

# CORPORATE GOVERNANCE REPORT

Golden Agri-Resources Ltd (the “Company” or “GAR” and together with its subsidiaries the “Group”) remains committed to observing high standards of corporate governance, to promote corporate transparency and to enhance shareholder value. The Company has complied substantively with the principles and guidelines set out in the Code of Corporate Governance 2012 (“2012 Code”) through effective self-regulatory corporate practices.

In compliance with Rule 710 of the listing manual (“Listing Manual”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), this report sets out the Company’s corporate governance practices for the financial year ended 31 December 2018 (“FY2018”), with specific reference to the principles and guidelines of the 2012 Code. Deviations from the guidelines of the 2012 Code are explained in this report. For easy reference, the principles of the 2012 Code are set out in italics in this report.

## A. BOARD MATTERS

### Principle 1: The Board’s Conduct of Affairs

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*Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.*

#### 1.1 The Board’s Role

The primary function of the Board of Directors of the Company (“Board”) is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board has the responsibility to fulfil its role which includes the following:

- (a) ensuring that the long-term interests of the shareholders are being served and safeguarding the Company’s assets;
- (b) assessing major risk factors relating to the Company and its performance, and reviewing measures, including internal controls, to address and mitigate such risks;
- (c) reviewing and approving Management’s strategic and business plans, including developing a depth of knowledge of the business being served, understanding and questioning the assumptions upon which plans are based, and reaching an independent judgement as to the probability that the plans can be realised;
- (d) monitoring the performance of Management against plans and goals;
- (e) reviewing and approving significant corporate actions and major transactions;
- (f) assessing the effectiveness of the Board;
- (g) ensuring ethical behaviour (including ethical standards) and compliance with laws and regulations, auditing and accounting principles and the Company’s own governing documents;
- (h) identifying key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- (i) considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
- (j) performing such other functions as are prescribed by law, or assigned to the Board in the Company’s governing documents.

## 1.2 Independent Judgement

The Board currently consists of 8 members, as shown below together with their membership on the Board committees of the Company ("Board Committee"):

Name	Board Appointment	Board Committee Appointment
Franky Oesman Widjaja <i>Chairman and CEO</i>	Executive, Non-independent Director	Member of NC and RC
Muktar Widjaja <sup>1</sup> <i>President</i>	Executive, Non-independent Director	–
Rafael Buhay Concepcion, Jr. <i>CFO</i>	Executive, Non-independent Director	–
Lew Syn Pau	Non-executive, Lead Independent Director	Chairman of AC, Member of NC and RC
Foo Meng Kee	Non-executive, Independent Director	Chairman of NC and RC, Member of AC
Kaneyalall Hawabhay	Non-executive, Independent Director	Member of AC
William Chung Nien Chin	Non-executive, Independent Director	–
Christian G H Gautier De Charnacé <sup>2</sup>	Non-executive, Independent Director	Member of AC

Notes:

1. Mr. Muktar Widjaja was re-designated as an Executive Director on 1 March 2018.
2. Mr. Christian G H Gautier De Charnacé was appointed as a Non-executive Independent Director, and a member of the AC on 13 November 2018.

Abbreviation:

AC: Audit Committee  
 CEO: Chief Executive Officer  
 CFO: Chief Financial Officer  
 NC: Nominating Committee  
 RC: Remuneration Committee

Save for the Chairman/CEO, President and CFO, the other 5 Board members are non-executive and independent. There is a strong and independent element on the Board with more than half of the Board comprising Independent Directors. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgement on corporate affairs. It also ensures discussion and review of key issues and strategies in a critical yet constructive manner.

## 1.3 Delegation of Duties by the Board

To assist the Board in the execution of its duties, the Board has delegated certain functions to the 3 Board Committees, namely, the AC, the NC and the RC. Each of these Board Committees has its own written terms of reference approved by the Board. All Board Committees are chaired by a Non-executive Independent Director. Please refer to pages 32 to 40 of this report for further information on these Board Committees.

While the Board Committees have been delegated power to make decisions within the authority delegated to the respective committees, the ultimate responsibility for the decisions and actions rests with the Board as a whole.

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## 1.4 Key Features of Board Processes

To assist Directors in planning their attendance at meetings, the dates of Board meetings, Board Committee meetings and shareholders' meeting(s) together with agenda items, for each new calendar year are notified to all Board members before the start of that calendar year. In addition to regularly scheduled meetings, ad-hoc meetings are convened, if requested or if warranted by circumstances deemed appropriate by the Board. In between regularly scheduled meetings, matters that require the Board and/or Board Committees' approval are circulated to all Directors and/or respective Board Committee members, as the case may be, for their consideration and decision by way of circular resolutions, as provided in the Company's Constitution ("Constitution") and the terms of reference of the respective Board Committees.

Board meetings are chaired in Mauritius where participation by Board members by teleconference or similar communication equipment is permitted under the Constitution. In 2018, the Board met 6 times, with the year-end meeting focusing on annual budget and strategic issues; the Board Committees met a total of 10 times; and 1 shareholders' meeting was held.

## 1.5 Attendance at Meetings in 2018

The attendance of the Directors at Board and Board Committee meetings and shareholders' meeting(s), as well as the frequency of such meetings in 2018, is disclosed below:

Name	No. of Meetings Attended by Members					Total Attendance at Meetings
	Board Meetings	AC Meetings	NC Meetings	RC Meetings	AM	
<b>EXECUTIVE DIRECTORS</b>						
Franky Oesman Widjaja, <i>Chairman and CEO</i>	6/6	-	3/3	2/2	1/1	12/12
Muktar Widjaja, <i>President</i>	6/6	-	-	-	1/1	7/7
Rafael Buhay Concepcion, Jr., <i>CFO</i>	6/6	-	-	-	1/1	7/7
<b>NON-EXECUTIVE INDEPENDENT DIRECTORS</b>						
Lew Syn Pau, <i>Lead Independent Director</i>	6/6	5/5	3/3	2/2	1/1	17/17
Foo Meng Kee	6/6	5/5	3/3	2/2	1/1	17/17
Kaneyalall Hawabhay	6/6	5/5	-	-	1/1	12/12
William Chung Nien Chin	6/6	-	-	-	0/1	6/7
Christian G H Gautier De Charnacé <sup>1</sup>	1/1	-	-	-	-	1/1
<b>NON-EXECUTIVE DIRECTOR</b>						
Frankle (Djafar) Widjaja <sup>2</sup>	2/2	-	-	-	-	2/2
<b>NUMBER OF MEETINGS HELD</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>17</b>

Notes:

1. Appointed on 13 November 2018.
2. Did not seek re-election and retired at the conclusion of the AM held on 23 April 2018.

Abbreviation:

AM: Annual Meeting

## 1.6 Matters Requiring Board Approval

Matters specifically requiring the Board's approval are set out in the Company's Internal Guidelines, which include the following corporate events and actions:

- approval of results announcements
- approval of the annual report and financial statements
- dividend declaration/proposal
- convening of members' meetings
- shares issuance
- material acquisitions and disposal of assets
- annual budgets
- interested person transactions
- corporate governance

All Directors are expected to objectively discharge their duties and responsibilities, in the interests of the Company. Directors are required to refrain from discussion and decision-making on any agenda item in which they have conflict of interest.

## 1.7 Board Orientation and Training for New Directors

Procedures are in place whereby newly appointed Directors will be provided with a formal appointment letter setting out the terms of appointment, general duties and obligations of a Director pursuant to the relevant legislations and regulations. They will also be given the relevant governing documents of the Company and contact particulars of senior Management. Those who do not have prior experience as a director of a Singapore listed company, will be required to attend externally conducted training on the roles and responsibilities as a director of a listed company in Singapore.

Newly appointed Non-executive Directors who are not familiar with the Group's business may, upon recommendation of the Chairman or the NC, be provided with orientation through overseas trips to familiarise them with the Group's operations. Management will brief new Directors on the Group's business as well as governance practices.

Mr. Christian G H Gautier De Charnacé, who was appointed as a Non-executive Independent Director of the Company in November 2018, has been furnished with a director's kit comprising, among others, a letter of appointment, meeting schedules of Board and Board Committee meetings and relevant governing documents of the Company. Being newly appointed to a Singapore listed company, the Company arranged for, and Mr. Christian G H Gautier De Charnacé has undergone, the external training, "Listed Entity Director Essentials" conducted by the Singapore Institute of Directors ("SID") in March 2019.

