

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5288
COMPANY NAME : SIME DARBY PROPERTY BERHAD
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") of Sime Darby Property Berhad ("Sime Darby Property" or "the Company") is collectively responsible to promote and protect the interest of Sime Darby Property Group which includes the shareholders and stakeholders of each member of the Group. The Board shoulders the ultimate responsibility of determining the direction of the Group thereby ensuring the long term success and the delivery of sustainable value to its stakeholders. The Board provides thought leadership and advice in fine-tuning corporate strategies, championing corporate governance and ethical practices and ensures effective execution of these strategies.</p> <p>In order to ensure the effective discharge of its functions and responsibilities, the Board has put in place the Corporate Governance Framework where specific powers of the Board are delegated to the relevant Board Committees and the Group Managing Director ("GMD"). The Board is assisted by three (3) Governance Committees namely, Nomination and Remuneration Committee ("NRC"), Risk Management Committee ("RMC") and Audit Committee ("AC") (<i>formerly known as Governance and Audit Committee</i>). A copy each of the said Committees' Terms of Reference ("TOR") is published in the Company's website at www.simedarbyproperty.com.</p> <p>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.</p>

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 defined 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 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.

The Board, had in June 2018, approved the Strategy Blueprint and Budget of Sime Darby Property which comprised Key Financial & Operational Key Performance Indicators ("KPIs"), Manpower Planning and Budget for the financial year 2018/2019.

During the financial period under review, the progress and developments of the business plan were tracked by the Board on a quarterly basis. A monthly financial report was submitted to the Board in order to update the Board on the financial position of the Company.

The Board had, among others, been updated on the Group's transformation journey and 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 the next five (5) years, on a quarterly basis. The Board had also reviewed the proposed turnaround plan for Leisure business and suggested areas for improvements.

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, at its quarterly meetings, has been monitoring the conduct of business via the Report by Management presented by the GMD comprising among others, market overview, financial performance, Balanced Scorecard, marketing and sales highlights, operations report as well as transformation initiatives. This 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 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.

5) Succession Planning

The Board, through the NRC, is responsible to ensure that there is an effective succession planning in Sime Darby Property.

	<p>The Board had, in June 2018, through the recommendation by NRC, approved the appointment of an external consultant to assist the Company in People Strategy & Transformation Plan which comprised Performance Management, Talent and Succession Management, Core Value Competency, Workforce Planning and Employee Engagement. The progress updates on the People Strategy & Transformation Plan were being tracked by the NRC every quarter. The Chairman of NRC would subsequently update the Board accordingly.</p> <p>The NRC is responsible to review candidates for key management positions and determine remuneration for these appointments. During the financial period under review, the NRC had successfully filled up one (1) key management position as a potential successor to the current incumbent. The factors considered by the NRC included suitability of the shortlisted candidates based on their profiles, professional achievements and personality assessments.</p> <p>6) <u>Overseeing the Development and Implementation of a Stakeholder Communications Policy for Sime Darby Property Group</u></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>7) <u>Reviewing the Adequacy and the Integrity of the Management Information and Internal Control Systems of Sime Darby Property Group</u></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 page 151 of the Annual Report for the financial period ended 31 December 2018.</p> <p>The Board is guided by its Board Charter which outlines the duties and responsibilities of the Board. The Board Charter is published on the Company’s website at www.simedarbyproperty.com.</p>
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Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Chairman of the Board have been clearly specified in the Company's Board Charter, which is available on the Company's website at www.simedarbyproperty.com.</p> <p>During the financial period under review, Encik Rizal Rickman Ramli, who is a nominee of Permodalan Nasional Berhad ("PNB"), served as Acting Chairman of Sime Darby Property for the period from 30 June 2018 until the appointment of Tan Sri Dr. Zeti Akhtar Aziz as the new Chairman of Sime Darby Property effective 23 July 2018.</p> <p>Tan Sri Dr. Zeti Akhtar Aziz, who was the 7th Governor of Bank Negara Malaysia ("BNM"), 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 sits on Sime Darby Property Board as a representative of PNB, a major shareholder of Sime Darby Property, and therefore is Non-Independent.</p> <p>Based on the recent Board Effectiveness Evaluation findings, it was noted that Tan Sri Dr. Zeti Akhtar Aziz has effectively managed the Boardroom dynamics by providing an open environment and encourages active debate during discussions and Board meetings.</p>
Explanation for departure	:	
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Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The distinct and separate roles and responsibilities of the Chairman and the Group Managing Director ("GMD") are defined in the Board Charter, which is available on the Company's website at www.simedarbyproperty.com.</p> <p>The positions of the Chairman and GMD, who has the same function as Chief Executive Officer, are held by two (2) different individuals.</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 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 is assisted in the management of the business by the Group Management Committee ("GMC"). The GMC ensures that effective systems, controls and resources are in place to execute business strategies and decisions taken by the GMD and the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group Secretary is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) and has twenty-four (24) years of experience in corporate secretarial practice.</p> <p>The Group Secretary supports the Board in ensuring the Board’s compliances with good corporate governance practices and relevant rules and regulations in discharging their fiduciary obligations as Directors. The Board has unrestricted access to the advice and services of the Group Secretary, enabling them to discharge their duties effectively.</p> <p>The Group Secretary attended all Board and Board Committees’ meetings during the financial period. The Group Secretary, together with the Directors, are responsible for the proper conduct of the meetings in accordance to the applicable rules and regulations.</p> <p>The Group Secretary ensures the deliberations at Board and Board Committee meetings are properly documented. She facilitates proper communications and ensures the effective flow of information between the Board, Board Committees and Senior Management by ensuring that the relevant matters raised by meetings are subsequently communicated to the relevant management for their further actions. The Group Secretary further ensures that outstanding action items are properly tracked and monitored until such items are addressed and reported to the Board, where applicable.</p> <p>The Group Secretary is also tasked to facilitate the induction of new Directors and the ongoing professional development of all Directors.</p> <p>The Group Secretary keeps herself abreast with the evolving regulatory changes and developments in corporate governance by attending conferences, workshops and training organised by MAICSA, Companies Commission of Malaysia, etc.</p>

