

# **RIMBUNAN SAWIT BERHAD (631393-U)**

## **BOARD CHARTER**

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## **1. INTRODUCTION**

The Board of Directors (“Board”) of Rimbunan Sawit Berhad (“Rimbunan Sawit” or “the Company”) recognises Corporate Governance as being vital and important to the success of Rimbunan Sawit and its Group of Companies’ (“Group”) businesses. They are unreservedly committed to applying the principles necessary to ensure that the principles of good governance are practised in all of its business dealings in respect of its shareholders and relevant stakeholders.

The Board is the focal point of the Company’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company and is also responsible to oversee the Company’s corporate governance framework.

All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

All Board members are responsible to the Company for achieving a high level of good corporate governance.

This Board Charter shall constitute and form an integral part of each Director’s duties and responsibilities.

## **2. OBJECTIVES**

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company.

In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.

This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles. The Board Charter will be reviewed on a periodic basis and may be amended by the Board from time to time.

## **3. ROLES AND RESPONSIBILITIES**

### **3.1 ROLE OF BOARD**

In discharging its responsibilities and facilitating its on-going oversight of the Group, the Board has agreed its role includes, but not limited to the following matters.

#### **3.1.1 Ethics and Compliance**

- i. The Board is charged with leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Group. The Directors are, collectively and individually, aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the

Company are managed. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

The Board is guided by the Directors' Code of Ethics in discharging its oversight role effectively.

The Code of Ethics requires all Directors to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.

- ii. The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and best practices stated in the Malaysian Code on Corporate Governance ("MCCG"). The Board includes a narrative statement in its Company's Annual Report on the extent of compliance with the principles and best practices in Corporate Governance pursuant to the Listing Requirements ("LR").
- iii. The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.
- iv. The Board establishes the corporate vision and mission, as well as the philosophy of the Company, setting the aims of the Management and monitoring the performance of the Management.
- v. The Board assumes the following specific duties where appropriate, in accordance to the Limits of Authority :
  - a) Reviewing, approving and monitoring the overall strategies and direction of Group;
  - b) Overseeing and evaluating the conduct and performance of the Group's businesses, including its control and accountability systems;
  - c) Identifying and managing principal risks affecting the Group;
  - d) Approving policies relating to investors relations programme and shareholder communication and overseeing stakeholders communications;
  - e) Reviewing the adequacy of the Group's internal control policy;
  - f) Providing input into and final approval of the annual operating budget;
  - g) Approving major capital expenditure, capital management and acquisitions/divestitures;
  - h) Reviewing and monitoring systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies; and
  - i) Ensuring that appropriate plans are in place in respect of the succession plan of the Group.

### **3.1.2 Policies and Strategies**

- i. The Board has established written procedures (such as the Memorandum & Articles of Association of the Company and other documents) determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management.

- ii. The Board oversees the Company Policies as a whole. This includes the Code of Conduct, enclosed Whistleblowing Policy, Corporate Disclosure policy and other significant policies recommended under MCGG. The Code of Conduct promotes ethical values and standards in the workplace while ensuring appropriate internal systems are in place to support, promote and ensure its compliance. The Whistleblowing Policy sets the appropriate communication channels to facilitate whistleblowing by employees, customers, suppliers and other stakeholders.
- iii. The Board reserves full decision-making powers on the following matters, supported by any recommendations as may be made from time to time by the Board Committees and/or Management:-
  1. Quarterly results and Audited Financial Statements.
  2. Limits of Authority.
  3. Agendas of Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM").
  4. Interim dividend.
  5. Entitlement date and payment date for dividend payment.
  6. Recommendation of the payment of final dividend for shareholders' approval.
  7. Remuneration of the Executive Directors and Non-Executive Directors.
  8. Proposal on the payment of Non-Executive Directors' fees for shareholders' approval.
  9. Formation of Board Committees and others sub-committees and its members thereon.
  10. Terms of reference of Board Committees.
  11. Appointment and resignation of Directors.
  12. Appointment and resignation of the Company Secretary.
  13. Appointment and resignation of the External Auditors and Auditors' remuneration.
  14. Acquisitions, disposals, joint ventures or transactions of substantial value.
  15. Related party transactions and recurrent related party transactions.
  16. Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, Directors' Responsibility Statement, Sustainability Statement, Management Discussion and Analysis and Chairman's Statement.
  17. New business ventures which are principally different from the Group's existing business.
  18. Changes in group structure, e.g. acquisition and disposal of subsidiaries.
  19. Opening and closing of the Company's banking accounts and the authorised signatories.
  20. Acceptance of credit facilities and approval of issuance of corporate guarantee.
  21. Evaluation of the performance of the Board, Directors and Board Committee members.
  22. Approval of any other matters that the Board may deem appropriate and necessary from time to time.

### **3.1.3 Internal Controls and Risk Management**

- i. The Board oversees, reviews and monitors the operation, adequacy and effectiveness of Group's system of internal controls.
- ii. The Board defines the risk appetite, approving and overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major/significant risk facing the Group.