## 1.8 2018 Directors' Training Programme

The NC reviews and makes recommendations on Directors' training which are arranged and funded by the Company. The Company has an annual training budget to fund any Director's participation/attendance at seminars and training programmes that are relevant to his duties as a Director.

In conformity with the framework for Directors' training as approved by the Board, the 2018 Director Training Programme provided a 3-step approach to training as follows, through:

- (1) Externally conducted courses on audit / financial reporting matters, audit committee's role, corporate governance / regulatory changes and other relevant topics subject to course availability
- (2) Quarterly management updates on operations and industry-specific trends and development
- (3) Quarterly continuing education on regulatory changes and updates, including extraction of case studies on corporate governance, and external auditors' briefings to AC members on changes to accounting standards and issues

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Directors having attended external courses/seminars, in turn shared their take-aways and knowledge with fellow Directors at the next Board meeting. Seminars attended in 2018 include the following organised by SID and/or SGX-ST and/or the Accounting and Corporate Regulatory Authority and/or others:

- Audit Committee Seminar 2018: Rebooting Corporate Governance (January 2018)
- Singapore Governance & Transparency Forum 2018 and Launch of the Revised Code of Corporate Governance (August 2018)
- Understanding the Revised Code of Corporate Governance and Listing Rule Changes (August and October 2018)

In April 2018, the AC members visited the Group's facilities in Bogor, Marunda and Riau, accompanied by the Chief Internal Auditor ("CIA").

## Principle 2: Board Composition and Guidance

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*There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

### 2.1 Board Size and Composition

Each year, the Board examines its size, composition, skills and core competencies of its members to ensure an appropriate balance and diversity of skills, experience and knowledge. The Board comprises Directors from different industries and background, with business and management experience, knowledge and expertise who, collectively as a group provides the core competencies for the leadership of the Company. The Company has no alternate Directors on its Board.

Taking into account the scope and nature of operations of the Group, the Board considers that the current composition mix and board size is appropriate to facilitate effective decision making at meetings of the Board and Board Committees.

Please refer to pages 10 to 13 of this Annual Report for key information, including qualifications, on the Directors of the Company.

### 2.2 Directors' Independence Review

The NC/Board has taken note of the changes to the guidelines and compliance requirements pertaining to the determination of a Director's independence as set out respectively in the Code of Corporate Governance 2018 ("2018 Code") and the Listing Manual, and the effective dates of these changes in 2019/2022 ("Independence Test Changes").

As this report describes corporate governance activities before the 2018 Code takes effect, the ensuing paragraphs set out the criteria and processes to determine a Director's independence based on the 2012 Code, unless otherwise stated.

The Board has adopted guidelines set out in the 2012 Code on relationships, the existence of which, would deem a Director not to be independent. A Director who has no relationship with the Company, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company, that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company, is considered to be independent.

The NC is tasked to determine on an annual basis and, as and when the circumstances require, whether or not a Director is independent, bearing in mind the 2012 Code and any other salient factors which would render a Director to be deemed not independent. In addition, consideration is given to Guideline 2.4 of the 2012 Code which requires that the independence of any Director who has served on the Board beyond 9 years, be subject to particularly rigorous review.

For the purpose of determining independence, each Director is required to complete a self-declaration checklist at the time of appointment, and annually, based on existing guidelines. Included in the Independence Test Changes is Rule 210(5)(d) of the Listing Manual which came into effect on 1 January 2019, and mandates an executive Director as being not independent. Accordingly, effective 1 January 2019, only Non-executive Directors are requested to complete the self-declaration checklist for ascertaining their independence.

Having conducted the relevant reviews, the NC/Board has considered that the following Directors are regarded as Independent Directors of the Company:

Lew Syn Pau\*  
 Kaneyalall Hawabhay\*  
 Foo Meng Kee  
 William Chung Nien Chin  
 Christian G H Gautier De Charnacé

\* Please see item 2.3 on Rigorous Review

### 2.3 Rigorous Review

The Board recognises that Independent Directors may over time develop significant insights into the Group's business and operations, and can continue to objectively provide significant and valuable contribution to the Board as a whole. Where there are such Directors serving as an Independent Director for more than 9 years, the Board will do a rigorous review of their continuing contribution and independence.

The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of time. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging the Management in the interests of the Group as he performs his duties in good faith, are more critical measures in ascertaining a Director's independence than the number of years served on the Board.

During its review, the NC considered that Mr. Kaneyalall Hawabhay, resident in Mauritius, despite serving more than 9 years, has continued to diligently discharge his duties professionally and objectively.

In reviewing the independence of Mr. Lew Syn Pau, the NC considered that although Mr. Lew has served more than 9 years, he continues to demonstrate independence in character and judgment and is forthcoming in expressing his independent views at Board and Board Committee meetings.

As part of the rigorous review procedure, both Mr. Kaneyalall Hawabhay and Mr. Lew Syn Pau provided additional reasons why they should be considered independent despite having served more than 9 years. They also confirmed not having any relationship that could interfere with their exercise of independent judgement in the best interest of the Company.

After taking into account these factors, the NC's views and having weighed the need for Board refreshment against tenure, the Board has considered and determined that Mr. Kaneyalall Hawabhay and Mr. Lew Syn Pau be regarded as Independent Directors of the Company, notwithstanding having served more than 9 years.

Each Independent Director duly abstained from the NC/Board's determination of his independence.

### 2.4 Non-executive Directors

Non-executive Directors are encouraged, in line with corporate governance practice, to participate actively at Board meetings and constructively challenge and help develop proposals on strategy; to review the performance of Management in meeting agreed goals and objectives; to monitor the reporting of performance; and to meet regularly without the presence of Management.

Non-executive Directors make up more than half of the Board.

The Non-executive Directors, if deemed necessary by the Lead Independent Director, meet and/or hold discussions without the presence of other Executive Directors and Management.

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## Principle 3: Chairman and Chief Executive Officer

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*There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

### 3.1 Chairman and Chief Executive Officer

Our Chairman and CEO is Mr. Franky Oesman Widjaja. We believe that the Independent Directors have demonstrated a high commitment in their roles as Directors and have ensured that there is a good balance of power and authority within the Company.

The Chairman is responsible for:

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) ensuring that the Directors receive complete, adequate and timely information;
- (d) ensuring effective communication with shareholders;
- (e) encouraging constructive relations within the Board and between the Board and Management;
- (f) facilitating the effective contribution of non-executive Directors in particular; and
- (g) promoting high standards of corporate governance.

The Board notes that the Chairman plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision.

### 3.2 Lead Independent Director

To address the issue of the Chairman and CEO positions being held by the same person, the AC Chairman, Mr. Lew Syn Pau, acts as the Lead Independent Director. Shareholders with issues and concerns which cannot be resolved with Management can raise them with him. In addition, more than half of the Board are Independent Directors.

## Principle 4: Board Membership

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*There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

### 4.1 Nominating Committee Composition and Role

The NC comprises the following 3 Directors, 2 of whom, including the NC Chairman, are Non-executive Independent Directors:

Foo Meng Kee	(NC Chairman)
Lew Syn Pau	
Franky Oesman Widjaja	

The NC's terms of reference sets out its roles and responsibilities. The NC is primarily responsible for:

- (a) identifying and nominating for the approval of the Board, all Board appointments including candidates to fill Board vacancies as and when they arise;
- (b) reviewing the independence element on the Board annually; and
- (c) deciding how the Board's performance may be evaluated.

The NC is also responsible for making recommendations to the Board:

- (a) as regards the re-appointment, re-election and re-nomination of any Director;
- (b) concerning the Board having a strong and independent element;
- (c) concerning the re-appointment of any Director having multiple board representations;
- (d) concerning the Board's performance criteria;
- (e) regarding training and professional development programmes for Board members; and
- (f) concerning any matters relating to the continuation in office of any Director at any time.

#### 4.2 Process for Selection and Appointment, Re-appointment of Directors

All new Board appointments are considered, reviewed and recommended by the NC first, before being brought up to the Board for approval. Potential candidates to fill casual vacancies are sourced with recommendations from Directors, Management or external consultants. The NC then evaluates the suitability of potential candidates for the position taking into account, inter alia, the candidate's age, gender, knowledge, skills, experience and ability to contribute to the Board's effectiveness. Upon the NC's recommendation, the Board approves the new appointment. In the event that the membership of the NC falls below the minimum number of 3 members, the NC shall be dissolved, and any new nominations are channeled directly to the Board for approval after which the NC is reconstituted with the requisite number of members.