	<p>Based on the findings from the recent Board Effectiveness Evaluation exercise, the Directors have 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 as Company Secretary of Sime Darby Property are clearly defined in the Board Charter, which is available on the Company's website at www.simedarbyproperty.com.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group Secretary tables the annual meeting calendar in advance of each new year in order to facilitate the Directors' time planning. The schedule provides the Directors with all the Board and Board Committees meeting dates including Annual General Meeting.</p> <p>The Board normally 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 Board papers are normally distributed at least five (5) working days before the meetings to ensure the Directors have sufficient time to review the Board 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. All Directors are provided with a device for this purpose, enabling the Directors to access the meeting materials in a timely and secure manner.</p> <p>In order for the Board meetings to be more effective, the Board meeting agenda are sequenced in a manner that prioritise approval papers. Time allocation is also determined for each agenda item in order for Board meetings to be conducted efficiently.</p> <p>Key decisions are always made in a Board meeting while Directors' Circular Resolutions are confined to administrative matters or to formalise matters that have been deliberated at a Board meeting. Directors' Circular Resolutions are normally accompanied by Board papers in the same prescribed format. All Directors' Circular Resolutions are tabled for confirmation at the next Board meeting.</p>

	<p>A Director who has an interest in any proposal or transaction, either direct or indirect, which is being presented to the Board for approval, will declare his or her interest and abstain from deliberation and voting of the same at the Board meeting.</p> <p>The deliberations and decisions at the Board and Board Committee meetings are well documented in the minutes 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 the meeting. This is to ensure that matters arising from the Board or Board Committees meetings are acted upon effectively.</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>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board 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. The Board Charter will be reviewed from time to time to ensure that it is up to date with changes in the relevant regulations and best practices, relevant and consistent with the Board's objectives and responsibilities.</p> <p>The Board had, in January 2019, reviewed and approved certain revisions in the Board Charter to provide clarity in terms of conflict of interest of the directors after taking into consideration the outcome of the Board Effectiveness Evaluation in respect of financial year ended 30 June 2018, and the comments made by the representative of Minority Shareholders Watch Group at the last Annual General Meeting of the Company.</p> <p>The Board Charter is published on the Company's website at www.simedarbyproperty.com.</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 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 Sime Darby Property 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"> 1) Group strategy, plans and budget. 2) Acquisitions and disposals and transactions exceeding authority limits. 3) Changes to the Managing Director and Senior Management. 4) Changes in the key policies, procedures and delegated authority limits of the Group. 	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In discharging its 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 was first adopted since prior to the Company's listing and will be reviewed from time to time to ensure it remains current and relevant. The Board had, in July 2018, approved a revised COBC for adoption and it was officially launched on 28 September 2018. The revised COBC provides certain enhancement including updated business and conduct principles, additional guidelines for key principles with a more friendly layout and design.</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>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>In rolling out the revised COBC, the Group Compliance Office conducted awareness sessions with each department / business units within Sime Darby Property Group whereby attendance of the employees was compulsory. Each of the Directors, Management and employees are required to sign a COBC Declaration of Compliance Form acknowledging that they have received a copy of the COBC and have read, understood and agreed to be bound by the principles and guidelines contained in the COBC.</p> <p>The Group Compliance Office is responsible for coordinating and periodically reviewing and updating the COBC to ensure continuing relevance.</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 www.simedarbyproperty.com.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>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">1) Fraud;2) Misappropriation of assets;3) Sexual harassment;4) Criminal breach of trust;5) Illicit and corrupt practices;6) Questionable or improper accounting;7) Misuse of confidential information;8) Acts or omissions which are deemed to be against the interest of the Company, laws, regulations or public policies;9) Giving false or misleading information (including suppression of any material facts or information);10) Breaches of Group Policies and/or Code of Business Conduct; or11) The deliberate concealment of any of the above matter or other acts of wrongdoings.