- iii. The Group has a well-resourced internal audit function, which critically reviews all aspects of the Group's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Group Manager, Internal Audit has direct access to the Board through the Chairman of the Audit Committee

### **3.2 ROLE OF INDIVIDUAL DIRECTORS**

- i. Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:
  - a) acting in good faith and in the best interests of the Company as a whole;
  - b) acting with care and diligence and for proper purpose;
  - c) avoiding conflicts of interest with the Company in a personal or professional capacity; and
  - d) refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director.
- ii. Directors will keep all Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for their interest, or their employers' interest.

### **3.3 ROLE OF INDEPENDENT DIRECTOR**

- i. The Board appoints an Independent Director to whom concerns pertaining to the Group may be conveyed by shareholders and the public.

### **3.4 ROLE OF CHAIRMAN**

- i. The Chairman leads the Board and is responsible for the effective performance of the Board.
- ii. The Chairman of the Board shall be a Non-Executive Member of the Board.
- iii. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:
  - a) Leading the Board in setting the values and standards of the Company;
  - b) Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
  - c) Ensuring the provision of accurate, timely and clear information to Directors;
  - d) Ensuring effective communication with shareholders and relevant stakeholders;
  - e) Arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
  - f) Facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors; and
  - g) Facilitating the on-going development of all Directors.

- iv. The Chairman ensures orderly conduct and proceedings of the Board and general meetings and is responsible for managing the business of the Board to ensure that:
  - a) All Directors are properly briefed on issues arising at Board meetings.
  - b) Sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.
  - c) The issues discussed are forward looking and concentrates on strategy.
- v. The Chairman ensures that every Board resolution is put to vote.
- vi. The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.
- vii. Should the Chairman be absent from a meeting, the members of the Board present at the meeting, may choose one of their number to chair the said meeting.

### **3.5 The Group Executive Director (“ED”)**

- i. The ED is primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group.
- ii. The ED is responsible for the development and implementation of the strategies for the Group and setting the overall strategic policy and direction of the Group’s business operations based on effective risk management controls.
- iii. The ED ensures that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations.
- iv. The ED provides effective leadership to the Group and is responsible for ensuring high management competency and that an effective management succession plan is in place to sustain continuity of operations.
- v. The ED is the conduit between the Board and the Management in ensuring the success of the Company’s governance and management functions.
- vi. The ED implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the Management is delegated through the ED and this will be considered as the ED’s authority and accountability as far as the Board is concerned.

### **3.6 ROLE OF COMMITTEES**

- i. The Board appoints the following Board Committees with specific Terms of Reference:
  - . Audit Committee
  - . Risk Management Committee
  - . Nomination Committee
  - . Remuneration Committee
- ii. Independent and Non-Executive Directors play a leading role in these Committees Management and third parties are co-opted to the Committees as and when required. The Terms of Reference (“TOR”) of each of the above Committees are set below. Details of the membership and a summary of the TOR of each Committee appointed by the Board are also published in the Annual Report.

#### **3.6.1 Audit Committee**

The Term on Reference is made available on the Company’s website [www.rsb.com.my](http://www.rsb.com.my)

### **3.6.2 Risk Management Committee**

- i. The Risk Management Committee shall comprise at least three (3) members.
- ii. The Risk Management Committee will elect the Board of Director from amongst them as its Chairman.
- iii. The Risk Management Committee's primary responsibilities include:
  - a) Reviewing and categorising risks that the Company is likely to face.
  - b) Reviewing risk management resources, structures and processes and consider and approve changes.
  - c) Approving risk management strategies.

### **3.6.3 Nomination Committee**

The Term on Reference is made available on the Company's website [www.rsb.com.my](http://www.rsb.com.my)

### **3.6.4 Remuneration Committee**

The Term on Reference is made available on the Company's website [www.rsb.com.my](http://www.rsb.com.my)

## **4. COMPOSITION AND BOARD BALANCE**

### **4.1 Size and Composition**

- i. The Board recognises the importance of ensuring a balance of power and authority between the Chairman and the ED with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman (i.e. Non-Executive Chairman) and ED are separated and clearly defined.
- ii. The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. The constitution of the Company provides that there will be a minimum of two directors and a maximum of 15 Directors.
- iii. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.
- iv. Profiles of Board members are included in the annual report of the Company.
- v. The Executive Director(s) are the "Executive" Directors on the Board. However, the views of the Management are represented at meetings of the Board by the presence of senior executives when required.
- vi. If, on any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.

### **4.2 Nomination and Appointments**

- i. The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- ii. The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- iii. Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.

- iv. The Company has adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.
- v. The Company has adopted educational / training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.
- vi. The directorships held by any Board member at any one time shall not exceed ten (10) in listed companies.

#### **4.3 Re-election**

- i. All Directors are subject to retirement by rotation at least once in every three years and is eligible for re-election.