During 2018, the NC accepted Mr. Frankle (Djafar) Widjaja's decision not to seek for re-election as a Director at the 2018 AM, and accordingly he retired as a Director at the conclusion thereof. In the same year, Mr. Christian G H Gautier De Charnacé was appointed as a Non-executive Independent Director of the Company and a member of its AC. The Board had approved the new appointment upon recommendation of the NC which had satisfied itself that with the skills, experience, objectivity and potential contribution of Mr. Christian G H Gautier De Charnacé in his new role, he will bring different perspectives and be a valuable addition to the Board. Mr. Christian G H Gautier De Charnacé was shortlisted by Management to the NC for assessment of his suitability for appointment.

#### 4.3 Retirement and Re-appointment at 2019 AM

Under Section 138 of the Companies Act 2001 of Mauritius, the office of a Director shall become vacant at the conclusion of the AM commencing next after the Director attains the age of 70 years, and he shall be subject to yearly re-appointment.

Mr. Kaneyalall Hawabhay retires at the 2019 AM under Section 138 and, being eligible, has offered himself for re-appointment as a Director thereat. The NC has recommended his re-appointment as a Director.

Newly appointed Directors must submit themselves for re-election at the AM immediately following their appointment, pursuant to Article 96 of the Constitution. Mr. Christian G H Gautier De Charnacé, being a Director appointed by the Board in November 2018, will therefore retire at the 2019 AM under Article 96, and, being eligible, has offered himself for re-appointment thereat. The NC has recommended his re-appointment.

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Pursuant to Rule 720(5) of the Listing Manual which took effect on 1 January 2019, all Directors must submit themselves for re-election at least once every 3 years. Directors retiring at the forthcoming 2019 AM under this requirement are Mr. Rafael Buhay Concepcion, Jr. and Mr. Franky Oesman Widjaja, who, being eligible, has each offered himself for re-appointment as a Director at the 2019 AM. The NC has recommended each of their re-appointment.

In its deliberation on the re-appointment of retiring Directors who, being eligible, have offered themselves for re-appointment, the NC takes into consideration the Director's attendance, participation, contribution and performance during the previous year.

Each member of the NC has abstained from participating in deliberations and voting on any resolutions in respect of his re-appointment as Director.

#### 4.4 Directors' Time Commitments and Multiple Directorships

It is recommended under the 2012 Code that the Directors consider providing guidance on the maximum number of listed company board representations which each Director of the Company may hold in order to address competing time commitments faced by Directors serving on multiple boards. The Board believes that each Director, when accepting new appointments or who already sit on multiple boards, has the individual responsibility to personally determine the demands of his competing directorships and obligations, and ensure that he can allocate sufficient time and attention to the affairs of each company. Annually, the NC assesses and reviews each Director's attendance record and his ability to allocate sufficient time and attention to the affairs of the Company. The NC is satisfied with the time commitment and effort made by each Director to attend meetings in 2018.

During 2018, the NC reviewed its corporate governance practices on whether to provide a guide to Board members on the maximum number of directorships held in Singapore listed companies. After due review and consideration, the NC recommended to set a limit on Singapore listed board representations for Board members, and that this limit be put at 6 (including the Company). This was approved by the Board.

Currently, the number of directorships in Singapore listed companies, including the Company, held by an Independent Director is 6, and of that held by an Executive Director is 3.

#### Principle 5: Board performance

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*There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.*

##### Board Evaluation Process

The NC is tasked to carry out the processes as implemented by the Board for assessing the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness of the Board on an annual basis.

The Company has in place a system to assess the effectiveness/performance of the Board and acts, where appropriate, on feedback from Board members, on improvements.

During the annual evaluation process, each Director is required to complete the respective forms for self-assessment as well as for assessment of the performance of the Board, based on pre-determined approved performance criteria.

The NC/Board notes that presently, Board and individual Directors are being assessed, and will be reviewing any added assessments of Board Committees.

## Principle 6: Access to Information

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*In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

### 6.1 Complete, Adequate and Timely Information

In order to ensure that the Board is able to fulfil its responsibilities, Management provides the Board with complete and adequate information in a timely manner. Such information extends to documents on matters to be brought up at Board and Board Committee meetings which, as a standard procedure, are circulated in advance and posted on a Board portal for Board and Board Committee members, as the case may be, to access from their tablet for review and consideration. Senior Management, the Company's auditors and other professionals who can provide additional insights into the matters to be discussed at Board and/or Board Committee meetings are also invited to be present at these meetings, where necessary. As Directors may have further queries on the information provided, they have separate and independent access to the Company's senior Management who accordingly addresses individual Directors' request for additional information/documents.

Management provides the Board with financial statements and management reports of the Group on a quarterly basis, and upon request as and when required. Explanations are given by Management for material variance (if any) between any projections in the budget and actual results.

### 6.2 Company Secretary

The Directors may separately and independently contact the company secretary or its nominee who attends and prepares minutes for all Board meetings. The company secretary's role is defined which includes responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with.

The appointment and removal of the company secretary are matters requiring Board approval.

### 6.3 Independent Professional Advice

The process is in place whereby Directors, either individually or as a group, in furtherance of their duties, require professional advice, the company secretary or its nominee can assist them in obtaining independent professional advice, at the Company's expense.

## B. REMUNERATION MATTERS

### Principle 7: Procedures for Developing Remuneration Policies

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*There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

### Principle 8: Level and Mix of Remuneration

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*The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

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## 7.1 Remuneration Committee Composition and Role

The RC comprises the following 3 Directors, 2 of whom, including the RC Chairman, are Non-executive Independent Directors:

Foo Meng Kee	(RC Chairman)
Lew Syn Pau	
Franky Oesman Widjaja	

The Board views that the current RC composition is adequate as a majority of its members are independent, and the RC Chairman is non-executive and independent.

The RC's roles and responsibilities are described in its terms of reference. The duties of the RC include reviewing and recommending to the Board for approval, the following:

- (a) a general framework of remuneration for the Board and key management personnel;
- (b) the specific remuneration packages for each Director and key management personnel; and
- (c) the Company's obligations arising in the event of termination of Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC may, during its annual review of remuneration of Directors and key management personnel, seek advice from external remuneration consultants as and when it deems necessary.

None of the members of the RC is involved in deliberations in respect of any remuneration, fee, compensation, incentives or any form of benefits to be granted to him.

## 7.2 Share Scheme

The GAR Restricted Share Plan, approved by shareholders at the Special Meeting of the Company held on 24 October 2008 with a tenure of 10 years, has lapsed in 2018.

## 8.1 Remuneration of Executive Directors and Key Management Personnel

In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate.

The remuneration structure for Executive Directors and key management personnel consists of (a) fixed remuneration, (b) variable bonus and/or (c) other benefits. Executive Directors do not receive Directors' fees.

The level of remuneration is determined by various factors including performance of the Group, industry practices and the individual's performance and contributions towards achievement of corporate objectives and targets.

Variable payments are made based on the extent of the individual's achievement of performance conditions for the year under review.

The use and application of clawback provisions in remuneration contracts of Executive Directors and key management personnel is subject to further consideration by the Company.

## 8.2 Remuneration of Non-Executive Independent Directors

Non-executive Independent Directors receive Directors' fees, which are subject to shareholders' approval at AMs ("Directors' Fees").

Directors' Fees are based on appointment to the Board Committee(s) and determined on a scale of fees comprising a base fee, and fee as AC Chairman, AC member, RC Chairman, RC member, NC Chairman and NC member.

The level of Directors' Fees is reviewed annually by the RC and/or the Board, during which factors such as contributions, regulatory changes and responsibilities, and market benchmarks are taken into consideration.

The RC, with the concurrence of the Board, has recommended that an aggregate amount of S\$391,016 as Directors' Fees be paid to the Non-executive Independent Directors for FY2018. These fees will be tabled for shareholders' approval at the 2019 AM.

