

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5069  
**COMPANY NAME** : BLD Plantation Bhd.  
**FINANCIAL YEAR** : December 31, 2017

## 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 is responsible to formulate strategies and policies and refine its strategic plans in views of the challenging business environment. In achieving the Group's objectives, prudence in costing and efficient resources allocation are practised across departments and operations within the Group.</p> <p>Robust internal control and risk management systems are in place to respond to emerging risks and mitigate risks effectively. The internal audit function and Risk Management Committee assist the Board in identifying and overseeing the principal risks of the Group.</p> <p>Management performance is periodically reviewed by the Board to ensure adequate focus from the management on the strategies aligning to the Board's direction. Management rectifies issues and reports to the Board whilst provides insights on the operations during the meeting with the Board. Regular meetings with the management team allows Directors to keep abreast and well-informed on recent developments of operational processes and business activities.</p> <p>The Group strives to better serve interests of its stakeholders through effective communication with stakeholders to address their concerns. The Board places strong emphasis on incorporating sustainability practices in its business operations which leads to long-term value creation. Hence, positive values and standards are instilled at the workplace to create an ethical and responsible working culture.</p> |
| <b>Explanation for departure</b>                  | : |   |
|   |   |   |

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

|                    |  |  |
|--------------------|--|--|
| <b>Measure</b> :   |  |  |
| <b>Timeframe</b> : |  |  |

### Intended Outcome

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

### Practice 1.2

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

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Chairman of the Board leads the Board in establishing effective corporate governance system and monitoring good corporate governance practices of the Group. The Board Charter defines the roles, responsibilities and authorities of the Board. |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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

**Practice 1.3**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>Our Executive Chairman, Dato Henry Lau Lee Kong demonstrates high calibre in leading the team by delegating roles and responsibilities to the distinctive team members in managing the day-to-day business operation. He has committed sufficient time and efforts in fulfilling his responsibilities and duties as Chairman of the Board.</p> <p>The members of the board participate actively in board discussions by expressing opinions and contributing ideas to make informed decisions. The Board is committed in driving strategies to meet objectives and achieve goals of the Company.</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

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.

|  |   |   |  |
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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Company Secretary plays an integral role in promoting the effectiveness of the Board. Company Secretary is responsible to advise and update the Board on policies and procedures that are to be adhered with the adoption of best practices on corporate governance. The Company Secretary keeps abreast with the latest changes in the relevant obligatory and regulatory requirements for adoption and compliance. The Company Secretary provides assistance to the Board in monitoring corporate governance developments and also facilitating engagement with stakeholders on corporate governance issues.<br><br>The roles and responsibilities of Company Secretary are set out in the Board Charter, which is available on the Company's website, <a href="http://www.bldpb.com.my">www.bldpb.com.my</a> . |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### Intended Outcome

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

### Practice 1.5

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

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Company Secretary ensures accurate, timely and complete information is provided to the directors prior to the meeting to allow directors to have sufficient time to study the board paper for meeting preparation.<br><br>The minutes of meeting are circulated in a timely manner upon conclusion of each meeting. The Company Secretary ensures the minutes are correctly and accurately recorded based on Board's decisions after deliberations. The Board members review the minutes before confirming the minutes in the forthcoming meeting. |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

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

### Practice 2.1

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

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board Charter is reviewed by the Board. The Board Charter provides clarity in aspects covering the authority of the Board, board composition and roles and responsibilities as well as terms of reference of the Board. The Board is assisted by the Board Committees and the Chairman of respective committees will report and update the Board on significant issues and make recommendations to the Board, as appropriate.</p> <p>The Board Charter and terms of reference for the Board Committees are published on the Company's website, <a href="http://www.bldpb.com.my">www.bldpb.com.my</a>.</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**

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>  | : | Employees are mindful of the Code of Conduct and Ethics and are expected to adhere to the policies at all times.<br><br>The Code of Conduct and Ethics is available on the Company's website, <a href="http://www.bldpb.com.my">www.bldpb.com.my</a> . |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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

