sime Darby Property’s Annual Report 2019 onwards together with Circular to Shareholders.</li> <li>2) E-Lodgement of proxy forms by shareholders for Sime Darby Property’s Forty-Seventh (47th) AGM onwards.</li> </ol> <p>Shareholders may register as a user with Tricor Investor &amp; Issuing House Services Sdn Bhd’s TIIH Online at <a href="https://tiih.online">https://tiih.online</a>. An e-mail will be sent to the entitled registered users to enable them to submit their proxy forms through e-submission facility via TIIH Online.</p>
<p><b>Explanation for departure</b></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>

### 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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that the integrated reporting process is an ongoing journey to improve the quality of information disclosures to stakeholders in order to promote greater transparency and accountability.</p> <p>Sime Darby Property has adopted integrated reporting since its first Annual Report in year 2018 for the financial year ended 30 June 2018.</p> <p>This is the third (3rd) Annual Report that Sime Darby Property has adopted the International Integrated Reporting Framework issued by the International Integrated Reporting Council.</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

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>	:	<p>Sime Darby Property dispatches the notice of its Annual General Meeting (“AGM”) to its shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the Companies Act 2016 and the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).</p> <p>The additional time given to the shareholders allows them to make the necessary arrangements to attend and participate in person or through corporate representatives or proxies. More importantly, it enables the shareholders to read the Annual Report / Abridged Annual Report, consider the resolutions and make an informed decision in exercising their voting rights at the General Meeting.</p> <p>The notice is also published in a nationally circulated newspaper as required under the MMLR of Bursa Malaysia and is made available on Sime Darby Property’s website.</p> <p>The notes to the Notice of the AGM had provided detailed explanations for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.</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

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Forty-Sixth Annual General Meeting (“46th AGM”) of the Sime Darby Property held on 2 May 2019 was attended by all Directors in person to directly engage with the shareholders and proxies present at the 46th AGM. Apart from Directors, Senior Management and External Auditors of the Company also attended the 46th AGM.</p> <p>Attendance of the shareholders and proxies at the 46th AGM was encouraging as evidenced by the presence of 3,227 shareholders, proxies and corporate representatives.</p> <p>The proceedings of the 46th AGM included the then Group Managing Director’s (“GMD”) presentation of the Company’s operating and financial performance. The then GMD also shared with the shareholders present the Company’s responses to the questions submitted in advance of the 46th AGM by the Minority Shareholders Watch Group.</p> <p>During the 46th AGM, all members were invited to raise any questions and seek clarifications on all proposals tabled and members had encouragingly raised questions on the agenda items of the AGM. Appropriate answers and/or clarification were provided by the Board members, Board Committee Chairmen or Senior Management in order to allow the members to make informed decisions when casting their votes at the said AGM.</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

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>	:	<p>Sime Darby Property had, at its Forty-Sixth (“46th”) Annual General Meeting (“AGM”) held on 2 May 2019, leveraged on technology to facilitate electronic voting (“e-voting”) for the conduct of poll on all resolutions. Electronic voting devices were used to provide a more efficient and accurate outcome of the results.</p> <p>The voting at the 46th AGM was conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Sime Darby Property had appointed Tricor Investor &amp; Issuing House Services Sdn Bhd (“Tricor”) as Poll Administrator to conduct the polling process, and Deloitte Risk Advisory Sdn Bhd (“Deloitte”) as Scrutineers to verify the poll results.</p> <p>Personalised passcode slips were issued by the Share Registrar upon registration for e-voting at the 46th AGM. The polling process for the resolutions were conducted only upon completion of the deliberation of all items transacted at the 46th AGM. The representative from Tricor briefed the shareholders on the polling procedure. The shareholders / proxies were then directed to the e-voting counters to cast their votes.</p> <p>The Scrutineers, Deloitte, upon verification of the poll results, announced the results for each resolution, which included votes in favour and against, upon which the Chairman of the Meeting declared whether the resolutions were carried. The poll results were also announced by Sime Darby Property via Bursa LINK on the same day for the benefit of all shareholders. Minutes of the 46th AGM were also made available on Sime Darby Property’s website.</p>

	<p>The 46th AGM was held at Sime Darby Convention Centre in Kuala Lumpur. The venue was easily accessible as it was familiar to most shareholders of the Company since the AGMs of Sime Darby Berhad (prior to the demerger on 30 November 2017) were held at the same venue in the past. Majority of the shareholders commended on the venue and meeting arrangement.</p>	
	<p><u>Note:</u></p> <p>Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at a 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>As an initiative to leverage on technology to broaden its channel of dissemination of information, enhance the quality of engagement with its shareholders and facilitate further participation of shareholders at the Company's general meetings as well as to promote environmental sustainability and cost efficiency, Sime Darby Property has established an e-communication platform with shareholders for the following :</p> <ol style="list-style-type: none"> <li>1) Sime Darby Property's Annual Report 2019 onwards together with Circular to Shareholders.</li> <li>2) E-Lodgement of proxy forms by shareholders for Sime Darby Property's Forty-Seventh (47th) AGM onwards.</li> </ol> <p>Shareholders may register as a user with Tricor Investor &amp; Issuing House Services Sdn Bhd's ("Tricor") TIIH Online at <a href="https://tiih.online">https://tiih.online</a>. An e-mail will be sent to the entitled registered users to enable them to submit their proxy forms through e-submission facility via TIIH Online.</p> <p>Sime Darby Property will also enable remote shareholders' participation and online remote voting (or voting in absentia) at the 47th AGM by leveraging on technology in accordance with Section 327 (1) and (2) of the Companies Act 2016 and Rule 72 of the Company's Constitution. Shareholders who attend the 47th AGM via remote participation are encouraged to submit their questions to the Board in advance via Tricor's TIIH Online, in order to enhance the efficiency of the proceedings of the 47th AGM.</p>
<p><b>Timeframe</b></p>	<p>:</p>	<p>Within 1 year</p>

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

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

Click here to enter text.