### Principle 9: Disclosure on Remuneration

*Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

## 9.1 Directors' Remuneration

The Directors' remuneration for FY2018 in bands of S\$250,000 is set out in the table below:

Name of Directors	Fixed Salary	Bonus paid or payable/ Benefit	Directors' Fees	Total
<b>EXECUTIVE DIRECTORS</b>				
<b>S\$3,750,000 to below S\$4,000,000</b>				
Franky Oesman Widjaja	30.9%	69.1%	–	100%
<b>S\$2,000,000 to below S\$2,250,000</b>				
Rafael Buhay Concepcion, Jr.	44.7%	55.3%	–	100%
<b>S\$1,500,000 to below S\$1,750,000</b>				
Muktar Widjaja <sup>1</sup>	44.3%	55.7%	–	100%
<b>NON-EXECUTIVE INDEPENDENT DIRECTORS</b>				
<b>Below S\$250,000</b>				
Lew Syn Pau	–	–	100%	100%
Foo Meng Kee	–	–	100%	100%
Kaneyalall Hawabhay	–	–	100%	100%
William Chung Nien Chin	–	–	100%	100%
Christian G H Gautier De Charnacé <sup>2</sup>	–	–	100%	100%
<b>NON-EXECUTIVE DIRECTOR</b>				
<b>Nil</b>				
Frankle (Djafar) Widjaja <sup>3</sup>	–	–	–	–

Notes:

1. Re-designated as an Executive Director on 1 March 2018. Amount reported includes US\$700,000 being FY2017 special bonus for consultancy services disclosed as a non-mandated interested person transaction in 2018. See also page 46 on Interested Person Transactions.
2. Appointed on 13 November 2018.
3. Did not seek re-election and retired at the conclusion of the AM held on 23 April 2018.

Variable bonus is based on performance in the same financial year.

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Each Director's remuneration is expressed in bands of S\$250,000 rather than to the nearest dollar, due to continuing sensitivity surrounding the issue of remuneration. The Company believes that the current format of disclosure in bands of S\$250,000 with a percentage breakdown, is sufficient indication of each Director's remuneration package.

### 9.2 Remuneration of Top 5 Key Management Personnel

The top 5 key management personnel who are not Directors of the Company ("KMP") as at 31 December 2018 are as follows:

Jo Daud Dharsono  
The Biao Ling  
Hemant K. Bhatt  
Paul John Hickman  
Jesslyne Widjaja

The remuneration of a KMP who is also an IFM (as defined below) is disclosed in item 9.3 below. Save for this, the Company, having taken into account that some of the above KMPs are employed and remunerated by the Company's Indonesian subsidiaries; the relevant personnel's comments; and the size of the Company and the Group's scope of business, does not believe it to be in its interest to disclose the KMPs' remuneration, due to the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business. In addition, such disclosure of specific remuneration information may encourage inappropriate peer comparisons and discontent, and may, in certain cases, give rise to recruitment and talent retention issues.

In view of the abovementioned reasons, the Company believes that the interests of shareholders will not be prejudiced as a result of such non-disclosure of the above KMPs' remuneration.

### 9.3 Remuneration of Employees who are Immediate Family Members of a Director/CEO ("IFM")

The remuneration of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S\$50,000 for FY2018, being two, Ms. Jesslyne Widjaja and Ms. Emmeline Widjaja, the daughters of the CEO, is as follows:

Remuneration Band	Number
S\$1,000,000 to S\$1,250,000	1
S\$250,000 to S\$500,000	1

Mr. Franky Oesman Widjaja, Mr. Muktar Widjaja and Mr. Frankle (Djafar) Widjaja (retired on 23 April 2018) are brothers.

Other than disclosed above, none of the Directors had immediate family members who were employees and whose remuneration exceeded S\$50,000 for FY2018.

IFM remuneration is disclosed in applicable bands of S\$250,000, instead of bands of S\$50,000, due to continuing sensitivity surrounding the issue of remuneration. The Company believes that the current format of disclosure in bands of S\$250,000, is sufficient indication of each IFM's remuneration package.

## C. ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

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*The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

The Board reviews and approves the results announcements before each release. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of GAR's performance, position and prospects.

For the financial year under review, the CEO and the CFO have provided assurance to the Board on the integrity of the financial statements of GAR and its subsidiaries. For the interim financial statements, the Board provided a negative assurance confirmation pursuant to Rule 705(5) of the Listing Manual.

### Principle 12: Audit Committee

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*The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

#### 12.1 Audit Committee Composition and Role

The AC comprises the following 4 Directors, all of whom, including the AC Chairman, are Non-executive Independent Directors:

Lew Syn Pau	(AC Chairman)
Foo Meng Kee	
Kaneyalall Hawabhay	
Christian G H Gautier De Charnacé	(appointed as AC member on 13 November 2018)

The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC. None of the members of the AC were previous partners or directors of our external auditors, Moore Stephens LLP, and none of the members of the AC hold any financial interest in Moore Stephens LLP.

The AC's roles and responsibilities are described in its terms of reference. The AC has the explicit authority to investigate any matter within its terms of reference. In addition, the AC has full access to and co-operation of Management and full discretion to invite any Director or executive officer to attend its meetings. Reasonable resources are made available to enable the AC to discharge its functions properly.

In addition to its statutory functions, the AC considers and reviews any other matters as may be agreed to by the AC and the Board. In particular, the duties of the AC include:

- (a) Reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance.
- (b) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls.
- (c) Reviewing the adequacy and effectiveness of the Group's internal audit function.
- (d) Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors.
- (e) Making recommendations to the Board on the proposals to the shareholders on appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors. In this regard, the AC is primarily responsible for proposing the appointment and removal of the external auditors.

## CORPORATE GOVERNANCE REPORT

The AC reviews with Management, and where relevant, with the internal and external auditors, the results announcements, annual report and financial statements, interested person transactions and corporate governance, before submission to the Board for approval and adoption.

In performing its functions, the AC meets with the internal and external auditors, and reviews the audit plans and overall scope of both internal and external audits, and the co-operation and assistance given by Management to the respective auditors. The AC also meets separately with the internal and external auditors at least annually, whereby any issues may be raised directly to the AC, without the presence of Management. The internal and external auditors have unfettered access to the AC.

In its review of the financial statements of the Group for FY2018 ("FY2018 Financial Statements"), the AC has discussed with the external auditors and Management on matters of significance which are included under "Key Audit Matters" in the Independent Auditor's Report. The AC is satisfied that those matters, ie. Valuation of investments in financial assets; Accounting for derivative financial instruments; and Recoverability of deferred tax assets, have been appropriately addressed. The AC recommended to the Board to approve the audited FY2018 Financial Statements. The Board has on 15 March 2019 approved the FY2018 Financial Statements.

As discussed in the earlier section in item 1.8 on "2018 Directors' Training Programme", the AC keeps abreast of changes to accounting standards and issues which have a direct impact on financial statements.

### 12.2 External Auditors' Independence

Taking cognizance that the external auditors should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity, the AC undertook a review of the independence of the external auditors. During this process, the AC also reviews all non-audit services provided by the external auditors to satisfy itself that the nature and extent of such non-audit services would not affect their independence. Fee for audit services to the external auditors is disclosed in the Notes to the FY2018 Financial Statements on page 112 of this Annual Report. The external auditors, Moore Stephens LLP did not provide any non-audit services to the Group during FY2018.

The AC has recommended to the Board that the external auditors be nominated for re-appointment at the 2019 AM.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with Rules 712 and 715 of the Listing Manual.

### 12.3 Whistle-Blowing Procedures

The Board is committed to uphold the Company's values and standards, and has put in place whistle-blowing procedures by which employees may, in confidence and without fear of retaliation, bring to the AC's attention, concerns or complaints about possible improprieties relating to matters of financial reporting or other matters.

Under these procedures, the AC may, if it deems appropriate, engage appropriate external independent advisors, at the Company's expense, to independently investigate concerns or complaints, and to take appropriate follow-up actions.

The Company is committed to treat all complaints as confidential, and the anonymity of the whistle-blower concerned will be maintained until the whistle-blower indicates that he or she does not wish to remain anonymous.

#### **Principle 13: Internal Audit**

*The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

The Company has established an in-house internal audit function headed by the CIA, Mr. Ma Joe De Castro Perucho, who reports to the AC Chairman. On administrative matters, he reports to the CEO. The CIA has met the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC approves the hiring and removal of the CIA. The CIA provides the AC with the qualifications and experience of all internal auditors for their perusal.

The annual internal audit plan is established in consultation with, but independent of, Management, and is reviewed and approved by the AC.

The internal auditors have unfettered access to the Group's documents, records, properties and personnel, including access to the AC.

The AC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Company. It is also satisfied with the independence, adequacy and effectiveness of the internal audit function.

