



# STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (“Board”) of Greenyfield Berhad (“Company” or “Group”) recognises the importance of good corporate governance in protecting and enhancing shareholder value and financial performance of the Company. The Board is fully committed to maintaining the highest standards of transparency, accountability, and integrity, in line with the Malaysian Code of Corporate Governance (“Code”) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The Board is pleased to present this statement of corporate governance which outlines how the Company applied the Principles and Recommendations set out in the Code for the financial year ended 31 July 2017. Where there are gaps in the Company’s observation of any of the Recommendations of the Code, they are disclosed herein with explanations.

## **ESTABLISH CLEAR ROLES AND RESPONSIBILITIES**

### **FUNCTIONS OF THE BOARD**

The Board has overall responsibilities for the performance and affairs of the Group. The Board members with a wide range of skills and experience from financial and business background lead and control the Group. To ensure the effective discharge of its functions and responsibilities, the Board established an internal governance model for the delegation of specific powers of the Board to the Executive Directors and the properly constituted Board Committees, namely the Audit, Nomination, and Remuneration Committees. The Board Committees are entrusted with specific responsibilities to oversee the Group’s affairs in accordance with their respective terms of references. All matters deliberated in the Board Committees are required to be reported to the Board for endorsement and/or approval. As such, the direction and control of the Group are firmly with the Board.

The Executive Directors, representing the Management, are primarily responsible for the Group’s day-to-day management and operations. The Executive Directors formulate operation plans and oversee the execution of these plans. The Independent Non-Executive Directors are actively involved in various Board Committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance and controls. They provide broader views, independent assessments and opinions on management proposals.

### **DUTIES AND RESPONSIBILITIES OF THE BOARD**

The Group is led and managed by an effective Board consisting of professionals and competent directors with different qualifications, expertise, and experiences that are relevant to the management of the Group’s businesses. In fulfilling its fiduciary and leadership functions, the Board is primarily responsible to ensure that there are appropriate systems and procedures in place to manage the Group’s strategic plans, business conduct, significant risks, succession planning, shareholders’ communication, internal control and management information systems in accordance with high standards of transparency, accountability and integrity.

The Board is leading and managing the Company in an effective and responsible manner. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed and have a legal duty to act in the best interest of the Company.

The Board assumes, amongst others, the following duties and responsibilities:-

- i. Reviewing and adopting the overall strategic plans and programs for the Company and the Group;
- ii. Overseeing and evaluating the conduct and performance of the Company’s and Group’s businesses including its control and accountability systems;
- iii. Identifying principal risks and ensuring the implementation of a proper risk management system to manage such risks;
- iv. Overseeing the development and implementation of shareholder and stakeholder communications policies;
- v. Approving major capital expenditure and capital management;
- vi. Reviewing the adequacy and the integrity of the management information and internal controls system of the company; and
- vii. Ensuring that appropriate plans are in place in respect of the succession plan for the senior management of the Group.



## Statement of Corporate Governance (Cont'd)

### **ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)**

#### **CODE OF ETHIC AND CONDUCT**

The Board has formalized in writing a Code of Conduct, setting out the standards to engender good corporate practices. The Code advocates the ethical values that form the basis for business decisions. The Code of Conduct has been communicated to all levels of employees in the Group.

The Board has also formalized in writing the Company's Whistle-Blowing Policy, which provides appropriate communication and feedback channels to facilitate whistle-blowing. Both the Code of Conduct and the Whistle-Blowing Policy are available for reference at the company's website at [www.greenyield.com.my](http://www.greenyield.com.my).

#### **STRATEGIES PROMOTING SUSTAINABILITY**

The Board is confident that the Company's strategies in delivering long-term sustainability would create economic value for the shareholders as well as protect stakeholders' interest. A report on sustainability activities, demonstrating the Group's commitment to the environment, workplace, and community, is detailed in the Statement on Corporate Social Responsibility.