	<p>The Audit Committee (“AC”) (<i>formerly known as Governance and Audit Committee</i>) 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 period 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>	
<p>Explanation for departure</p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	:	
<p>Timeframe</p>	:	

Intended Outcome

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

Practice 4.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board comprises eleven (11) Directors out of which 54.5% are Independent Directors:</p> <ul style="list-style-type: none">(a) Six (6) Independent Non-Executive Directors (“INEDs”);(b) Three (3) Non-Independent Non-Executive Directors; and(c) Two (2) Executive Directors. <p>Based on the above, the Board had complied with the requirement to have more than 50% INEDs on its Board during the financial period under review which exceeded the 1/3 requirement of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).</p> <p>The Board has adopted a Board Composition Policy on 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 Securities and the Malaysian Code on Corporate Governance (“MCCG”). Based on the principles as per 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 Independent Non-Executive Director 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 issues so these can be channelled to the relevant parties. The Senior Independent Director, in common with all Non-Executive Directors, has the same legal responsibilities to the Company as any other Director.</p> <p>The Board had engaged PricewaterhouseCoopers to conduct the Board Effectiveness Evaluation (“BEE”) exercise in respect of the financial period under review. The outcome of the BEE results indicated that the Directors have contributed positively to the performance of the Board and the current Board is appropriately balanced in terms of experience, knowledge and independence to provide governance and stewardship to the Company.</p>

	The Directors also remarked that the Independent Directors have collectively contributed in an effective manner to Board discussions and ensured that views are balanced and decision making is objective.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application	: Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	<p>The Company will be seeking shareholders' approval at the forthcoming Annual General Meeting ("AGM") for its Independent Non-Executive Director ("INED"), Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj, who will reach a cumulative term of nine (9) years on 30 December 2019, to continue to act as INED of the Company until the conclusion of the AGM to be held in year 2020. Tengku Ahmad Shah was appointed as INED on 31 December 2009 and his tenure as INED shall exceed nine (9) years on 31 December 2019.</p> <p>The Board, through the Nomination and Remuneration Committee ("NRC"), had undertaken relevant assessments and being satisfied, recommended for Tengku Ahmad Shah to continue to serve as INED based on the following justifications:</p> <ul style="list-style-type: none">(a) Tengku Ahmad Shah has fulfilled the criteria under the definition of INED as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and continues to exercise independent judgment and due care during his present tenure;(b) Tengku Ahmad Shah and the other Independent Directors each function as a check and balance to the Board and exercise objectivity as INED;(c) Tengku Ahmad Shah has contributed in his roles as INED, Chairman of the Board Tender Committee and Member of the Risk Management Committee;(d) Tengku Ahmad Shah has vast experience and strong knowledge in the property sector; and(e) Tengku Ahmad Shah has devoted sufficient time and attention to his professional obligations to the Company for informed and balanced decision making. <p>Tengku Ahmad Shah has abstained from all deliberations at the Board meeting in relation to the recommendation of his retention as INED for the shareholders' approval at the Company's forthcoming 46th AGM.</p>

Explanation for departure :		
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Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.3 - Step Up