### **Principle 11: Risk Management and Internal Controls**

*The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

#### **11.1 Responsibilities for Risk Management and Internal Controls**

The Board is ultimately responsible for the governance and oversight of risk by ensuring that Management maintains a sound system of risk management and internal controls, including financial, operational, compliance and information technology controls, to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives. The AC assists the Board in their oversight of the process as well as to that of financial reporting risk and effectiveness of the Company's internal control and compliance systems.

#### **11.2 The Enterprise Risk Management ("ERM") Committee ("ERMC")**

The ERMC was formed in 2013 to assist Management in its role of managing risks, as part of the Group's efforts to strengthen its risk management processes and enable accountability for its adequacy and effectiveness. The ERMC currently comprises the following senior Management:

Franky Oesman Widjaja	-	Chairman and CEO
Rafael Buhay Concepcion, Jr.	-	CFO
Jo Daud Dharsono	-	Head of Upstream Operations
Hemant K. Bhatt	-	Head of Downstream and Commercial
Pedy Harianto	-	Head of Controllershship and Compliance

The ERMC reports to the AC which, in turn, reports to the Board. Further details on the Group's ERM activities including its key risk exposures are discussed in a separate section under "Enterprise Risk Management" on pages 51 to 53 of this Annual Report.

The Company's risk management process comprises of a disciplined and repeatable interaction structure that facilitates active involvement by the Board in risk evaluation of strategic alternatives and operational decisions. These structures serve as a forum for the Management to highlight both favourable and adverse factors affecting the business and its performance and associated risks, and in turn creates visibility for the Board and relevant stakeholders. The Board members and Management collectively determine the materiality of the risks and appropriate strategies to address them following which appropriate risk governance structures are constituted. Governance policies are reviewed and approved by at least one Board member and one or more members of the senior Management team.

# CORPORATE GOVERNANCE REPORT

## 11.3 Internal Controls

The Group's Controllership and Compliance ("GCC") department formulates internal controls for implementation in the various business units. The GCC also requires business units to submit reports to monitor compliance with the significant internal control policies. In turn, the GCC reports to the Management.

The role of the internal auditors is to assist the AC to ensure that the Company maintains a sound system of internal controls. The internal audit function reviews the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls established by Management. Every quarter, the AC, CIA and Management review and discuss notable internal audit findings, recommendations and status of remediation, at AC meetings.

Furthermore, in the course of the statutory audit, the external auditors also perform a review of the adequacy and effectiveness of the Group's material internal controls to the extent of their scope as laid out in their audit plan. Material non-compliance and internal control weaknesses noted during the audit are reported to the AC together with the recommendations of the external auditors.

## 11.4 Assurance from the CEO and CFO

The CEO and CFO have obtained relevant assurances on corporate governance from the business heads in the Group, and, in turn, assured the Board of the following:

### (a) Financial Records

The financial records of the Group for FY2018 have been properly maintained and the FY2018 Financial Statements give a true and fair view of the Group's operations and finances in accordance with the applicable financial reporting framework that are free from material misstatement.

### (b) Risk Management and Internal Controls

Notwithstanding the bribery case involving three officers of PT Binasawit Abadipratama ("PT BAP", a subsidiary of the Group)<sup>1</sup>, the internal controls, including financial, operational and information technology controls, and risk management systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment.

The Jakarta Corruption court has ruled that this incident reflects the actions of a few individuals in breach of the state regulations as well as GAR's own Code of Conduct, which also applies to GAR subsidiaries. As a result of the court decision, PT BAP will now take appropriate action in relation to the employment of those individuals involved in the case in line with Indonesian employment law. In the meantime, PT BAP continues to operate its business as normal.

Additionally, the Group had taken immediate steps to internally reinforce the principles of the Company's Code of Conduct. Employees were reminded of the Company's stance against corruption and bribery. Employees were also required to complete an e-learning course on the Code of Conduct, which includes testing and mandatory signed acknowledgements. Executives were also required to sign an Integrity Pact committing them to behave ethically and complying with the prevailing laws and regulations.

## 11.5 Opinion on Adequacy and Effectiveness of Internal Control and Risk Management Systems

The AC is responsible for making the necessary recommendations to the Board in order for the Board to make an opinion regarding the adequacy and effectiveness of the internal control and risk management systems of the Group.

The Board is satisfied that there is appropriate and adequate review by the AC of the adequacy of the Company's internal controls and risk management systems established by Management. In its review, the AC had been assisted by the ERMC, the internal auditors and the external auditors.

<sup>1</sup> Visit these links for the official statements and responses by GAR and its subsidiaries:  
<https://goldenagri.com.sg/wp-content/uploads/2018/10/GAR37-29-10-2018-Statements-and-Responses-related-to-Subsidiaries.pdf> and  
[https://goldenagri.com.sg/wp-content/uploads/2019/03/Statement\\_Jakarta-Corruption-Court-Decision\\_GAR\\_20190318.pdf](https://goldenagri.com.sg/wp-content/uploads/2019/03/Statement_Jakarta-Corruption-Court-Decision_GAR_20190318.pdf)

On the basis of the assurance received from the CEO and CFO, as well as the ERM framework established and maintained, the work performed by the ERM, internal auditors and external auditors; and, notwithstanding the case mentioned in item 11.4(b), the Board with the concurrence of the AC, is of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective to meet the needs of the Group in its current business environment.

The Board notes that the Company's systems of internal controls and risk management provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledge that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

## D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Principle 14: Shareholder Rights

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*Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that the Company's shareholders are treated fairly and equitably, and their rights are protected.

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to the Group's business which could have a material impact on the Company's share price.

All shareholders of the Company are entitled to attend and vote at general meetings in person or by proxy. In 2017, the Constitution was amended to include provisions to facilitate the sending of documents, including circulars and annual reports, to shareholders, using electronic communications. In that year, the Listing Manual was also amended to allow such electronic communications by listed companies. Starting with the 2018 AM, the Company used electronic communications to transmit annual reports and other documents to shareholders. The annual report and other documents are made available on the Company's website<sup>2</sup>, and all shareholders of the Company receive a letter on how to access the said documents. They also receive the printed notice of AM, proxy form and request form for printed copies of the annual report and appendices. The notice is also advertised in the newspapers and released via SGXNET.

### Principle 15: Communication with Shareholders

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*Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

#### 15.1 Communication with Shareholders

Transparency and communication are the heart of our Investor Relations activities. We aim to timely deliver thorough and up-to-date material information to the global investing community, to support informed investment decisions. To achieve that, we have in place an Investor Relations department and a comprehensive and updated website [www.goldenagri.com.sg](http://www.goldenagri.com.sg) that includes a dedicated investor section as well as other corporate information and developments. Our Investor Relations activities are guided by the Investor Relations policy<sup>3</sup> to ensure regular, effective and fair communication with shareholders and the investment community in general.

The Company does not practice selective disclosure of material information. GAR conveys material information and its quarterly results through announcements made on SGXNET, and is required to comply with the Listing Manual on the continuous disclosure obligations. Results and annual reports are announced and issued within the specified/stipulated period. All announcements are posted immediately on the Company's website<sup>4</sup>, upon release via SGXNET.

<sup>2</sup> <https://goldenagri.com.sg/investors/financial-information/annual-reports/>

<sup>3</sup> <https://goldenagri.com.sg/wp-content/uploads/2018/03/GAR-IR-policy.pdf>

<sup>4</sup> <https://goldenagri.com.sg/investors/sqx-filings/>

## CORPORATE GOVERNANCE REPORT

The Company has been announcing its quarterly results since 2003 and, starting from 2007, conducts regular briefings and/or conference calls with analysts and the media. For the results announcements, we generate materials, including financial statements as well as management discussion and analysis in presentation slides and press releases. During these briefings, senior Management reviews the most recent performance, analysis, business key-value drivers and metrics, and shares the Company's insights and business strategy. The materials used in the briefing are disseminated via SGXNET and also made available on the Company's website. On this occasion, analysts, fund managers and reporters have the opportunity to raise questions to our Management. While these meetings are largely undertaken by the Company's senior Management, the Chairman and CEO also meets analysts every year.

We offer direct and frequent access to our senior Management through one-on-one or group meetings, conferences, roadshows, calls and emails. Throughout 2018, we met with approximately 150 equity and fixed income investors and analysts domestically and internationally. The Company participated in investor conferences and roadshows in Singapore, Hong Kong, Indonesia and Malaysia. These facilitate us to strengthen existing relationships with long-term investors, understand their views and expectations of the Company as well as to tap new potential investors. We develop and maintain strong relationships with sell-side research analysts as they play an important role in informing and educating the investment community. Approximately fifteen analysts based in Singapore and Malaysia currently cover GAR. We also arrange site visits to our plantations and refineries to provide investors and analysts with better understanding of our day-to-day operations; including sustainability initiatives.