#### **ACCESS TO INFORMATION AND ADVICE**

The Directors have access to timely and accurate information which enables the Directors to discharge its duties effectively and efficiently. At Board Meetings, the agenda and board papers are distributed in advance to enable Directors to have sufficient time to review the board papers and to obtain further explanation or clarification to facilitate the decision-making process. Representatives from the Management and external advisors may also be invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda. The Board papers include reports relevant to the issues of the meeting covering the areas of:-

- a. Quarterly financial reports, reports on cash flow and borrowing positions, budgets and other financial reports;
- b. Business development reports;
- c. Operational matters;
- d. Corporate developments of the Group;
- e. Audit reports;
- f. Directors' share dealings;
- g. Reports on related party transactions and recurrent related party transactions;
- h. Reports on sound framework of internal controls and regulatory compliance;
- i. Regulatory compliance matters and updates issued by the various regulatory authorities; and
- j. Any other matters for the Board's decision.

A well structured agenda also allows the Chairman of the Board good control over the conduct of the meeting and allocation of time for discussion of various matters. Senior Management and external advisers may be invited to attend Board Meetings to provide their professional views, advice and explanations on specific items on the agenda.

All Directors have full and unrestricted access to all information within the Group and direct access to the advice and services of the Company Secretary who advises the Board on the Directors' responsibilities under the respective legislations and regulations and Company's compliance with the relevant laws and regulatory requirements. The Directors may take independent advice, at the Company's expense, in the exercise of their duties should such advisory services be considered necessary.

All deliberation in terms of issues discussed and all decisions made during Board Meetings are recorded in the Board minutes for completeness and accuracy which are then circulated to all Directors and duly signed by the Chairman of the Meeting.



## Statement of Corporate Governance (Cont'd)

### **ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)**

#### **QUALIFIED AND COMPETENT COMPANY SECRETARIES**

Directors have direct access to the advice and services of the Group's Company Secretary. The Company Secretaries are qualified to act in accordance with the requirements of the Companies Act, 2016. The Board is advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities as well as appropriate procedures for management of meetings. The Board is supported to ensure adherence to board policies and procedures, rules, relevant laws and best practices on Corporate Governance.

The Company Secretary also has undertaken the following functions, among others:-

- i. advise and remind the Directors of their obligations to disclose their interest in securities, any conflict of interest and related party transactions;
- ii. advise the Directors of their duties and responsibilities;
- iii. advise and remind the Directors on the prohibition on dealing in securities during closed period and the restriction on disclosure of price sensitive information;
- iv. Prepare agenda items of meetings for Board and Board Committees and send to the respective Board and Board Committees; and
- v. Attend all Board and Board Committees meetings and to ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolution passed are made and maintained accordingly.

The Company Secretaries are suitably qualified and have attended relevant trainings and seminars to keep abreast with the Statutory and regulatory requirements' updates.

#### **BOARD CHARTER**

The Executive Directors are responsible for implementing the corporate strategies and management of the day-to-day operations of the Group whereas the Independent Non-Executive Directors are responsible for exercising independent judgment and to act in the best interests of the Group in ensuring that decisions made by the Board are deliberated fully and objectively with regard to the long term interests of all stakeholders. The respective roles and responsibilities of the Board are clearly set out in the Board Charter. The Board Charter will be periodically reviewed and the details of the Board Charter are available for reference at [www.greenyield.com.my](http://www.greenyield.com.my).

The Board Charter sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Charter is a source reference and primary induction literature, providing insights to prospective board members and senior management. It will also assist the Board in the assessment of its own performance and that of its individual directors.

The Board Charter sets out the key values, principles and ethos of the company, as policies and strategy development are based on considerations in the Board Charter. The Board Charter includes the division of responsibilities and powers between the Board and management which is led by the Executive Directors, the different committees established by the board, and between the Chairman and the Group Managing Director/Chief Executive Officer. The Board Charter also sets out processes and procedures for convening board meetings.

Any amendment to the Board Charter can only be approved by the Board. The Board Charter was last reviewed on 8 November 2017 and would be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.



## Statement of Corporate Governance (Cont'd)

### **STRENGTHEN COMPOSITION**

#### **NOMINATION COMMITTEE**

The Nomination Committee comprises two (2) Non-Executive Directors, all of whom are Independent Directors. The members of the Nomination Committee are as follows:-

Name	Designation
Yong Swee Lin	Chairman, Senior Independent Non-Executive Director
Dr Zainol Bin Md Eusof	Member, Independent Non-Executive Director