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

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

Application	: Applied
Explanation on application of the practice	<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 gap in the Board composition before sourcing for suitable candidates. Subsequently, the NRC evaluates and recommends to the Board suitable candidates who fulfill the requirements. The process for Board appointment also mandates the Group Managing Director to engage external consultants.</p> <p>The following criteria will be considered in the selection process:</p> <ol style="list-style-type: none">1) Required skills, knowledge, expertise and experience;2) Time commitment, character, professionalism and integrity;3) Ability to work cohesively with other Board members;4) Specialist knowledge or technical skills in line with the Company’s strategy;5) Diversity in age, gender and experience / background; and6) Number of directorships in companies. <p>The Board comprises Directors with diverse backgrounds, expertise, experience and ethnicity, 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 period under review.</p>

	<p>The outcome of the BEE results indicated that the current composition of the Board reflects balance and fit to provide governance and stewardship to the organisation. The Board would further enhance the composition with more in-depth experience in the right type of property development.</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 for the financial period ended 31 December 2018.</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>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board currently comprises eleven (11) Directors, of whom three (3) are women, or 27% female representation.</p> <p>During the financial period under review, the Board had achieved the target of 30% women Directors following the appointment of Sime Darby Property's first ever woman Chairman, Tan Sri Dr. Zeti Akhtar Aziz, who was appointed on 23 July 2018.</p> <p>However, the said percentage was reduced to 27% since 1 December 2018 following the appointment of Datuk Poh Pai Kong on the Board of Sime Darby Property as an Independent Non-Executive Director.</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 3% at this point in time, the Board comprises Directors with diverse backgrounds, expertise, experience and ethnicity, all of whom contribute diverse perspectives and insights on Board decisions.</p>

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

Measure	: The Board endeavours to improve its women representation on the Board to meet the target of at least 30% women’s participation. Women candidates will be prioritised in future sourcing and placement(s) as part of the Board’s succession planning. This forms part of the diversity requirements of the Board alongside skills set, experience, age and nationality.
Timeframe	: 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.

Application	:	Applied
Explanation on application of the practice	:	<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 period under review, an executive search firm was engaged to assist in sourcing / assessing for the right candidate to be appointed as the sixth (6th) Independent Non-Executive Director, a position that had been filled up by Datuk Poh Pai Kong, who was appointed on 1 December 2018.</p> <p>During the selection process, the Board had considered a list of candidates proposed by the said executive search firm apart from candidates identified by Sime Darby Property. The selection process was a robust and objective exercise where candidates were screened to ensure they have the right property industry knowledge and skills and possess time to effectively discharge the role as Director.</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 Nomination and Remuneration Committee / Board will screen through the said talent pool during the selection process in identifying the best suited candidate for a particular position.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The 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 period ended 31 December 2018 is set out in the NRC Report on page 141 of the Annual Report for the financial period ended 31 December 2018.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board undertakes a formal and comprehensive Annual Assessment of its performance as a whole, its Committees and individual Directors through its Board Effectiveness Evaluation (“BEE”) exercise. To facilitate objective and candid Board evaluations, the Board engages an independent external consultant to conduct the BEE exercise.</p> <p>The Board, through the Nomination and Remuneration Committee (“NRC”), had engaged PricewaterhouseCoopers (“PwC”) to conduct and facilitate the BEE exercise for the financial period ended 31 December 2018. The BEE was undertaken through Directors’ self and peer evaluation questionnaire as well as structured one to one interview session between representatives of PwC and the NRC Chair and Board Chairman, respectively, to obtain views on key strengths and areas for improvement.</p> <p>The effectiveness of the Board and Board Committees are assessed in the areas of the Board’s responsibilities, remuneration, composition, administration and process, conduct, interaction and communication with Management and stakeholders and the Board’s engagement, as well as the effectiveness of the Chairman, Group Managing Director and Board Committees.</p> <p>The Self & Peer’s Assessment for Directors and Committee members are similar which is intended to assess their contribution, performance, calibre and personality in relation to the skills, experience and other qualities they bring to the Board / Board Committees. The Self & Peer’s Assessment also examines the ability of each Board member or Committee member to give input at meetings and to demonstrate objectivity and clarity of thought on issues during deliberations at meetings, provide honest opinion and offer practical and realistic advice to the discussions.</p>