#### **4.4 Independence**

- i. An Independent Non-Executive Director is independent of management and free of any significant business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement, and who otherwise meet the criteria for independence.
- ii. The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- iii. The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- iv. The views of the Independent Directors should carry significant weight in the Board's decision-making process.
- v. The Board undertakes to assess the independence of the Independent Directors on an annual basis upon readmission or when any new interest or relationship develops.

#### **4.5 Tenure of Independent Director**

- i. The tenure of an Independent Director shall not exceed a cumulative term of nine years.

However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval.

- ii. The Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine years.

#### **4.6 Time commitment of for accepting new directorships**

- i. Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.



- ii. Any Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

## **5. PERFORMANCE**

### **5.1 Directors' Assessment / Board Evaluation**

- i. The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees.
- ii. The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis.

### **5.2 Directors' Training and Development**

- i. In addition to the mandatory programmes as required by the Bursa Securities, Board members are encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business.
- ii. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme. The Board shall disclose in the Annual Report the trainings attended by the Directors.

## **6. MEETINGS**

### **6.1 Board meetings**

- i. The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
- ii. The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
- iii. The notice with a full agenda and comprehensive Board papers are circulated to all Directors in advance of each Board meeting.
- iv. The Board papers include amongst others, the following:
  - a) Quarterly financial report and report on the Company's cash and borrowing positions;
  - b) Minutes of meetings of all Committees of the Board;
  - c) A current review of the operations of the Company;
  - d) Reports on Related Party Transactions and Recurrent Related Party Transactions;
  - e) Directors' share-dealings, including public shareholdings spread; and
  - f) Annual Management Plans.
- v. Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

## **6.2 Annual General Meeting (“AGM”)**

- i. The Board regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.
- ii. The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.
- iii. The Chairman encourages active participation by the shareholders during the AGM. To encourage poll voting during the AGM, the Chairman shall inform shareholders of their right to demand for a poll at the commencement of the meeting.
- iv. The Chairman and, where appropriate, the ED responds to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

## **6.3 Extraordinary General Meeting (“EGM”)**

- i. The Board will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

## **7. REMUNERATION POLICIES**

- i. The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
- ii. The level of remuneration for the ED and Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.
- iii. No Director other than the ED and Executive Directors shall have a service contract with the Company.
- iv. There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.

## **8. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

- i. Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgment in decision making.
- ii. Directors will be entitled to:
  - a) Access members of the senior management via the ED at any time to request relevant and additional information or seek explanations;
  - b) Have access to internal and external auditors, without management present to seek explanations or additional information; and
  - c) Seek independent professional advice with the Chairman's prior consent, which will not be unreasonably withheld or delayed, and which will be at the Company's expense.

- iii. The Board has established a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense.

## **9. FINANCIAL REPORTING**

- i. The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.
- ii. The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.
- iii. The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.
- iv. The Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

### **9.2 Company Auditors**

- i. The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee.
- ii. The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors.
- iii. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.
- iv. Appointment of the Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.
- v. To refer to the External Auditors Policy enclosed.

## **10. SHAREHOLDER COMMUNICATIONS**

### **10.1 Investor Relations**

- i. The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- ii. The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- iii. The Company conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.

- iv. A press conference will normally be held after each General Meeting. At this press conference, the Chairman or ED will give a press release stating the Company's results, their prospects and outline any specific event for notation. All press releases will be vetted by the ED to ensure that information that has yet to be released to Bursa Securities is not released to the press.
- v. The Company leverage on information technology for effective dissemination of information. The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

## **10.2 Other Stakeholders**

- i. In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regards, the needs and interests of other stakeholders are also taken into consideration.

## **10.3 Employees**

- i. The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.
- ii. The Company adopts comprehensive policies and procedures with respect to the following:
  - a) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
  - b) Industrial relations with the objective of managing employees' welfare and well-being in the workplace.
- iii. In line with best practice, the Company has established an Occupational Safety and Health (OSH) Division for the effective management of safety and health issues. It is a forum for discussion and the development of new ideas, for the improvement of Safety and Health programmes.

## **10.4 Environment**

- i. The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.
- ii. The Company adopts comprehensive policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.
- iii. The Company supports initiatives on environmental issues.

## **10.5 Corporate Social Responsibility ("CSR")**

- i. The Board acknowledges that the Company plays a vital role in contributing towards the staff welfare and of the community in which it operates.
- ii. The Company supports charitable causes and initiatives on community development projects.

## **10.6 PROMOTE SUSTAINABILITY VIA CSR**

- i. The Company is committed to fulfil its CSR and contribute to the realisation of a sustainable future by drawing on strengths based on its core activities. The Company's commitment towards achieving its CSR vision which is in line with the Company's Corporate mission through:-

- (a) Focussing on the responsibility emphasised in its corporate philosophy;
- (b) Heartening the communities in which it operates;
- (c) Maintain high integrity at the marketplace through ethical business conduct, good corporate governance practices and enhancement of the stakeholders' value;
- (d) Creating a safe and conducive working environment for its employees with great concerns on their safety, health and welfare; and
- (e) Minimising its impact on the environment through implementation of environmental friendly work processes.