The duties of the Nomination Committee are:-

- a. To recommend to the Board, candidates for all directorships. In making the recommendations the Committee should also consider candidates proposed by the Group Managing Director/Group Chief Executive Officer, and within the bounds of practicability, by any other senior executive, Director or shareholder;
- b. To recommend to the Board, directors to fill the seats on Board Committees. In making its recommendations, the following matters are considered of the candidate:-
  - i. skills, knowledge, expertise and experience;
  - ii. time, commitment and character;
  - iii. professionalism;
  - iv. integrity; and
  - v. for the position of Independent Non-Executive Director, the Committee shall also evaluates the candidate's ability to discharge such responsibilities/functions as are expected from an Independent Non-Executive Director;
- c. To review at least once a year the required mix of skills and experiences of the Board, including the core competencies which Non-Executive Directors should bring to the Board, and the balance between Executive Directors, Non-Executive Directors, and Independent Non-Executive Directors;
- d. The annual assessment of the Nomination Committee in relation to the effectiveness of the Board as a whole, Board Committees, and contribution from each individual director which includes Independent Non-Executive Directors as well as the Chief Executive Officer;
- e. To ensure that the process carried out in evaluating and assessing members of the Board, including the Independent Non-Executive Directors and Chief Executive Officer are properly documented;
- f. To ensure that the Directors to retire in each year shall be those who have been longest in the Company since their last election, but as between persons who become Directors on the same date, those to retire shall be determined by lot;
- g. To review the term of office and performance of the audit committee and each of its members annually to determine whether such audit committee and members have carried out their duties in accordance with their term of reference;
- h. To conduct an assessment of the independent director(s) who are retained beyond nine years and recommend to the Board whether the independent director(s) should remain independent or be re-designated;
- i. To review the induction and training needs of directors and ensure the training programme attended by the directors must be one that aids the director in the discharge of his duties;
- j. To review the Board's and senior management's succession plans;
- k. To review, consider and recommend Board diversity;
- l. To ensure that the responsibility of the Committee shall also cover the subsidiaries of the Company; and
- m. Such other responsibilities as may be delegated by the Board from time to time.



## Statement of Corporate Governance (Cont'd)

### STRENGTHEN COMPOSITION (CONT'D)

#### NOMINATION COMMITTEE (CONT'D)

The Nomination Committee meets as and when necessary and shall meet at least once a year. The Nomination Committee held two (2) meetings during the financial year ended 31 July 2017 with full attendance. Matters discussed and deliberated during the Nomination Committee meetings include:-

- i. considered the nomination of a new member of the Board;
- ii. reviewed the composition of the Board and Board Committees, nominating the directors who are due for retirement and re-appointment and are eligible to stand for re-election and re-appointment accordingly;
- iii. assessed and evaluated the effectiveness of directors and the Board; and
- iv. assessed the independence of the Independent Non-Executive Directors.

The evaluation of the Board is based on specific criteria covering areas such as the Board mix and composition, quality of information and decision making as well as Boardroom processes and activities whereas evaluation of performance of Directors is based on being fit and proper, contribution, calibre and personality. The evaluation results and comments by all Directors are discussed at the Nomination Committee which then makes recommendations to the Board.

The Nomination Committee is satisfied with the size of the Company's Board and that there is an appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board.

The Terms of Reference of the Nomination Committee are available on the Company's website at [www.greenyield.com.my](http://www.greenyield.com.my).

#### BOARD GENDER DIVERSITY/RECRUITMENT AND APPOINTMENT OF DIRECTORS

The Board acknowledges the benefits of board diversity, including age, gender and ethnic diversity, to the effective functioning of the Board. Nevertheless, when considering new appointments to the Board, the Nomination Committee and the Board will evaluate the suitability of candidates solely in meeting the needs of the Company based on a set of criteria/candidates' experience, competency, character, time commitment, integrity and potential contribution to the company with the primary aim of selecting the best candidates to support the achievement of the Company's strategic objectives. Such evaluation criteria does not make age, gender, and ethnicity of the proposed new director determining factors for appointment to the Board.

#### ANNUAL ASSESSMENT

The Board's performance is assessed annually by each of its members through self as well as peer assessments. The results of the performance evaluations are reviewed by the Nomination Committee and subsequently by the Board. Performance of the Board Committees is assessed by the Board annually.

The effectiveness of directors are assessed based on certain criteria including but not limited to the following areas:-

- i. personal qualities;
- ii. competencies; and
- iii. achievements for the year.