In recognition of our excellence in transparency and communication, Securities Investors Association (Singapore) or SIAS has listed the Company as the runner up winner of Most Transparent Company Award in Agribusiness category at the SIAS 19<sup>th</sup> Investors' Choice Awards in September 2018.

### 15.2 Dividend Policy

The Company currently aims to declare future dividends of up to 30 percent of its underlying profit, i.e. profit attributable to owners of the Company after excluding net effect of net gain or loss from changes in fair value of biological assets and depreciation of bearer plants, exceptional items and other non-operating items. The declaration, amount and payment of future dividends will depend on many factors, including results of operations; cash flow and financial condition; expansion and working capital requirements; cash dividends received from subsidiaries; future prospects; and other factors deemed relevant by the Board and our shareholders.

The Board has recommended a proposed final dividend of S\$0.0058 per ordinary share for FY2018, subject to shareholders' approval at the 2019 AM.

### 15.3 Financial Calendar 2019

27 February	Announcement of Full Year 2018 results
3 April	Release of Annual Report 2018
24 April	Annual Meeting 2019
	Proposed 2018 final dividend*
<hr/>	
26 April	Last day for trading for cum dividend (scrip-less holders)
30 April 5:00 PM	Record date and time
2 May	Books closure date
10 May	Dividend payment date
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May**	Announcement of First Quarter 2019 results
August**	Announcement of Second Quarter 2019 results
November**	Announcement of Third Quarter 2019 results
February 2020**	Announcement of Full Year 2019 results

#### Notes:

The above calendar may not list every corporate event.

\* Subject to shareholders' approval at the 2019 AM.

\*\* Indicative timeline. The exact dates will be notified two weeks in advance, which notifications will be released via SGXNET and posted on the Company's website: <https://goldenagri.com.sg/investors/ir-calendar/>

### Principle 16: Conduct of Shareholder Meetings

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*Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

During the AMs which are held in Singapore, shareholders are given the opportunity to communicate their views and to engage the Board and Management on the Group's business activities and financial performance. Directors are encouraged to attend shareholder meetings. In particular, members of the AC, NC and RC and the external auditors are asked to be present to address questions at such meetings.

In 2017, the Constitution was amended to allow relevant intermediaries to appoint more than two proxies to attend, speak and vote at shareholder meetings. Such appointments were accordingly permitted by the Company starting with the 2018 AM.

At shareholder meetings, each distinct issue is proposed as a separate resolution. Absentia voting methods are currently not permitted, as the authentication of shareholder identity information and other related integrity issue still remain a concern.

In support of greater transparency and to allow for a more efficient voting process, the Company has been conducting electronic poll voting instead of voting by show of hands since the 2013 AM. With electronic poll voting, shareholders present in person or represented by proxy at the meeting will be entitled to vote on a "one-share, one-vote" basis. The voting results of all votes cast "for" and "against" and the respective percentages, in respect of each resolution, will be instantly displayed on-screen at the meeting. The detailed breakdown of results showing the total number of votes cast "for" and "against" each resolution and the respective percentages are announced via SGXNET after the AM.

### DEALINGS IN SECURITIES

The Company complies with Rule 1207(19) of the Listing Manual on dealings in securities, and has devised and adopted its own internal compliance code to provide guidance with regard to dealings in the Company's securities by the Company, its Directors and officers, including prohibition on dealing in the Company's securities on short-term considerations.

Dealings in the Company's securities are prohibited during the period commencing (i) two weeks before announcement of the Company's first, second and third quarter results and (ii) one month before the announcement of the Company's full year results, and ending on the date of the announcement of the results. Such dealings in the Company as well as other listed companies' securities are also prohibited whilst in possession of unpublished material price-sensitive information in relation to those securities.

# CORPORATE GOVERNANCE REPORT

## INTERESTED PERSON TRANSACTIONS

Particulars of interested person transactions required to be disclosed under Rule 907 of the Listing Manual are as follows:

Name of interested person ("IP") <sup>a</sup>	Aggregate value of all interested person transactions during the year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate* pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate* pursuant to Rule 920 (excluding transactions less than S\$100,000)
	FY2018 US\$	FY2018 US\$
Muktar Widjaja	700,000 <sup>#1</sup>	–
Ningbo Zhonghua Paper Co., Ltd	–	87,166
PT Asuransi Sinar Mas	–	6,195,424
PT Bank Sinarmas Tbk ("BSM")	–	19,659,873 <sup>#2</sup>
PT Bina Sinar Amity	–	106,473
PT Bumi Serpong Damai Tbk	–	864,014
PT Cakrawala Mega Indah ("CMI")	–	59,652,971 <sup>#3</sup>
PT Duta Cakra Pesona	–	4,876,461
PT Golden Energy Mines Tbk	–	7,432,220
PT Maritim Sinar Utama	–	2,008,758
PT Rolimex Kimia Nusamas ("RKN")	–	106,512,248 <sup>#4</sup>
PT Roundhill Capital Indonesia	–	5,865,283
PT Royal Oriental	–	6,022,276
PT Sinar Jati Mitra	–	1,531,528
PT Sinar Mas Teladan	–	821,075
Sinarmas Land Limited	–	371,304
<b>Total</b>	<b>700,000</b>	<b>222,007,074</b>

### Notes:

<sup>a</sup> These IPs are regarded as associates of GAR's controlling shareholder under Chapter 9 of the Listing Manual on interested person transactions.

\* Renewed at GAR's AM on 23 April 2018 pursuant to Rule 920 of the Listing Manual.

<sup>#1</sup> Special bonus for consultancy services for financial year ended 31 December 2017.

<sup>#2</sup> Time deposits and current account placements with BSM during the year. Principal amount of placements as at 31 December 2018 is approximately US\$4.76 million.

<sup>#3</sup> Purchase of paper products from CMI for own consumption and/or as distributor.

<sup>#4</sup> Purchase of fertilisers and chemicals from RKN.

**ADDITIONAL REQUIREMENTS UNDER RULE 720(6) OF THE LISTING MANUAL**

Information relating to Directors seeking re-election at the 2019 AM is as follows:

Name of Director	Kaneyalall Hawabhay ("KH")	Christian G H Gautier De Charnacé ("CGDC")	Rafael Buhay Concepcion, Jr. ("RBC")	Franky Oesman Widjaja ("FOW")
Date of Appointment	27 May 2003	13 November 2018	02 August 2002	18 October 1996
Date of last re-appointment (if applicable)	23 April 2018	N/A	21 April 2016	N/A
Age	71	69	52	61
Country of principal residence	Mauritius	Thailand	Indonesia	Indonesia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Please refer to item 4.3 on pages 33 and 34 of this Annual Report.	Please refer to items 4.2 and 4.3 on pages 33 and 34 of this Annual Report.	Please refer to item 4.3 on pages 33 and 34 of this Annual Report.	Please refer to item 4.3 on pages 33 and 34 of this Annual Report.
Whether appointment is executive, and if so, the area of responsibility	No	No	Executive. Oversee all financial activities of the Group, including corporate finance, treasury, accounting, financial reporting, information technology, internal control and enterprise risk management. Oversight of investor relations and corporate communications of the Group.	Executive. Overall responsible for the strategic direction and management of the Group's operations.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-executive, Independent Director. Member of AC.	Non-executive, Independent Director. Member of AC.	Executive Director and CFO.	Chairman and CEO. Member of NC and RC.
Professional qualifications	Please refer to page 13 of this Annual Report.	Please refer to page 13 of this Annual Report.	Please refer to pages 11 and 12 of this Annual Report.	Please refer to page 11 of this Annual Report.
Working experience and occupation(s) during the past 10 years				