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

**Practice 3.2**

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

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|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The General Operation Managers (GOMs) report to the top management and they oversee the manager in-charge at operational level. Employees could report directly to the GOM regarding alleged misconduct at the workplace. In addition, the employees can also communicate to the auditors and auditors can report to the Audit Committee on such misconduct. |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

### Practice 4.1

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

|  |   |   |  |
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| <b>Application</b>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | The board composition is well-structured of five (5) directors with two (2) independent directors serving on the Board.   |  |
|  |   | The Audit Committee which comprises a majority of independent directors will serve as an important source of advice for the Board by providing viable recommendations to address the key issues. The Board undertakes annual assessment on the overall independence of the Board and assures that the independence of the Board is not impaired in any way. |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice.  |  |
| <b>Timeframe</b>   | : | Choose an item.   |  |

## 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>Our two Independent Directors, Mr Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad, have served the Board for a cumulative term of more than 9 years since their appointment to the Board on 9 June 2003 and 3 September 2007 respectively.</p> <p>In view of their relevant expertise and experience, the Board recommends that they are competent to continue holding office as Independent Non-Executive Director. The Board believes that they have exercised their objective and independent judgement. The Board affirms that there is no conflict of interests with the interested parties and the Company, which allows them to discharge their fiduciary duties as Independent Directors.</p> <p>Given their exemplary attendance at meetings and official events of the Group, they have demonstrated strong commitment in performing their duties and participating in the Group's developments. Both Independent Directors show sufficient calibre and knowledge of the industry the Group operates and insights of the business operations. The Independent Directors are able to provide healthy challenge to the Management on key issues during the meetings with the Management team. Information asymmetry has been minimised whereby Independent Directors can access and request for sufficient information from the management to evaluate their performance.</p> <p>The Board has noted the following considerations during the review and assessment of their independence:-</p> <ul style="list-style-type: none"><li>• Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad fulfil the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the Main Market Listing Requirements;</li><li>• During their tenure of office, Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad have not developed, established or maintained any significant relationship which could interfere with</li></ul> |

|   |   |  |
|---|---|--|
|   | <p>the exercise of independent judgement or the ability to act in the best interests of the Group other than the normal engagements and interactions in his professional capacity.</p> <ul style="list-style-type: none"> <li>• During their tenure in office, Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad have not engaged in any transactions with nor provided any goods and services to the Company and its subsidiaries, within the scope and meaning as set forth under Paragraph 5 of the Practice Note 13 of the Main Market Listing Requirements;</li> <li>• During their tenure in office as Independent Non-Executive Director of the Company, Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad receive only Directors' remuneration paid within the industry norm and the acceptable market rates.</li> </ul> <p>In view of the above, the Board strongly recommends the retention of both Independent Directors to continue in office which is to be tabled as an Ordinary Resolution for shareholders' approval at the Annual General Meeting.</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**

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.

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| <b>Application</b>                             | : | Not Adopted |
| <b>Explanation on adoption of the practice</b> | : |             |

**Intended Outcome**

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

**Practice 4.4**

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

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | As part of the focus on succession planning and talent developments, appointment of Board and senior management are sourced from a diverse talent pool, in meeting the required criteria with necessary skills and relevant experience that would complement the existing dynamics of the Board and management team. Enhancement to the skills matrix of the Board and management remains an important element to achieve workforce diversity within 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**

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.