#### REMUNERATION POLICIES AND PROCEDURES

The Remuneration Committee comprises two (2) Non-Executive Directors, all of whom are Independent Directors. The members of the Remuneration Committee are as follows:-

Name	Designation
Yong Swee Lin	Chairman, Senior Independent Non-Executive Director
Dr Zainol Bin Md Eusof	Member, Independent Non-Executive Director



## Statement of Corporate Governance (Cont'd)

### STRENGTHEN COMPOSITION (CONT'D)

### REMUNERATION POLICIES AND PROCEDURES (CONT'D)

The duties of the Remuneration Committee are:-

- To review at least once a year and recommend to the Board the overall remuneration policy for Directors, Group Managing Director/Group Chief Executive Officer and key senior management officers to ensure that rewards are commensurate with their contributions to the Company's growth and profitability; and that the remuneration policy supports the Company's objectives and shareholder value, and is consistent with the Company's culture and strategy;
- To review at least once a year the performance of the Executive Directors and the Group Managing Director/Group Chief Executive Officer and to recommend to the Board specific adjustments in remuneration and/or reward payments if any to reflect their contributions for the year which are competitive and consistent with the Company's objectives, culture and strategy;
- To ensure that the level of remuneration for Non-Executive Directors and Independent Directors is linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board; and
- To include the determination of the remuneration packages of the key senior management officers in subsidiaries of the Company.

The remuneration of the Non-Executive Directors is generally fixed and any adjustment has to be approved by the shareholders during the Annual General Meeting. The determination of remuneration packages of Non-Executive Directors, should be a matter for the Board as a whole. The individuals concerned have abstained from discussing their own remuneration.

The Remuneration Committee meets at least once a year. The Remuneration Committee held two (2) meetings during the financial year ended 31 July 2017 with full attendance.

The policy practiced by the Company provides remuneration packages that are commensurate with experience, roles and level of responsibilities. The quantum of each package should be adequate and comparable to public listed companies of similar size.

The aggregate remuneration of Directors received from the Company and on Group basis for the financial year ended 31 July 2017 is as follows:-

Category	Fees RM'000	Salaries RM'000	Bonuses and other emoluments RM'000	EPF & SOCSSO RM'000	Benefit- in-kind RM'000	Total RM'000
<b>Received from the Company:</b>						
Non-Executive Directors	108	-	12	-	-	120
<b>Received on Group Basis:</b>						
Executive Directors	-	1,485	129	160	-	1,774
Non-Executive Directors	108	-	12	-	-	120

The Directors' remunerations are shown in the following bands:-

Received from the Company: Remuneration Band	No of Directors	
	Executive Directors	Non-Executive Directors
Less than RM50,000	-	2
RM50,000 – RM100,000	-	1
<b>Total</b>	<b>-</b>	<b>3</b>



## Statement of Corporate Governance (Cont'd)

### STRENGTHEN COMPOSITION (CONT'D)

#### REMUNERATION POLICIES AND PROCEDURES (CONT'D)

Received on Group Basis (in RM): Remuneration Band	No of Directors	
	Executive Directors	Non-Executive Directors
Less than 50,000	1	2
50,000 – 100,000	-	1
250,001 – 300,000	2	-
500,001 – 550,000	1	-
600,001 – 650,000	1	-
<b>Total</b>	<b>5</b>	<b>3</b>

Note:

The following successive range of remuneration bands of RM50,000 is not applicable:-

RM100,001 - RM250,000

RM300,001 - RM500,000

RM550,001 - RM600,000

### REINFORCE INDEPENDENCE

#### ANNUAL ASSESSMENT OF INDEPENDENCE

The Board recognizes the importance of independence and that the Board members are responsible to act in the best interest of the shareholders of the Company. The Board, through the Nomination Committee conducts an annual assessment on the independence of the Company's Independent Directors. The assessment takes into consideration the Independent Directors' ability to exercise independent judgment and contribute effectively to the Board.

The Nomination Committee and the Board, on 8 November 2017, undertook an annual assessment on Mahbob Bin Abdullah, whose term of office shall be expiring at the conclusion of the Fifteenth Annual General Meeting, and are seeking for re-appointment

#### TENURE OF INDEPENDENT DIRECTORS

The Nomination Committee and Board are of the view that all three (3) Independent Non-Executive Directors continue to remain objective and independent in expressing their views and in participating in deliberations and decision making actions of the Board and the Board Committees, and that no individual or small group of individuals dominates the Board's decision-making process. All evaluations carried on the independence of the Independent Directors were tabled to the Board and are properly documented. The Board is satisfied with the level of independence and acknowledged the contribution by the respective Independent Directors that they had acted in the best interest of the Company.