## **11 COMPANY SECRETARY**

- i. The Board appoints Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- ii. The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- iii. The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- iv. The Company Secretary should advise Directors of their obligations to adhere to matters relating to:
  - a) disclosure of interest in securities;
  - b) disclosure of any conflict of interest in a transaction involving the Company ;
  - c) prohibition on dealing in securities; and
  - d) restriction on disclosure of price-sensitive information.
- v. The Company Secretary must keep abreast of, and inform, the Board of current governance practices.
- vi. The Board members have unlimited access to the professional advice and services of the Company Secretary.

## **12 CONFLICTS OF INTERESTS**

- i. Directors must:
  - a) Disclose to the Board (through the Secretary and/or Chairman) any actual or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue;
  - b) Take any necessary and reasonable measures to try to resolve the conflict; and
  - c) Comply with the Companies Act provisions on disclosing interests and restrictions on voting.
- ii. If a conflict or potential conflict situation exists, it is required that the conflicted Director shall be absent from the meeting whilst the Board discusses the matter and not vote on the matter, unless the other directors who do not have a material personal interest in the matter have passed a resolution that states that those directors are satisfied that the interest should not disqualify the director from being present.
- iii. Directors are expected to advise the Company Secretary of any proposed Board or executive Appointment to other companies as soon as practicable.

## **13. WHISTLEBLOWING AND FRAUD**

- i. To refer enclosed Whistleblowing policy.

### **13. APPLICATION**

- i. The principles set out in this Charter are:
  - a) Kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;
  - b) Applied in practice having regard to their spirit and general principles rather than to the letter alone; and
  - c) Summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.
- ii. The Board endeavours to comply at all times with the principles and practices set out in this Charter.
- iii. The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.

Any updates to the principles and practices set out in this Charter will be made available on the Company's website.

**RIMBUNAN SAWIT BERHAD**  
**(“Rimbunan Sawit” or “Company”)**

**CORPORATE DISCLOSURE POLICY AND PROCEDURES**

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**CORPORATE DISCLOSURE POLICY (“DISCLOSURE POLICY”)**

**POLICY STATEMENT**

The Board of Director (the “Board” or the “Company”) is committed to ensuring that communications to the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulator is in accordance with applicable legal and regulatory requirements.

The objectives of the Disclosure Policy are to:

- (a) confirm in writing the existing disclosure policies, guidelines and procedures and ensure consistent approach to the Company’s disclosure practices throughout the Company;
- (b) ensure that all persons to whom this Disclosure Policy applies understand their obligations to preserve the confidentiality of material information;
- (c) effectively increase understanding of the Company’s business and enhance its corporate image by encouraging practices that reflect openness, accessibility and co-operation; and
- (d) reinforce Rimbunan Sawit’s commitment to compliance with the continuous disclosure obligations imposed by Malaysian securities law and regulations and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

**1. APPLICATION OF DISCLOSURE POLICY**

This Disclosure Policy applies to **all director, officers and employees** of the Company and its subsidiaries and those authorised to speak on their behalf (“Rimbunan Sawit Personnel and Officers”). It covers, but is not limited to the following:

- (i) Disclosure documents filed with the Malaysian securities regulator and written statements made in the Company's annual and quarterly reports;
- (ii) Financial and non-financial disclosure;
- (iii) Press releases;
- (iv) Letter to shareholder;
- (v) Presentations by senior management;
- (vi) Information contained on the Company's website and other electronic communications;
- (vii) Oral statements made in group meetings, individual meetings and telephone conversations with member of the investment community (which includes analysts, investor, investment dealer, broker, investment advice and investment manage) or with employees;
- (viii) Interviews with the media;
- (ix) Speeches;
- (x) Industry and investor conferences;
- (xi) News conferences;
- (xii) Conference calls; and
- (xiii) Any other dealings with the general public.

## **2. COMMUNICATION OF DISCLOSURE POLICY**

To ensure that the Disclosure Policy is strictly complied with, copies of the Disclosure Policy will be circulated and made available to all present and new RSB Personnel and Office, either directly or by posting of the Disclosure Policy on RSB'S website at [www.rs.com.my](http://www.rs.com.my). Upon posting of the Disclosure Policy on the Company's website, RSB Personnel and Officers shall be bound by it.

A revised version of this Disclosure Policy will be distributed in accordance with the foregoing methods whenever significant changes are made.

## **3. ADMINISTRATION OF DISCLOSURE POLICY**

### **3.1 General**

Subject to applicable laws and any developments determined by the Board as requiring immediate public disclosure, this Disclosure Policy shall be administered and interpreted by a committee (hereinafter defined as "Disclosure Committee") to be headed by the Executive Director ("ED").