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Name of Director	KH	CGDC	RBC	FOW
Shareholdings interest in the listed issuer and its subsidiaries	No	No	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No	Brother of Muktar Widjaja, Director of the Company. Father of Jesslyne Widjaja, executive officer of the Company.
Conflict of interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments* Including Directorships#	<p><b>Past (for the last 5 years)</b></p> <p>Companies liquidated:</p> <ul style="list-style-type: none"> <li>Ascend Mauritius Services Company</li> <li>Falcon Mauritius I Ltd</li> <li>Falcon Mauritius II Ltd</li> <li>FEG Mauritius III Ltd</li> <li>FEG Mauritius Ltd</li> <li>FO Mauritius II Ltd</li> <li>FO Mauritius IV Ltd</li> <li>NSR Towers Mauritius, LLC</li> </ul> <p>Companies in liquidation:</p> <ul style="list-style-type: none"> <li>Enhanced Investment Products Aleph India Ltd</li> <li>Enhanced Investment Products India Ltd</li> <li>EW Special Opportunities Fund LLC</li> <li>Venus Multi-Strategy Fund (Mauritius) Limited</li> </ul> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>Anchor Marine 2 Inc</li> <li>Anchor Marine 3 Inc</li> <li>Anchor Marine Inc</li> <li>Anchor Offshore Services Inc</li> <li>Apigen Investments Limited</li> <li>Bay Canyon</li> <li>Bay Canyon Holdings</li> <li>Catalys Ventures Cap Limited</li> <li>Claris Pharmservices</li> <li>Claris SteriOne</li> <li>CLSA (Mauritius) Limited</li> <li>EC Global Ltd</li> <li>Enhanced Index Fund PCC</li> <li>Ezion Exerter Limited</li> </ul>	<p><b>Past (for the last 5 years)</b></p> <ul style="list-style-type: none"> <li>BNP Paribas Capital (Singapore) Ltd (Dissolved Members' Voluntary Winding Up)</li> <li>BNP Equities Asia Limited</li> <li>BNP Paribas Equities (Asia) Limited</li> <li>BNP Paribas Capital (Asia Pacific) Limited</li> </ul> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>Millennium &amp; Copthorne Hotels PLC</li> <li>PT BNP Paribas Sekuritas Indonesia</li> </ul>	<p><b>Past (for the last 5 years)</b></p> <ul style="list-style-type: none"> <li>Sinarmas Cepsa Pte Ltd</li> </ul> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>Aerolink Investment Ltd</li> <li>AFP Agri-Resources Trading (M) Sdn Bhd</li> <li>Asia Integrated Agri Resources Ltd</li> <li>Aurea Investment Limited</li> <li>Aurorea Investment Limited</li> <li>Billford Investment Corporation Ltd</li> <li>Dragon Capital Investments Ltd</li> <li>Eco Investment Ltd</li> <li>Florentina International Holdings Limited</li> <li>Golden Agri (Labuan) Ltd</li> <li>Golden Agri International (L) Ltd</li> <li>Golden Agri International (M) Ltd</li> <li>Golden Agri International (Mauritius) Ltd</li> <li>Golden Agri International Finance (2) Ltd</li> <li>Golden Agri International Finance Ltd</li> <li>Golden Agri International India Holding Pte Ltd</li> <li>Golden Agri International Pte Ltd</li> <li>Golden Agri International Trading (Cayman) Ltd</li> </ul>	<p><b>Past (for the last 5 years)</b></p> <ul style="list-style-type: none"> <li>Golden Moment Limited</li> <li>Massingham International Limited</li> </ul> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>AFP Gardens (Tanjong Rhu) Pte Ltd</li> <li>AFP Land Limited</li> <li>Asia Integrated Agri Resources Limited</li> <li>Bund Center Investment Ltd</li> <li>Florentina International Holdings Limited</li> <li>Golden Agri International Pte Ltd</li> <li>Golden Agri Plaza Pte Ltd</li> <li>Handful Resources Limited</li> <li>Koon Chung Limited</li> <li>Madagascar Capital Pte Ltd</li> <li>Madagascar Investment Ltd</li> <li>Ningbo Zhonghua Land Co Ltd</li> <li>PT Gerbangmas Tunggal Sejahtera</li> <li>PT Sinar Mas Tunggal</li> <li>PT Sinar Mas</li> <li>PT Sinarindo Gerbangmas</li> <li>Shanghai Golden Bund Real Estate Co Ltd</li> <li>Sinarmas Land (HK) Limited</li> <li>Sinarmas Land Limited</li> <li>Widjaja Jewel Assets Ltd</li> </ul>

Name of Director	KH	CGDC	RBC	FOW
	<ul style="list-style-type: none"> <li>• FEG Mauritius FPI Ltd</li> <li>• FEG Mauritius Holdings Ltd</li> <li>• FEG Mauritius II Ltd</li> <li>• FEI Mauritius Ltd</li> <li>• FO Mauritius Holdings Ltd</li> <li>• FO Mauritius I Ltd</li> <li>• FO Mauritius III Ltd</li> <li>• Indiabulls Asset Management Mauritius</li> <li>• KKR Account Adviser (Mauritius) Ltd</li> <li>• KKR Holdings Mauritius Ltd</li> <li>• Mount Gardens Services</li> <li>• Oracle Global (Mauritius) Ltd</li> <li>• Samena Capital Mauritius Management</li> <li>• SC India Credit Management (Mauritius)</li> <li>• Select Property Holdings (Mauritius) Ltd</li> <li>• Strategic Equipment Inc</li> <li>• Teras Endeavour Limited</li> <li>• Teras Lisa Limited</li> <li>• Teras Titanium Ltd</li> <li>• Victory Drilling</li> </ul>		<ul style="list-style-type: none"> <li>• Golden Agri International Trading (Mauritius) Ltd</li> <li>• Golden Agri International Trading Ltd</li> <li>• Golden Agri Plaza Pte Ltd</li> <li>• Golden Agri SEA (Labuan) Ltd</li> <li>• Golden Agri Trading (L) Ltd</li> <li>• Golden Assets International Finance Limited</li> <li>• Golden Assets International Investment Pte Ltd</li> <li>• Golden Capital Asset Pte Ltd</li> <li>• Golden Capital Resources (S) Pte Ltd</li> <li>• Golden Funds &amp; Investment Management Pte Ltd</li> <li>• Golden Funds &amp; Investment Services Pte Ltd</li> <li>• Golden Logistics International Limited</li> <li>• Golden Maritime Pte Ltd</li> <li>• Golden Natural Resources (HK) Investment Co Limited</li> <li>• Harford Holdings Limited</li> <li>• Integrated Investments Ltd</li> <li>• Madascar Capital Pte Ltd</li> <li>• Madascar Investment Ltd</li> <li>• Rapid Growth Investments Ltd</li> <li>• Sinarmas Food (Hong Kong) Co Limited</li> <li>• Solid Growth Investments Ltd</li> <li>• Sterling International Investment Ltd</li> <li>• Straits Investments Ltd</li> </ul>	

\* "Principal Commitments" has the same meaning as defined in the Code.

# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)

## CORPORATE GOVERNANCE REPORT

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

Name of Director	KH	CGDC	RBC	FOW
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	Yes*
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No

Note:

\* FOW is a director of Sinarmas Land Limited ("SML") and in 2001, SML (then known as Asia Food & Properties Limited ("AFP")) was investigated by the Commercial Affairs Department ("CAD"). As far as FOW is aware, the CAD had completed its investigations against AFP and no further action was taken against AFP. As far as FOW is aware, he was not the subject of any investigation and no action has ever been taken against him by the CAD.

# ENTERPRISE RISK MANAGEMENT

Risk management is a key component of the Company's decision making process in a changing business environment. Enterprise Risk Management ("ERM") enables the Company to build resiliency and sustainability. It is an evolving process that requires constant monitoring as the Company grows. Whilst even the most comprehensive system of risk management and internal controls cannot fully eliminate all risks, the framework enhances the Company's understanding and articulation of risk-reward trade-offs for decision making that is commensurate with its risk tolerance.

The Board of Directors of the Company ("Board") is responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives.

In performing this responsibility, the Board is assisted by ERM Committee ("ERMC"), which was formed in 2013, and the Audit Committee. The role of ERMC role is to manage risks, as part of the Company's efforts to strengthen the risk management processes and enable accountability for its adequacy and effectiveness.

The ERMC currently comprises of five senior Management. They are the Chairman and CEO, CFO, Head of Upstream, Head of Downstream, and Head of Controllershship & Compliance.

## ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Company operates an integrated business model that includes production, processing, and marketing and sales of palm oil and its related products in its business segments. The integrated nature of our business model enables an enterprise-wide approach towards its management of risk. All of the activities that take place along the value chain are subject to a variety of risk factors. These risk factors affect not only our businesses, but may have an impact beyond the palm oil and agriculture industry as a whole.