The number of Independent Directors of the Company is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires a minimum one third (1/3) of the Board to be Independent.

#### SHAREHOLDERS' APPROVAL FOR THE RE-APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS WHO SERVED MORE THAN NINE (9) YEARS

One of the recommendations of the Corporate Governance states that the tenure of an independent director should not exceed a cumulative term of nine (9) years.

Dr Zainol Bin Md Eusof has served on the Board for a cumulative term of more than nine (9) years. Yong Swee Lin and Mahbob Bin Abdullah, who have served as Independent Non-Executive Directors of the Company since 23 January 2009 and 1 July 2009 respectively will reach the nine years term limit in 2018.



## Statement of Corporate Governance (Cont'd)

### **REINFORCE INDEPENDENCE (CONT'D)**

#### **SHAREHOLDERS' APPROVAL FOR THE RE-APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS WHO SERVED MORE THAN NINE (9) YEARS (CONT'D)**

The Nomination Committee and the Board have determined at the annual assessment carried out that Dr Zainol Bin Md Eusof, Yong Swee Lin and Mahbob Bin Abdullah remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their services on the Board does not in any way interfere with their exercise of independent judgment and ability to act in the best interests of the Company.

The Board has recommended Dr Zainol Bin Md Eusof, Yong Swee Lin and Mahbob Bin Abdullah to continue to act as Independent Non-Executive Directors of the Company based on the following justifications, which will be tabled for shareholders' approval at the forthcoming Fifteenth Annual General Meeting of the Company:-

- a. They have fulfilled the criteria under the definition of Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, they will be able to function as a check and balance, bringing an element of objectivity to the Board;
- b. They have vast experience in a diverse range of businesses and therefore will be able to provide constructive opinions; they exercise independent judgement and have the ability to act in the best interest of the Company;
- c. They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making; and
- d. They have continued to exercise their independence and due care during their tenure as an Independent Non-Executive Directors of the Company and carried out their professional duties in the best interest of the Company and shareholders.

### **SEPARATION OF POSITIONS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

The roles of the Chairman and the Group Managing Director are distinct and separate as each has a clearly accepted division of responsibilities to ensure a balance of power and authority. The Chairman of the Company, Dr Zainol Bin Md Eusof, who is an Independent Non-Executive Director is primarily responsible for the orderly conduct and leadership of the Board, whilst the Group Managing Director, Tham Foo Keong, has the overall responsibility for the day to day running of business, organisational effectiveness, and implementation of Board policies and decisions. The Group Managing Director, by virtue of his position also functions as the intermediary between the Board and senior management, acts as the Group's official spokesperson, and is responsible for planning the future direction of the Group for the Board's consideration and approval.

The independent directors play a crucial supervisory function. Their presence is essential in providing unbiased and impartial views for the Board's deliberation and decision-making process. In addition, the Non-Executive Directors ensure that relevant matters and issues are considered in taking the interest of all stakeholders in the Group.

The Board recognises the need to appoint a Senior Independent Non-Executive Director and as such, Yong Swee Lin has been appointed as the Senior Independent Non-Executive Director to facilitate effective communication with other stakeholders and shareholders.

### **COMPOSITION OF THE BOARD**

The Nomination Committee reviews the composition of the Board annually and makes recommendations to the Board where necessary to ensure the Board comprises an appropriate mix of skills and experience.

The Board of the Company comprises eight (8) Directors, five (5) of whom are Executive Directors and the balance three (3) are Independent Non-Executive Directors, who fulfil the prescribed Listing Requirement that a minimum one-third (1/3) of the Board members be independent. The Board has reviewed its size and composition and is satisfied that its current size and composition are effective for the proper functioning of the Group. The profiles of each Director are set out in the Profile of the Board of Directors on pages 10 to 12 of this Annual Report.