The Disclosure Committee will be responsible for:

- (i) Determining whether information is material information;
- (ii) Timely disclosure of material information in accordance with applicable securities laws and Main Market Listing Requirements of Bursa Malaysia ("Main Market LR");
- (iii) Monitoring compliance with this Disclosure Policy; and
- (iv) Overseeing Rimbunan Sawit's disclosure controls and procedures.



Each member may appoint or designate. Decisions of the Disclosure Committee shall be made by a majority of its member or their designates. Where however, at least two member of the Disclosure Committee or their designates are not reasonably available for consultation on a particular issue in the time required to make a determination on such issue, the remaining member of the Disclosure Committee, or their designates, are authorised to make any determination required to be made by the Disclosure Committee in this Disclosure Policy.

### **3.2 Disclosure Committee**

The member of the Disclosure Committee will be:

- (i) Group Executive Director (“ED”);
- (ii) Chief Accountant (“CA”); and
- (iii) Company Secretary (“Co Sec”).

The CA will serve as the primary contact person for the Disclosure Committee and will engage other member as necessary and appropriate to the matter at hand. In his or her absence.

## **4. AUTHORISED SPOKESPERSONS**

The Company designates the ED as the spokesperson (“Authorised Spokesperson”) responsible for communication with the investment community, regulator or the media members can be contacted for matters referred to in this Disclosure Policy.

*Note:*

*In the absence of the Authorised Spokesperson(s), the Authorised Spokesperson may, from time to time, designate others within the Company to speak on behalf of the Company or to respond to specific inquiries. There could be blanket delegation on routine matters.*

Rimbunan Sawit Personnel and Officers who have not been designated by the Authorised Spokespersons **MUST NOT** respond under any circumstances to inquiries from the investment community, the media or others. All such inquiries should be referred to the Authorised Spokesperson or to those persons designated by the Authorised Spokesperson, from time to time.

## **5. ANNUAL POLICY REVIEW**

The Disclosure Committee will review this Disclosure Policy from time to time and recommend updates to the Board, if necessary. Any material changes proposed to this Disclosure Policy will be subject to the approval of the Board.

## **6. MAINTAINING CONFIDENTIALITY**

Any employee privy to confidential corporate information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business or required by law or authorised by the Disclosure Committee. Efforts will be made to limit access to such confidential information to only those who “need to know” the information.

Outside parties privy to undisclosed material information concerning the Company will be told that they must not divulge such information to anyone else. Management shall ensure that such outside parties confirm their commitment to non-disclosure under a written confidentiality agreement.

For prevention of misuse or inadvertent disclosure of material information, the following general procedures should be observed at all times:

**(i) Security and code names**

Documents and files containing confidential information should be kept in a safe place or within the Company's secured IT system, with accessibility restricted to individuals who "need to know" in the necessary course of their work. Code names should be used, where necessary.

**(ii) No discussion in public places**

Confidential matters should not be discussed in places where the discussion may be overheard, including but not limited to, elevators, hallways, restaurants, bars, restrooms, airplanes or taxis.

If confidential matters must, of necessity or urgency, be discussed on wireless devices in public places, caution should be exercised by the participants. In such cases, the identity of any relevant party should be cryptic or in code.

**(iii) Exercise caution when reading confidential documents in public places**

One should exercise caution when reading of confidential documents or blackberries, smart phones or other personal digital assistant devices in public places.

**(iv) Accompanying visitors**

Visitors should be accompanied by Company personnel to ensure that they are not left alone in offices or sites containing confidential information.

**(v) Non-participation in social media on matters relating to Company**

To mitigate the risk of inadvertently disclosing or publishing material and non-public information, employees are strictly prohibited from participating in Internet blogs, chat rooms, similar social media forums (such as Twitter, LinkedIn or Facebook) or newsgroup discussions on matters pertaining to the Company's business and affairs or its listed securities unless authorised to do so by an Authorised Spokesperson.

## **7. DISCLOSURE CONTROLS AND PROCEDURES**

### **7.1 Material Information Release Guidelines**

Guided by the Main Market LR, material information is generally considered to be any information relating to the business, operations and financial performance of the Company that results in, or would reasonably be expected to result in a significant change in:

- (i) the market price, value or market activity of the Company's securities; or
- (ii) the decision of a holder of securities of the Company or an investor in determining his choice of action.