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| <b>Application</b>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | The Board is aware of the gender diversity within the Group.  |  |
|  |   | The Group has put into practice in recruiting women candidates to hold management positions as this will serve as a talent pipeline for suitable board candidacy in future. |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice.  |  |
| <b>Timeframe</b>   | : | Choose an item.   |  |



### 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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | Suitable candidates for directors are sourced internally and also based on independent sources by the Nominating Committee. |  |
| <b>Explanation for departure</b>   | : |   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |
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**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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Nominating Committee comprises exclusively non-executive Directors, whom majority are independent. The Nominating Committee is chaired by our Independent Non-Executive Director.</p> <p>The Nominating Committee provides support and advice to the Board on matters related to succession planning and appointment of Board members and senior management. The Nominating Committee also plays an important function in assessing and reviewing the Board effectiveness on an annual basis which each individual director is assessed objectively.</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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | In enhancing board effectiveness, annual board evaluations are conducted internally and facilitated by the Company Secretary. The Board Chairman encourages engagement of directors in an open and honest discussion during the assessment process of Directors' performance. The directors are assessed based on their time commitment, ability to discharge their duties and contribution to the discussion in making decisions. In the evaluation, the Board concludes that the overall effectiveness of the Board is ensured with the appropriate size, composition and balance of the Board. |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### Intended Outcome

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

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

### Practice 6.1

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>In driving the Group's long-term objectives, the Group undertakes to attract and retain the right talent in the Board and senior management by providing fair remuneration package. Remuneration policies and procedures are in place to effectively determine the remuneration of directors and senior management in a fair and transparent manner. The remuneration package takes into account the complexity of the Group's business activities while appropriately reflects the individual's responsibilities and performance. The policies and procedures are reviewed by the Remuneration Committee.</p> <p>The Remuneration Policy and Procedures is available on the Company's website, <a href="http://www.bldpb.com.my">www.bldpb.com.my</a>.</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

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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | The Remuneration Committee reviews and recommends to the Board the remuneration package for Non-Executive Directors, Executive Directors and senior management based on commitment and responsibilities undertaken, individual performance and comparable market statistics. The Board as a whole involves in determining remuneration of individual Director with the recommendation of Remuneration Committee. Approvals for fees of Directors by the shareholders at general meetings is required.<br><br>Terms of Reference in respect of the Remuneration Committee is available on the Company's website, <a href="http://www.bldpb.com.my">www.bldpb.com.my</a> . |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

### Intended Outcome

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

### Practice 7.1

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

| <b>Application</b>  | :                   | Applied  |  |                    |                     |                |   |                       |   |                        |   |                        |   |                        |   |                        |   |                        |   |                            |   |       |    |
|---|---------------------|--|--|--------------------|---------------------|----------------|---|-----------------------|---|------------------------|---|------------------------|---|------------------------|---|------------------------|---|------------------------|---|----------------------------|---|-------|----|
| <b>Explanation on application of the practice</b>   | :                   | <p>The remuneration of Directors for the financial year ended 31 December 2017 are as follows :-</p> <p>Group/ Company</p> <table border="1"> <thead> <tr> <th>Remuneration Range</th> <th>Number of directors</th> </tr> </thead> <tbody> <tr> <td>Below RM50,000</td> <td>4</td> </tr> <tr> <td>RM50,001 to RM100,000</td> <td>7</td> </tr> <tr> <td>RM100,001 to RM150,000</td> <td>1</td> </tr> <tr> <td>RM250,001 to RM300,000</td> <td>1</td> </tr> <tr> <td>RM400,001 to RM450,000</td> <td>1</td> </tr> <tr> <td>RM450,001 to RM500,000</td> <td>1</td> </tr> <tr> <td>RM650,001 to RM700,000</td> <td>1</td> </tr> <tr> <td>RM1,200,001 to RM1,250,000</td> <td>1</td> </tr> <tr> <td style="text-align: right;">Total</td> <td>17</td> </tr> </tbody> </table> <p>Due to confidentiality and security concerns, the remuneration of individual directors will not be disclosed on named basis.</p> |  | Remuneration Range | Number of directors | Below RM50,000 | 4 | RM50,001 to RM100,000 | 7 | RM100,001 to RM150,000 | 1 | RM250,001 to RM300,000 | 1 | RM400,001 to RM450,000 | 1 | RM450,001 to RM500,000 | 1 | RM650,001 to RM700,000 | 1 | RM1,200,001 to RM1,250,000 | 1 | Total | 17 |
| Remuneration Range  | Number of directors |  |  |                    |                     |                |   |                       |   |                        |   |                        |   |                        |   |                        |   |                        |   |                            |   |       |    |
| Below RM50,000  | 4                   |  |  |                    |                     |                |   |                       |   |                        |   |                        |   |                        |   |                        |   |                        |   |                            |   |       |    |
| RM50,001 to RM100,000   | 7                   |  |  |                    |                     |                |   |                       |   |                        |   |                        |   |                        |   |                        |   |                        |   |                            |   |       |    |
| RM100,001 to RM150,000  | 1                   |  |  |                    |                     |                |   |                       |   |                        |   |                        |   |                        |   |                        |   |                        |   |                            |   |       |    |
| RM250,001 to RM300,000  | 1                   |  |  |                    |                     |                |   |                       |   |                        |   |                        |   |                        |   |                        |   |                        |   |                            |   |       |    |
| RM400,001 to RM450,000  | 1                   |  |  |                    |                     |                |   |                       |   |                        |   |                        |   |                        |   |                        |   |                        |   |                            |   |       |    |
| RM450,001 to RM500,000  | 1                   |  |  |                    |                     |                |   |                       |   |                        |   |                        |   |                        |   |                        |   |                        |   |                            |   |       |    |
| RM650,001 to RM700,000  | 1                   |  |  |                    |                     |                |   |                       |   |                        |   |                        |   |                        |   |                        |   |                        |   |                            |   |       |    |
| RM1,200,001 to RM1,250,000  | 1                   |  |  |                    |                     |                |   |                       |   |                        |   |                        |   |                        |   |                        |   |                        |   |                            |   |       |    |
| Total   | 17                  |  |  |                    |                     |                |   |                       |   |                        |   |                        |   |                        |   |                        |   |                        |   |                            |   |       |    |
| <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 7.2