## Statement of Corporate Governance (Cont'd)

### REINFORCE INDEPENDENCE (CONT'D)

#### COMPOSITION OF THE BOARD (CONT'D)

In accordance with the Company's Articles of Association, which form part of the Constitution of the Company, all new Director(s), appointed to the Board, are subject to election at the next Annual General Meeting following their first appointment. In every year, at least one-third (1/3) of the Directors are subject to retirement by rotation at every Annual General Meeting. Each Director shall retire at least once every three (3) years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in the office since their last election or appointment.

### FOSTER COMMITMENT

#### TIME COMMITMENT

The Board meets at least four (4) times a year at quarterly intervals, with additional meetings convened as and when deemed necessary. During the financial year, five (5) Board Meetings were held. The attendance at Board Meetings of the Directors during the financial year under review is set out hereunder:-

Directors	Position	Reflect the number of Board Meetings scheduled during the time the Director held office	Percentage of Attendance (%)
Dr Zainol Bin Md Eusof	Independent Non-Executive Chairman	5/5	100
Tham Foo Keong	Group Managing Director	5/5	100
Tham Foo Choon	Deputy Group Managing Director	5/5	100
Dr Sivakumaran A/L Seenivasagam	Executive Director	5/5	100
Tham Kin Wai	Executive Director	5/5	100
Yong Swee Lin	Senior Independent Non-Executive Director	5/5	100
Mahbob Bin Abdullah	Independent Non-Executive Director	5/5	100
*Tham Kin-On	Executive Director	1/2	50

\* Tham Kin-On was appointed to the Board of Greenyfield Berhad on 20 December 2016.

Newly appointed directors are expected to declare their time commitment to the Board. If they sit in other listed corporations as a director, they shall notify the Chairman of the Board or the Company Secretary before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

Board Meetings follow a formal agenda and the Board has a schedule of matters specifically listed for its review and approval which ensures that the Board retains full and effective control over the Company.

The Board approves, inter alia, the preliminary announcements of interim and final results, all circulars and listing particulars, major capital expenditures, investment proposals; and reviews the overall system of internal controls.

#### NUMBER OF DIRECTORSHIP IN PUBLIC LISTED COMPANIES

In compliance with Paragraph 15.06 of the Listing Requirements of Bursa Securities, each of the Directors of the Company holds not more than five (5) directorships in public listed companies.



## Statement of Corporate Governance (Cont'd)

### FOSTER COMMITMENT (CONT'D)

#### **DIRECTORS' TRAINING AND CONTINUING EDUCATION PROGRAMME**

The Board acknowledges the importance of continuous education and training programmes for its members to enable effective discharge of its responsibilities. All directors have successfully attended the Mandatory Accreditation Programme prescribed by the Bursa Securities. Directors are encouraged to undergo continuous training programmes and seminars organized by the relevant regulatory authorities and professional bodies to keep abreast with the current development in the business environment as well as, to further enhance their business acumen, and professionalism in discharging their duties to the Company effectively.

Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors also visit operation centres to have an insight into the Group's various operations to assist in making effective decisions for the Group.

During the financial year ended 31 July 2017, the Directors have attended trainings, conferences, seminars, site visits and/or workshops as listed below:-

Directors	Training/Seminar/Conference	Date
Dr Zainol Bin Md Eusof	1. Fraud Risk Management Workshop	23 August 2016
	2. MATRADE Seminar - How to manage risk of non-payment in high risk market	30 March 2017
	3. Malaysian Code on Corporate Governance	26 April 2017
Tham Foo Keong	1. Risk Management Programme for Audit and Risk Committee : I Am Ready to Manage Risks	04 August 2016
	2. Fraud Risk Management Workshop	23 August 2016
	3. Corporate Governance Breakfast Series - Thought Leadership Session for Directors : "How to Leverage on AGM for Better Engagement with Shareholders"	21 November 2016
	4. Coconut Industry Consultative Forum & Expo 2017 - 'VCO & Health Products'	20 & 21 May 2017
	5. Board Excellence: How to Engage and Enthuse Beyond Compliance	17 July 2017
Tham Foo Choon	1. Fraud Risk Management Workshop	23 August 2016
	2. Coconut Industry Consultative Forum & Expo 2017 - 'VCO & Health Products'	20 & 21 May 2017
Dr Sivakumaran A/L Seenivasagam	1. Board Excellence: How to Engage and Enthuse Beyond Compliance	17 July 2017
Tham Kin Wai	1. Fraud Risk Management Workshop	23 August 2016
	2. Corporate Governance Breakfast Series with Directors: "Anti Corruption & Integrity - Foundation of Corporate Sustainability"	08 December 2016
	3. MATRADE Seminar- How to manage risk of non-payment in high risk market	30 March 2017
Yong Swee Lin	1. National Tax Conference	9 & 10 August 2016
	2. Seminar on 'Companies Bill 2015'	18 November 2016
Mahbob Bin Abdullah	1. Risk Management Programme for Audit and Risk Committee : I Am Ready to Manage Risks	04 August 2016
	2. Fraud Risk Management Workshop	23 August 2016
	3. Corporate Governance Breakfast Series - Thought Leadership Session for Directors : "How to Leverage on AGM for Better Engagement with Shareholders"	21 November 2016
	4. MATRADE Seminar- How to manage risk of non-payment in high risk market	30 March 2017
Tham Kin-On	1. Mandatory Accreditation Programme - for Directors of Public Listed Companies	30 & 31 March 2017
	2. Training on New Expectations & Challenges of Companies Act 2016	11 April 2017