For general guidance, the following are some examples of events which may require immediate disclosure to Bursa Malaysia by the listed issuer (non-exhaustive):

#### **Types of events which may require immediate announcement to Bursa Malaysia**

- (i) the entry into a joint venture agreement or merger;
- (ii) the acquisition or loss of a contract, franchise or distributorship rights;
- (iii) the introduction of a new product or discovery;
- (iv) a change in management;
- (v) the borrowing of funds;
- (vi) the commencement of or the involvement in litigation and any material development arising from such litigation;
- (vii) the commencement of arbitration proceedings or proceedings involving alternative dispute resolution methods and any material development arising from such proceedings;
- (viii) the purchase or sale of an asset;
- (ix) a change in capital investment plans;
- (x) the occurrence of a labour dispute or disputes with sub-contractors or suppliers;
- (xi) the making of a tender offer for another corporation's securities;
- (xii) the occurrence of an event of default on interest, principal payments or both in respect of loans;
- (xiii) a change in general business direction;
- (xiv) a change of intellectual property rights;
- (xv) the entry into a memorandum of understanding; or
- (xvi) the entry into any call or put option or financial futures contract.

### **7.2 Basic Disclosure Principles**

In complying with the requirement to disclose all material information under applicable laws and the Main Market LR in a timely manner, the Company, Rimbunan Sawit Personnel and Officers shall adhere to the following basic disclosure principles:

#### **(i) Immediate announcement to Bursa Malaysia**

Subject to the terms of this Disclosure Policy, material information will be announced immediately to Bursa Malaysia first and made available at the Company's website.

**(ii) Consistent approach to materiality**

The Company would endeavour to take a consistent approach to materiality.

**(iii) Material information to be temporarily kept confidential if detrimental to the interest of the Company**

Material information may be kept confidential temporarily if the immediate release of the information would be unduly detrimental to the interests of the Company. In such cases, the information will be kept confidential until the Disclosure Committee determines it is appropriate to publicly disclose or that the Company has a legal obligation to do so.

**(iv) Factual and non-speculative disclosure**

Disclosure must be factual and non-speculative and must include any information the omission of which would make the rest of the disclosure misleading.

**(v) Prompt disclosure of unfavourable material information**

Unfavourable material information must be disclosed as promptly and completely, consistent to favourable information.

**(vi) Inadvertent disclosures to be disclosed immediately via announcements**

If previously undisclosed material information has been inadvertently disclosed, such information must be broadly disclosed immediately via announcements. In certain circumstances, applicable securities laws allow for selective disclosure where doing so is in the necessary course of business.

**(vii) Immediate correction of material error in disclosure**

Disclosure must be corrected immediately if the Company subsequently learns that an earlier disclosure by the Company contained a material error at the time it was originally distributed.

**(viii) Rumours and Reports**

The Company does not comment on rumours unless there is significant reaction in the market for the Company's listed securities. The Company's Authorised Spokesperson or designates will respond consistently to all **verbal** rumours, saying, "*It is our policy not to comment on market rumours or speculation.*"

However, should rumours be published in the **printed form** and relate to specific material information, the Disclosure Committee shall consider the matter and undertake due enquiry before deciding on the form of statement to be made regarding the rumour.

**(ix) No informal meetings or “off the record” comments**

The Company shall not conduct any “**informal meetings**” or make any “**off the record**” comments.

**(x) Equal access to material information**

All investors must have equal access to material information. Selective disclosure is not allowed.

**7.3 Public Disclosure Materials**

Announcements to Bursa Malaysia and where applicable, press releases, responses to public queries or media interviews (“Public Disclosure Materials”) must contain sufficient detail in plain language to enable investors and media personnel to understand the true substance, importance and relevance of the information so that investors and other important stakeholders may make informed investment decisions.

Once the Disclosure Committee determines that a development is material and must be disclosed, the issuance of an announcement will be authorised. In addition to an announcement made pursuant to the requirements of the Main Market LR, a press release may also be issued.

The Public Disclosure Materials must:

- (i) be circulated for input to the Disclosure Committee and/or other individuals as may be designated by the Disclosure Committee;
- (ii) approved by the Disclosure Committee;
- (iii) be checked for content keeping in mind confidentiality and/or approval obligations contained in partnership and joint venture agreements;
- (iv) be issued in accordance with the Main Market LR (where applicable to the Company); and
- (v) for press releases, include the name and contact numbers (phone, e-mail and fax) of at least one Company representative who has been designated by the Disclosure Committee to communicate with the investment community and/or the news media.

All announcements made to Bursa Malaysia are available on the Bursa Malaysia’s website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The Company will endeavour to post all major public announcements immediately upon issuance on the Company’s website at [www.rsb.com.my](http://www.rsb.com.my). The announcement and if applicable, the press release page of the website shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent news releases.

## **7.4 Misrepresentations**

The Disclosure Committee should be promptly notified if any person, to whom this Disclosure Policy applies, becomes aware that:-

- (a) any information publicly disclosed by the Company contained or may have contained a misrepresentation; or
- (b) there has been or may have been a failure to make timely disclosure of material information.

The Disclosure Committee, after conducting a reasonable investigation of the information, shall endeavour to ensure that the material information, or correction thereof, as the case may be, is promptly disclosed in accordance with applicable laws and the Main Market LR.