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>   | :                 | Applied   |                    |                   |                        |   |                        |   |                        |   |       |   |
|--|-------------------|---|--------------------|-------------------|------------------------|---|------------------------|---|------------------------|---|-------|---|
| <b>Explanation on application of the practice</b>  | :                 | <p>The remuneration of the top five (5) senior management for the financial year ended 31 December 2017 are as follows :-</p> <p>Group/ Company</p> <table border="1"><thead><tr><th>Remuneration Range</th><th>Number of persons</th></tr></thead><tbody><tr><td>RM250,001 to RM300,000</td><td>1</td></tr><tr><td>RM300,001 to RM350,000</td><td>1</td></tr><tr><td>RM350,001 to RM400,000</td><td>3</td></tr><tr><td>Total</td><td>5</td></tr></tbody></table> <p>Due to confidentiality and security concerns, the remuneration of top five (5) senior management will not be disclosed on named basis.</p> | Remuneration Range | Number of persons | RM250,001 to RM300,000 | 1 | RM300,001 to RM350,000 | 1 | RM350,001 to RM400,000 | 3 | Total | 5 |
| Remuneration Range   | Number of persons |   |                    |                   |                        |   |                        |   |                        |   |       |   |
| RM250,001 to RM300,000   | 1                 |   |                    |                   |                        |   |                        |   |                        |   |       |   |
| RM300,001 to RM350,000   | 1                 |   |                    |                   |                        |   |                        |   |                        |   |       |   |
| RM350,001 to RM400,000   | 3                 |   |                    |                   |                        |   |                        |   |                        |   |       |   |
| Total  | 5                 |   |                    |                   |                        |   |                        |   |                        |   |       |   |
| <b>Explanation for departure</b>   | :                 |   |                    |                   |                        |   |                        |   |                        |   |       |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |                   |   |                    |                   |                        |   |                        |   |                        |   |       |   |
| <b>Measure</b>   | :                 |   |                    |                   |                        |   |                        |   |                        |   |       |   |
| <b>Timeframe</b>   | :                 |   |                    |                   |                        |   |                        |   |                        |   |       |   |