The Board is also briefed by the Company Secretary of any significant changes in laws and regulations that are relevant. The Directors continue to undergo other relevant training programs that can further enhance their knowledge in the latest development relevant to the Group, especially in areas of corporate governance and regulatory development, to carry out their responsibilities effectively.



## Statement of Corporate Governance (Cont'd)

### **UPHOLD INTEGRITY IN FINANCIAL REPORTING**

#### **COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS**

The Board is committed to providing a balanced, clear and comprehensive financial performance and prospects in all the disclosures made to the stakeholders and the regulatory authorities.

Timely release of announcements to Bursa Securities on quarterly results, financial statements and the annual report reflect the Board's commitment to provide transparent and up-to-date disclosures to the public. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting process and the quality of its financial reporting. The Audit Committee will review and discuss significant matters and unusual transactions, if any, prior to submission to the Board for consideration and approval.

Prior to the presentation of the Company's Financial Statements to the Board for approval and issuance to stakeholders, Audit Committee meetings were conducted to review the integrity and comprehensiveness of the Company's Financial Statements in the presence of external auditors and the Group and Company's Financial Controller.

The Board will obtain assurance from the Audit Committee to ensure that the preparation and fair presentation and disclosure in the financial statements are in accordance with applicable Malaysian Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia.

In addition, the Audit Committee assists the Board by reviewing the findings of the internal audit reports including the recommendations made by the internal auditors and management's comments. Management's progress in improving specific areas of internal controls are also reviewed by the Audit Committee.

#### **ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS**

The Group through the Audit Committee, maintains an active, transparent and professional relationship with its External Auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia and the provisions of the Companies Act, 2016.

The Audit Committee met the External Auditors once during the current financial year and whenever deemed necessary without the presence of the Executive Directors and/or the Management of the Company to discuss its audit plan, annual financial statements, and audit findings. This encourages a greater exchange of free and honest views and opinion between both parties.

The composition and summary of work of the Audit Committee are discussed in the Audit Committee Report set out on pages 36 to 37 of this Annual Report.

The total fees paid to the External Auditors for the financial year ended 31 July 2017 are as follows:-

##### 1. Audit Fees

The total audit fees (including both statutory and non-statutory audits) charged by the External Auditors for the Group and the Company, exclusive of expenses and applicable taxes, amounted to RM93,000 and RM22,000 respectively for the financial year ended 31 July 2017.

##### 2. Non-Audit Fees

The total non-audit fees charged by the External Auditors for other services performed for the Company, exclusive of expenses and applicable taxes, amounted to RM7,000 for the financial year ended 31 July 2017.

A report on the Audit Committee which includes the Audit Committee's role in relation to the External Auditors is set out on Pages 36 to 37 of this Annual Report.



## Statement of Corporate Governance (Cont'd)

### **UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)**

#### **ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS (CONT'D)**

The Audit Committee, assisted by the management, undertakes an annual assessment of the suitability and independence of the External Auditors. The assessment of the External Auditor was conducted by completing personalised evaluation form as guided by the Corporate Governance Guide on Evaluation of External Auditors Performance and Independence checklist. The factors considered by the Audit Committee in its assessment include, adequacy of professionalism and experience of the staff, the resources of the external auditors, the fees and the independence of and the level of non-audit services rendered to the Group. The Audit Committee has assessed and is satisfied with the suitability and the confirmation provided by the external auditors that they have complied with the ethical requirements regarding independence with respect to the audit of the Group in accordance with all relevant professional and regulatory requirements. The Audit Committee has recommended to the Board the re-appointment of Messrs SJ Grant Thornton as the External Auditors.