	<p>The NRC reviewed the outcome of the BEE results at its meeting held on 21 February 2019 and discussed areas of improvement and enhancement that the Board should address.</p> <p>The NRC and the Board were satisfied with the results of the BEE which indicated that there have been improvements across all areas since the previous BEE exercise. The results 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 responsibilities effectively and there was a positive Boardroom environment and healthy Boardroom dynamics. Board discussions were open and constructive and Board members were encouraged to have active participation at Board meetings including participating in active debate and questioning. Most of the Directors had been highly engaged when required to address issues and challenges faced by the Company.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied																						
Explanation on application of the practice	:	<p><u>Non-Executive Directors ("NEDs")</u></p> <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. In view of this, framework and guidelines provided by an independent consultant and market data on the remuneration practices of comparable peers, which was undertaken by Sime Darby Berhad prior to the demerger, were taken into consideration in determining the remuneration package for NEDs.</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"). The Company had, at the Forty-Fifth (45th) AGM held on 31 October 2018 (the first AGM as a listed entity), obtained the approval of the shareholders to pay the NEDs' fees on a monthly basis instead of in arrears after every AGM for their services to the Board and Board Committees.</p> <p>The current remuneration structure for NEDs is as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Board (RM / Year)</th> <th>Audit Committee (RM / Year)</th> <th>Other Committees (RM / Year)</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>540,000</td> <td>80,000</td> <td>60,000</td> </tr> <tr> <td>Member</td> <td></td> <td></td> <td></td> </tr> <tr> <td>i) Resident</td> <td>220,000</td> <td>50,000</td> <td>35,000</td> </tr> <tr> <td>ii) Non-resident</td> <td>360,000</td> <td></td> <td></td> </tr> </tbody> </table>				Board (RM / Year)	Audit Committee (RM / Year)	Other Committees (RM / Year)	Chairman	540,000	80,000	60,000	Member				i) Resident	220,000	50,000	35,000	ii) Non-resident	360,000		
	Board (RM / Year)	Audit Committee (RM / Year)	Other Committees (RM / Year)																					
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.

Senior Management Remuneration

The Nomination and Remuneration Committee (“NRC”) of the Company, 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 Managing Director (“MD”) 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 increases were based on employees’ performance and the salary position within their job grade i.e. using the comparative-ratio approach (“CR”). The Increment framework is 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.

	<p><u>Bonus Framework</u></p> <p>1) Guiding Principle</p> <p>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.</p> <p>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> <p>2) The fundamental design principles of the approved Short-term Incentive Plan (Annual Bonus) are as follows:</p> <p>i) Performance measures aligned to employees' line-of-sight.</p> <p>ii) Performance factors to facilitate the achievement of the objectives and goals of the Group, Company and Department.</p> <p>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.</p> <p>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.</p>	
<p>Explanation for departure :</p>		
	<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

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

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee ("NRC") comprises a majority of Independent Non-Executive Directors. The Terms of Reference ("TOR") of the NRC delineate 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 www.simedarbyproperty.com</p> <p>Based on the Board Effectiveness Evaluation, the Board is satisfied that the NRC has effectively discharged its roles and responsibilities with respect to its nomination and remuneration functions, which include, among others, review the remuneration framework for the Board and key management personnel.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application :	Applied					
Explanation on application of the practice :	The remuneration received or to be received by each of the Directors for the financial period ended 31 December 2018 is set out in the table below:					
	Salary RM	Fees RM	Others RM	Benefits in-kind ⁽²⁾ RM	Total RM	
	Executive Directors					
	Dato' Sri Amrin Awaluddin	1,267,676	-	202,869	21,788	1,492,333
	Datuk Tong Poh Keow	1,278,675	-	204,592	5,463	1,488,730
	Non-Executive Directors					
	Tan Sri Dr. Zeti Akhtar Aziz (Appointed on 23 July 2018) ⁽¹⁾	-	238,065	-	160	238,225
	Dato' Jaganath Derek Steven Sabapathy	-	211,389	-	160	211,549
	Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	-	157,500	-	20,140	177,640
	Dato' Johan Ariffin	-	176,667	-	310	176,977
	Datuk Dr Mohd Daud Bakar	-	145,000	-	11,977	156,977
	Dato' Seri Ahmad Johan Mohammad Raslan ⁽³⁾	-	255,000	-	160	255,160