## **7.5 Reports, Statements or Opinions by Experts**

Prior to any public statement or disclosure or a filing with a securities regulatory authority by the Company or by a person on behalf of the Company that includes summaries or quotes from a report, statement or opinion made by an “expert” (as defined in the Main Market LR) and unless the Disclosure Committee determines otherwise, the Company shall obtain the written consent of such expert to such statement, disclosure or filing (which has not been withdrawn in writing by the expert prior to the Company’s disclosure or filing).

Adequate measures should be taken to determine that the Company or the relevant person does not know and has no reasonable grounds to believe that there is a misrepresentation in the applicable statement, disclosure or filing made on the authority of the expert and that the statement, disclosure or filing fairly represents the report, statement or opinion made by the expert.

## **7.6 Insider and Employee Trading**

### ***7.6.1 Application***

Under Section 188(1) of the Capital Market & Services Act 2007 (“CMSA”), a person is an “insider” if that person:

- (a) possesses information that is not generally available which on becoming generally available a reasonable person would expect it to have a material effect on the price or the value of the securities; and
- (b) knows or reasonably ought to know that the information is generally not available.

In addition, Section 188(2) of the CMSA states that an insider shall not, whether as principal or agent, in respect of any securities to which information in subsection 188(1) relates:

- (a) acquire or dispose of, or enter into an agreement for or with a view to the acquisition or disposal of such securities; or
- (b) procure, directly or indirectly, an acquisition or disposal of, or the entering into an agreement for or with a view to the acquisition or disposal of such securities.

Based on the above definitions, these persons would include but not limited to the following:

- (i) Directors and officers of the Company and subsidiaries;
- (ii) Employees;
- (iii) Persons who provide business or professional services to Rimbunan Sawit; and
- (iv) Any other person or company informed about undisclosed material information about Rimbunan Sawit by any of the above parties.

As such, the persons stated above with insider knowledge of undisclosed material information, is **prohibited from trading** in the Company's securities **until after the information has been publicly disclosed**.

### ***7.6.2 Trading Restrictions***

It is prohibited for anyone with knowledge of material information affecting the Company which has not been publicly disclosed, to purchase or sell securities of the Company. Except in the necessary course of business, it is also illegal for anyone to inform or tip any other person of material non-public information. Questions as to whether information is material, potentially material or whether such information has previously been disclosed in accordance with this Disclosure Policy should be directed to the ED or Company Secretary.

### ***7.6.3 Blackout Periods***

The Rimbunan Sawit Group subscribes to the "Blackout Period" (also known as "Closed Period") as stated in the Main Market LR, defined as a period commencing 30 calendar days before the targeted date of announcement up to the date of the announcement of Rimbunan Sawit's quarterly results to Bursa Malaysia.

During Blackout Periods, the Authorised Spokesperson is **prohibited** from commenting on current period earnings estimates and financial assumptions, other than to cite or refer to existing public guidance. Communications must be limited to commenting on publicly available or non-material information.

The Authorised Spokesperson must also avoid initiating meetings (in person or by phone) with investment analysts, security holders, potential investors and the media on items significant to investors, other than responding to unsolicited inquiries concerning factual information.

Rimbunan Sawit does not, however, have to stop all communications with analysts or investors during this period and may, for example, participate in investment meetings and conferences organised by other parties, as long as material information which has not been publicly disclosed, is not selectively disclosed

## **7.7 Forward-Looking Information**

From time to time, the Company may convey its future direction to the public in order to assist the market to accurately value the Company's securities. The Company shall only discuss general trends, events, commitments and uncertainties that are reasonably expected based on historical and currently known data.

Documents containing forward-looking information will be accompanied by a "Cautionary Statement" which cautions the reader on the risks and uncertainties that could cause actual results and developments to differ materially from those envisaged in the forward-looking information. It includes a statement to disclaim the Company's intention or obligation to update the forward-looking information, whether as a result of new information, future events or otherwise.

## **8. DEALINGS WITH INVESTMENT COMMUNITY**

### **8.1 Analysts, Investor and the Media**

The Authorised Spokesperson may meet with analysts, institutional investor, media and other market professionals on an individual or small group basis as needed and will initiate contacts or respond to their calls in a timely, consistent and accurate fashion in accordance with this Disclosure Policy.

If during such meetings or responses to the calls, there is inadvertent selective disclosure of previously undisclosed material information, the Company will immediately disclose such information via Public Disclosure Materials.

### **8.2 Investor & Industry Conferences**

Copies of presentations made during investor and industry conferences will be made available on the Company's website within one (1) week after the conference or when material information in the presentation becomes superseded by a more recent event.

### **8.3 Analyst Reports**

Analysts may from time to time request the Company to review draft analysts' reports and only the Authorised Spokesperson will comment on such reports. Comments will be limited to identifying publicly disclosed factual information that could affect the analyst's model and to pointing out inaccuracies or omissions with reference to publicly available information. The Company **will not attempt to influence** an analyst's conclusions.