### **RECOGNISE AND MANAGE RISK**

#### **SOUND FRAMEWORK TO MANAGE RISK**

The Board of Directors acknowledges its responsibilities for the Company to maintain a sound system of internal controls covering financials, operations and compliance controls and to safeguard shareholders' investments as well as the Group's assets. While every effort is made to manage the significant risks, by its nature, the system can only provide reasonable but not absolute assurance against material misstatement or loss. Ongoing reviews are carried out by the Board, with the assistance of the Audit Committee, internal auditors and External Auditors, to safeguard the Group's assets.

#### **INTERNAL AUDIT FUNCTION**

The Board and Audit Committees have appointed Baker Tilly Monteiro Heng Governance Sdn Bhd, for the establishment of an independent internal audit function which is in compliance with the Listing Requirements of Bursa Securities.

The Statement on Risk Management and Internal Control pursuant to Paragraph 15.26 (b) of the Listing Requirements of Bursa Securities is set out on pages 34 to 35 of this Annual Report.

### **ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**

#### **CORPORATE DISCLOSURE POLICY**

The Board recognises the importance of accurate and timely dissemination of information to shareholders about the Group's financial performance and other matters affecting the shareholders' interest. This is achieved through accurate and timely disclosures and announcements to Bursa Securities including the quarterly financial results, annual reports, circulars, and other general meetings.

The Board ensures that confidential information is handled properly to avoid leakage and improper use. In line with the best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa Securities.

#### **LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION**

The Board endeavors to provide timely and accurate disclosure of all material information of the Group to shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa Securities. These information are also electronically published at the Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com) and the Group's website at [www.greenyield.com.my](http://www.greenyield.com.my).

These information include:-

- a. Quarterly Announcements;
- b. Annual Reports;
- c. Circulars to Shareholders; and
- d. Other Important Announcements.



## Statement of Corporate Governance (Cont'd)

### **STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS**

#### **ENCOURAGE SHAREHOLDERS' PARTICIPATION AT GENERAL MEETINGS**

The Board regards that Annual General Meetings ("AGMs") and Extraordinary General Meetings ("EGMs") are the primary forum for communication by the Company with its shareholders and for shareholders' participation.

Pursuant to the Listing Requirements of Bursa Securities, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Hence, voting for all resolutions as set out in the notice of general meeting will be conducted by poll. An independent scrutineer will be appointed to validate the votes cast at the general meetings.

Prior to AGMs and EGMs, shareholders will be provided with the notices of meetings and accompanying explanatory material such as notes, Annual Report and/or Circulars to enable shareholders to exercise their rights. Notices of AGMs and EGMs will be issued in accordance with the provisions of the Companies Act, 2016 and the Listing Requirements. The Board endeavors to serve earlier notice than the minimum notice period where practicable. The adequate time given to shareholders allows them to make necessary arrangements to attend and participate in the general meeting. Shareholders who are unable to attend an AGM or EGM, are encouraged to appoint proxy or proxies to attend and vote at meetings for and on their behalf.

Separate issues are tabled in separate resolutions at general meetings, voting is carried out systematically and resolutions are properly recorded.

#### **EFFECTIVE COMMUNICATION AND PROACTIVE ENGAGEMENTS WITH SHAREHOLDERS**

The annual reports and quarterly announcements remain the principal forms of communication, providing shareholders and investors with an overview of the Group's activities and performance. The AGMs and EGMs also serve as principal forums for dialogue and avenues for direct interaction between the Board of Directors and shareholders or investors. In addition, the Group maintains a query form on its website ([www.greenyield.com.my](http://www.greenyield.com.my)) where stakeholders can post questions which concern investor relations.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS**

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with the Financial Reporting Standards and give a true and fair view of the financial positions of the Group and the Company at the end of the financial year and of the financial performance and cash flows of the Group and the Company for the financial year.

In preparing the financial statements for the financial year ended 31 July 2017, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- ensured that applicable accounting standards have been followed;
- made judgments and estimates that are reasonable and prudent; and
- prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial positions of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 2016.