The ERMC oversees risk management activities across the business segments and directs the efforts of the risk management teams to continually identify, evaluate and mitigate risks together with a focus on operational improvements appropriate for the business and external environment. Our activities are exposed to a baseline of business and strategic, market, credit and operational risk factors. For each of these risk exposures, appropriate risk

management strategies and internal controls are put in place to mitigate against such risk.

The Company's operations are prudently managed through a seasoned and commercially-focused management team that is supported by a risk management function with clear governance. Business and strategic, market, credit and operational risk management functions operate independently and centrally with a systematic approach to ERM and are aligned with industry best practices. The overall risk management framework provides senior Management and the ERMC with the ability to review these risks holistically and assess the balance between risk appetite and appropriate rewards in order to maximise shareholder returns.

The ERM Framework is managed through a disciplined structure of Steering Committees ("SC") and operational reviews called executive meetings ("EM") at the business unit levels. These meetings serve as forums for senior Management to review with the Executive Directors, matters concerning the discovery of new risks, analysis and evaluation of risks determined as material and appropriate metrics. The need for additional work streams is determined during these forums which may be subsequently be managed under separate governance structures, however progress is usually reported in the SC or EM and guidance/direction from the Executive Directors is sought.

Metrics that track key risks and mitigation measures are reported as part of operational performance reviews to ensure effectiveness of risk management processes. EM and SC meetings are held at least quarterly or more frequently, as required, during which the Executive Directors evaluate strategic opportunities and review the performance of various business units through a series of reports which contain quantified metrics and qualitative discussions.

## KEY RISK EXPOSURES

The Company's business is exposed to the following types of key risks:

### Business and Strategic Risk

Business and strategic risks relate to information utilised to make investment decisions that impact the Company's purpose and strategy leading to the inability to generate expected returns from capital expenditure. Factors include macroeconomics, condition of financial markets, competitive pressure, commercial regulations in domestic and foreign jurisdictions, environmental regulations and geopolitics.

## ENTERPRISE RISK MANAGEMENT

### Market Risk

Market risk is risk to the Company's financial performance arising from the uncertainty of movements in commodity prices and foreign exchange rates.

#### Fluctuations in commodity prices

Global prices of our products tend to fluctuate. They are affected by the availability of agricultural commodities that are subject to uncontrollable factors affecting supply such as global weather conditions, and factors affecting demand such as changes in population growth, standards of living, global production of substitute and competitive crops, as well as crude oil prices. Other aspects like environmental and conservation regulations, tariffs, and natural disasters also play a part in the price determination.

The Company's market risk framework provides controls and ongoing management of key market risks inherent in its business activities. Risk limits are established centrally at the corporate level in accordance with the Company's risk appetite and allocated across business units. These limits include relevant business and performance related risk metrics and are tracked on a daily basis. A key statistical risk measure called Value-at Risk (VaR) is used to estimate the potential loss from adverse market moves in a normal market environment over a one-day holding period. We also constantly analyse and monitor the global demand and supply patterns for crude palm oil ("CPO") and other agricultural products to make prompt and informed decisions regarding our production and sales levels.

#### Fluctuations in the foreign currency

As a group with multiple subsidiaries located in different countries, GAR is exposed to foreign exchange fluctuation risk. We seek to manage our foreign currency exposure by constructing a natural hedge where it matches revenue and expenses in any single currency or through financial instruments, such as forward exchange contracts and cross currency swap contracts.

Our financial statements which are presented in US dollars, requires accounts of some of our subsidiaries to be translated to US dollars for consolidation purposes. Any fluctuations in currency exchange rates will result in exchange translation gains or losses.

### Credit Risk

Credit risk is risk financial loss arising from the failure of a counterparty's ability and willingness to meet its contractual obligations.

With the nature of changes in the commodity prices, the task of monitoring the continued and consistent interest of GAR's counterparties in performing their buying commitment has been of utmost priority. Global macroeconomic conditions play a significant part in the continued volatility in the commodity and financial markets that accompany the changing conditions of counterparties we conduct business with.

The Company has a separate Credit Risk Team which is involved in the credit portfolio review. The team has implemented a process to periodically and regularly evaluate counterparties and review assigned limits.

### Operating Risk

Operating risk is risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

#### Poor weather conditions

Our fresh fruit bunch yield is very dependent on weather conditions in Indonesia. Excessive rainfall or extensive period of dry weather will lead to a decrease in the overall yield. Excessive rainfall generally leads to poor pollination of palms and reduces the effectiveness of fertilisers, while drought results in less fruit bunches and lower oil extraction rate. High levels of drought might also trigger fire outbreaks in the plantations.

We have implemented various measures at our plantations to reduce the impact of weather conditions on our plantations, including the construction of drainage and irrigation systems and roads and the establishment of certain planting patterns. Historically, CPO prices typically increase when supply is adversely affected by weather conditions, thereby reducing the impact of the decrease in supply. We also extend our efforts around long term fire prevention (see page 56 – *Operating Responsibly Through Commitment and Engagement*).

#### Pest outbreak

Pest outbreak in our plantations may reduce production level, which may ultimately impact the Company's revenue and profitability. Generally, pests that attack oil palm trees are nettle caterpillar, rat, wild boar and ganoderma fungus.

We closely control and protect our plantations from pests. To specifically handle pest attack, we apply integrated pest management approach that prioritises the use of biological controls over pesticide. Our agronomists from SMARTRI immediately give additional protective care to the trees that are attacked by pest to prevent dissemination.

#### Revocation or restriction of land rights granted by the Indonesian Government

Our plantations have been granted Hak Guna Usaha land rights (rights to cultivate land for agricultural purposes) by the Indonesian Government. Depending on the plantation, these rights could be extended for up to 95 years, and most will expire after year 2045. We also hold land rights in the form of Ijin Lokasi and Panitia B. These are intermediate land rights granted by the Indonesian Government during the initial stages of the land rights approval process. These rights are less than the full rights over the use of the lands represented by Hak Guna Usaha land rights.

We believe that we have complied with all relevant requirements in relation to the plantations and will take all necessary steps to ensure that our land rights for such plantations are extended.

#### Disruptions in transportation infrastructure

We depend on transportation services that partly are provided by external parties to transport raw materials to the processing and storage facilities as well as to deliver our products to customers. Disruption of transportation services arising from factors such as unfavourable weather conditions, labour unrest, significant downtime arising from major and unexpected repairs or any other events might impair our production process and affect the quality of its products and our ability to supply products to customers on time.

We continuously strengthen our internal transportation infrastructures in order to minimise dependence on external parties.

#### Commercial availability

Our business may be impacted by disruptions in the commercial availability of our internal (refining, crushing and processing facilities) and external assets (access to shipping, storage and pipeline facilities).

We implement key operational controls across our assets and facilities to ensure maximum commercial availability.

#### Changes in regulations by the Indonesian Government and/or importing countries

Regulations relating to palm oil in Indonesia such as export tax and levy as well as import tariffs, taxes and other restrictions imposed by importing countries might impact the Company. In line with social and economic policies, from time to time, the government may impose new policies on the palm oil industry.

Import tariffs and taxes and other import restrictions imposed by importing countries will affect the demand for CPO and its derivative products, and can encourage substitution by other vegetable oils. If importing countries ban imports of CPO from Indonesia, tax competing substitute products, such as soybean oil, at a lesser tax rate, the competitiveness of imported CPO and derivative products can be adversely affected, which can affect the demand for and the price of our products.

We are actively involved in oil palm-related organisations and collaborate with industry stakeholders in providing positive inputs to the Indonesian government in order to create conducive regulations for the palm oil industry, and to other stakeholders both domestic and international.

#### The imposition and enforcement of more stringent environmental regulations

Our business is subject to a variety of laws and regulations that promote environmentally and socially sound operating practices. These regulations could become more stringent in the future. The government environmental agencies have the power to take action against us for failure to comply with applicable environmental regulations, including imposing fines and revoking licenses.

We are fully aware of the greater importance on environmental measures and regulations. We have a separate department that closely monitor and update current requirements of relevant regulations. We will ensure our compliance to relevant regulations to avoid any liabilities that may incur in the future.

#### Dependency on retaining key personnel and attracting additional qualified persons

Our continued success relies on the capabilities and experience of our Directors and senior Management. Competition for such key personnel is intense in the industry and the loss of any of our key personnel is a possibility.

In particular, the senior Management play an important role in maintaining relationships with our key employees as well as outlining and executing our overall business strategy.