		Salary RM	Fees RM	Others RM	Benefits in-kind ⁽²⁾ RM	Total RM
	Datin Norazah Mohamed Razali	-	161,452	-	3,406	164,858
	Rizal Rickman Ramli	-	145,000 ⁽⁴⁾	-	1,400	146,400
	Datuk Poh Pai Kong (Appointed on 1 December 2018) ⁽¹⁾	-	22,500	-	-	22,500
	<p>(1) Appointed during the financial period under review. (2) Comprises petrol claims, telecommunication devices / facilities, medical and insurance coverage, where relevant. (3) Non-Resident Director. (4) Fees as nominee Director paid to Permodalan Nasional Berhad.</p>					
Explanation :						
for departure						
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>						
Measure :						
Timeframe :						

Intended Outcome

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

Practice 7.2

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

Application	:	Departure										
Explanation on application of the practice	:											
Explanation for departure	:	<p>The Board is of the opinion that such disclosure would be disadvantageous to Sime Darby Property Group, given the competitiveness in the property industry for talent and due to confidentiality of remuneration packages. The Board will continuously undertake a robust internal process to ensure that the remuneration of Senior Management is competitive and fair.</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"> <thead> <tr> <th>Remuneration (Top 5 Senior Management)</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Salary and other emoluments ⁽¹⁾</td> <td>4,228,680</td> </tr> <tr> <td>Company's contribution to provident fund, pension fund or other retirement benefit scheme</td> <td>581,200</td> </tr> <tr> <td>Benefits-in-kind</td> <td>73,145</td> </tr> <tr> <td>Total</td> <td>4,883,025</td> </tr> </tbody> </table> <p><i>(1) Including salary, bonus and allowances chargeable to income tax.</i></p>	Remuneration (Top 5 Senior Management)	RM	Salary and other emoluments ⁽¹⁾	4,228,680	Company's contribution to provident fund, pension fund or other retirement benefit scheme	581,200	Benefits-in-kind	73,145	Total	4,883,025
Remuneration (Top 5 Senior Management)	RM											
Salary and other emoluments ⁽¹⁾	4,228,680											
Company's contribution to provident fund, pension fund or other retirement benefit scheme	581,200											
Benefits-in-kind	73,145											
Total	4,883,025											
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>												
Measure	:	The Board will continuously monitor the matter and consider the appropriateness of such disclosure in the future.										
Timeframe	:	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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee (“AC”) (<i>formerly known as Governance and Audit Committee</i>) 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>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Sime Darby Property has always recognised the need to uphold independence. None of the Audit Committee members were former key audit partners within the cooling-off period of two (2) years.</p> <p>The policy has been adopted in the Terms of Reference of the Audit Committee (<i>formerly known as Governance and Audit Committee</i>).</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to ensuring that a clear, balanced and meaningful assessment of the Group's 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") (<i>formerly known as Governance and Audit Committee</i>), 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 reappointment, 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 2019, undertaken an annual assessment of the overall performance of PricewaterhouseCoopers PLT ("PwC") including independence, objectivity and professionalism. PwC, in February 2019, 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 period ended 31 December 2018.</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 period ended 31 December 2018 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 2019, approved the recommendation for the shareholders' approval to be sought at the forthcoming Forty-Sixth (46 th) Annual General Meeting on the reappointment of PwC as external auditors of the Company.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted															
Explanation on adoption of the practice	:	<p>During the financial period under review, the Audit Committee ("AC") (formerly known as Governance and Audit Committee) comprised four (4) Independent Non-Executive Directors ("INEDs") 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' 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> <p><i>Note: Datuk Poh Pai Kong was appointed as a Member of the AC with effect from 1 December 2018.</i></p>	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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") (<i>formerly known as Governance and Audit Committee</i>) has a mix of qualified and experienced professionals in the field of accountancy, consultancy and property development.</p> <p>Save for Datuk Poh Pai Kong who has just been appointed at the end of financial period under review, all Directors including the AC members had during the financial period, 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 period ended 31 December 2018 are set out in the Corporate Governance Overview Statement under "Directors' Training" in the Annual Report for the financial period ended 31 December 2018.</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 Executive Director / Group Chief Financial Officer and External Auditors at the AC quarterly meetings.</p> <p>Based on the outcome of the Board Effectiveness Evaluation exercise in respect to the financial period ended 31 December 2018, the Board is satisfied with the AC's performance as its Chairman and members possess the necessary knowledge and skills which contributed to the overall effectiveness of the AC.</p>

	The details of the AC's activities for the financial year period ended 31 December 2018 are set out in the AC Report on page 159 of the Annual Report for the financial period ended 31 December 2018.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board 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 page 151 of the Annual Report for the financial period ended 31 December 2018.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	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 page 151 of the Annual Report for the financial period ended 31 December 2018.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted																		
Explanation on adoption of the practice	:	<p>The Risk Management Committee ("RMC") comprises a majority of Independent Non-Executive Directors to oversee the Company's risk management framework and policies. 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>(Independent Non-Executive Director)</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 www.simedarbyproperty.com. The RMC Report is presented on page 165 of the Annual Report for the financial period ended 31 December 2018.</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>(Independent Non-Executive Director)</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>(Independent Non-Executive Director)</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.