**Intended Outcome**

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

**Practice 7.3 - 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>  | : | To ensure objectivity and independence of the Audit Committee, the Chairman of the Board and Chairman of the Audit Committee are not assumed by the same person. As such, the Board is able to review the Audit Committee’s findings and recommendations objectively and independently. The Audit Committee has dedicated sufficient time to enable them to undertake their role as an Audit Committee member. Commitment in terms of time and effort is expected from the Audit Committee in order to discharge their duties effectively. |  |
| <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>   | : | Departure  |  |
| <b>Explanation on application of the practice</b>  | : |  |  |
| <b>Explanation for departure</b>   | : | At present, the Audit Committee comprises of three (3) members and none of them were former key audit partners of the Company's external auditors. |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The evaluation of the performance of external auditors is carried out annually by the Audit Committee. The Audit Committee has independent meeting with the external auditors of the Company, in the absence of other directors and management. The Audit Committee concurred that the external auditors does not have any conflict of interest or relationship with the Group, thus their independence are not impaired in exercising their professional judgement. The audit team are competent in carrying their work with the necessary experience and knowledge of the industry which the Group operates in. |  |
| <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> :                             | 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 8.5**

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

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Audit Committee members have sufficient understanding of the industry that the Group's principal business operates in. Given their diverse background with vast experience in respective fields, the Audit Committee is financially literate in reviewing the financial statements. |  |
| <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 9.1

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | A robust risk management and internal control framework are established by the Board in order to safeguard shareholders' interests and the Group's assets through effective management of key business risks. The Board is committed to articulate, implement and review the Group's internal control framework in facilitating good corporate governance within 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**

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 Risk Management Committee evaluates the significant risk exposure of the Group, oversees the management’s actions to mitigate high impact risks in a timely manner. In reviewing the adequacy and integrity of the Group’s risk management and internal control systems, the Board has received reasonable assurance that the internal audit function is operating adequately and effectively in all material aspects. |  |
| <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>                             | : | Not Adopted |
| <b>Explanation on adoption of the practice</b> | : |             |



**Intended Outcome**

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

**Practice 10.1**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The internal audit function reports directly to the Audit Committee on effectiveness of the risk management of the Group. The Audit Committee ensures that the personnel carrying out the internal audit function or activity are competent, experienced and equipped with strong industry knowledge in understanding the Group’s operational risks and emerging risks from the external environment. The Audit Committee reviews the internal audit function, audit plan and audit reports periodically. |  |
| <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 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>  | : | The internal audit function is essential to the Group’s risk management, internal control system and corporate governance processes. Independent and objective assurance is provided that such framework are functioning effectively to help the Group in achieving its business objectives. |  |
| <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>  | : | Dialogue with shareholders at the general meeting is an important form of communication between the Board and its shareholders. The Board ensures that its stakeholders have access to timely and accurate information through Bursa LINK announcements and Company’s website, <a href="http://www.bldpb.com.my">www.bldpb.com.my</a> . Enquiries can be sent to the Company via webmail at bldpb@bldpb.com.my. |  |
| <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 11.2**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | The Company does not fall under the category of “Large Companies”, thus this practice is not applicable to the Company. |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice.                            |  |
| <b>Timeframe</b>   | : | Choose an item.   |  |
|  |   |   |  |

**Intended Outcome**

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

**Practice 12.1**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The notice for the forthcoming Annual General Meeting is delivered to the shareholders for a period at least 28 days prior to the meeting by post. In addition to the announcement to the Exchange, the notice of AGM is advertised in the nationally circulated daily newspapers. |  |
| <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>  | : | The directors are expected to attend the general meetings. The directors are accountable to the shareholders for their stewardship of the company in safeguarding their interests and the assets of the Company. During the “Question and Answer” session at the general meetings, shareholders are given opportunity to raise questions and seek clarifications from the Board. |  |
| <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>   | : | Prior to the calling of general meetings with at least 28 day notice served, the Board determines the suitable venue which is accessible by the public transportation. |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.*

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