Application	: Applied
Explanation on application of the practice	<p>The Group Corporate Assurance (“GCA”) is an in-house internal audit function which is led by a Chief Assurance Officer (“CAO”) who reports directly to the Audit Committee (“AC”) (<i>formerly known as Governance and Audit Committee</i>) and administratively to the Group Managing Director.</p> <p>As guided by the GCA Charter approved by the AC on 23 August 2018, the GCA is an independent and objective function that supports the:</p> <ol style="list-style-type: none">1) Organisation in achieving its defined strategic, operational, financial and compliance objectives; and2) Board of Directors and its Committees in discharging their governance responsibilities. <p><i>Note: The GCA Charter was further revised and approved by the AC at its meeting held on 20 February 2019.</i></p> <p>The CAO functions, include among others, as follows:</p> <ol style="list-style-type: none">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;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;3) Periodically provide information on the status and results of the annual GCA plan as well as the adequacy of resources; and4) Design, maintain and resource an effective and efficient internal audit organisation in GCA.

	<p>To ensure that the responsibilities of GCA are fully discharged, the AC:</p> <ol style="list-style-type: none"> 1) Recommend to the Board the appointment, transfer or dismissal of the CAO; 2) Assess and review the performance and effectiveness of the CAO; and 3) Provide appraisal or assessment of the performance of the GCA function. <p>The GCA engagements were carried out based on the audit plan for the financial period ended 31 December 2018 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 period ended 31 December 2018 is set out in the AC Report on pages 163 to 164 in the Annual Report for the financial period ended 31 December 2018.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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–

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

Application	:	Applied
Explanation on application of the practice	:	<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 seventeen (17) 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 GCA 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>

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

Intended Outcome

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

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

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>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 Executive Director / Group CFO.</p> <p>Communication and feedback from investors can also be directed to investor.relations@simedarbyproperty.com 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 www.simedarbyproperty.com 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-Fifth (45th) Annual General Meeting of the Company (the first AGM as a listed entity) was held on 31 October 2018. Active participation by the shareholders is encouraged during the AGM in which an open platform is 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>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Sime Darby Property has adopted integrated reporting for its first Annual Report in 2018 for the financial year ended 30 June 2018.</p> <p>This is the second annual report that Sime Darby Property has adopted the International Integrated Reporting Framework issued by the International Integrated Reporting Council.</p> <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>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>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 Securities”).</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 Securities 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Forty-Fifth (45th) Annual General Meeting (“AGM”) of the Sime Darby Property (the first AGM as a listed entity) held on 31 October 2018 was attended by all Directors in person to directly engage with the shareholders and proxies present at the said AGM. Apart from Directors, Senior Management and External Auditors of the Company also attended the said AGM.</p> <p>Attendance of the shareholders and proxies at the 45th AGM was encouraging as evidenced by the presence of 3,122 shareholders, proxies and corporate representatives.</p> <p>The proceedings of the 45th AGM included the Group Managing Director’s (“GMD”) presentation of the Company’s operating and financial performance. The GMD also shared with the shareholders present the Company’s responses to the questions submitted in advance of the AGM by the Minority Shareholders Watch Group.</p> <p>During the 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, Committee Chairmen or Senior Management in order to allow the members to make informed decisions when casting their votes at the said AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Sime Darby Property had, at its Forty-Fifth (45th) Annual General Meeting (“AGM”) held on 31 October 2018 (the first AGM as a listed entity), 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 45th 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 & Issuing House Services Sdn Bhd (“Tricor”) as Poll Administrator to conduct the polling process, and Deloitte Risk Advisory Sdn Bhd (<i>formerly known as Deloitte Enterprise Risk Services Sdn Bhd</i>) (“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 45th AGM. The polling process for the resolutions were conducted only upon completion of the deliberation of all items transacted at the 45th 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 45th AGM were also made available on Sime Darby Property’s website.</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.

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