The Company will not externally distribute analyst's research reports but, if requested, will advise which analysts follow the Company, accompanied by an appropriate disclaimer that the view expressed in any reports, including all forward-looking information, are the views of the analysts and not of the Company.



#### **8.4 Review of presentations and hand-out materials**

The Investor Relations personnel should provide an advance copy of all presentation materials to the Disclosure Committee who will review the presentation material, handouts and speaking notes for accuracy and consistency with other public disclosures. The Disclosure Committee will confirm with the Investor Relations personnel whether the contents or remarks are acceptable from a disclosure perspective

#### **8.5 Corporate Website**

All the Company's publicly disclosed material information and presentations to analysts and conferences will be made available through the corporate website for a reasonable period of time. **Investor Relations & Corporate Communications personnel** are responsible to ensure that the Company's website be kept up-to-date with the Company's latest disclosures.

### **9. DISCLOSURE RECORD**

The Investor Relations & Corporate Communications department will maintain a file containing all public information about the Company (other than information that is already electronically filed with Bursa Malaysia), including all press releases, analysts' reports commented on, transcripts or tape recordings of conference calls, investor presentations, executive speeches, and as much as practicable, significant media articles on the Company.

### **10. ENFORCEMENT**

Any employee who violates this Disclosure Policy may be cautioned or face disciplinary action up to and including termination of his or her employment with the Company. If it appears that the employee may have also violated certain securities laws, the Company may refer the matter to the appropriate regulatory authorities for further investigations.

If any of Rimbunan Sawit Personnel and Officer has any doubts as to their responsibilities under this Disclosure Policy, they should seek clarification and guidance from the Disclosure Committee.

**RIMBUNAN SAWIT BERHAD**  
**(“Rimbunan Sawit” or “Company”)**

**EXTERNAL AUDITORS POLICY**

1. Pursuant to section 67(1) of the FSA or section 76(1) of the IFSA, as the case may be, an auditor appointed by a licensed person shall meet the qualification criteria set out in paragraph below and shall continue to meet the criteria throughout the audit engagement. In this regard, the Audit Committee/Board shall obtain, review and independently verify through reasonable means all relevant information necessary to support its assessment of the auditor’s compliance with the qualification criteria specified below:-

If during the course of an audit, the auditor no longer fulfils any of the qualification criteria or requirements specified in this policy document, the licensed person shall immediately notify the Company in writing of that fact and the reasons for not meeting the qualification criteria or requirements.

**The qualification criteria of an auditor are as follows:**

- i. he is registered as an auditor of a public interest entity with the Audit Oversight Board;
- ii. he must not have been convicted of any offence under the FSA, the IFSA or the Companies Act 2016, or of any offence under any other written law involving fraud or dishonesty;
- iii. he shall have adequate staff and the necessary skills, knowledge and appropriate experience to perform the audit of the licensed person with professional competence and due care in accordance with the approved auditing standards and applicable regulatory and legal requirements;
- iv. he shall not have relationships with, or interests in, including an interest in shares of, the licensed person or any of its related entities that are likely to impair his objectivity or independence, and which cannot be reduced to an acceptable level through the application of appropriate safeguards;
- v. he shall not have any record of disciplinary actions taken against him for unprofessional conduct by the Malaysian Institute of Accountants (MIA) where the decision for such disciplinary action has not been reversed by the Disciplinary Appeal Board of the MIA; and
- vi. he must not have served as an engagement partner for a continuous period of more than five years with the same licensed person. An auditor who has been rotated off the audit of a licensed person may resume the role as engagement partner only after a lapse of five years from the last audit engagement with the licensed person.

2. Where non-audit services are provided to the licensed person by an auditor, the board shall ensure that the provision of such service does not impair, either in fact or appearance, the auditor's objectivity, judgment or independence.
3. Where the board relies on attestations provided by an auditor on matters covered in paragraph 2 above, reasonable steps must be taken to establish the veracity of the attestations. At a minimum, the board shall:
  - i. consider information available from public or independent sources which are relevant to the professional conduct of the auditor;
  - ii. consider the auditor's conduct and performance in past assurance engagements with the licensed person; and
  - iii. be satisfied that appropriate measures have been taken by the auditor to prevent the recurrence of past audit lapses that have been observed, including but not limited to, delays in the issuance of audit reports and inadequate audit procedures resulting in the failure to detect material errors or control deficiencies.

### **Terms of an audit engagement**

1. The Audit/Board shall review the terms of an audit engagement prior to confirming an engagement. The agreed terms shall be documented in an audit engagement letter.
2. The terms of an audit engagement shall address the following:
  - i. The objective of the audit;
  - ii. Scope of an audit engagement;
  - iii. Agreement on the audit plan;
  - iv. Responsibilities of the engagement and concurring partners;
  - v. Reports to be prepared by the auditor, including the Auditor's Report and recommendations for improving internal controls;
  - vi. Timing of the audit and audit fees;
  - vii. The use of experts in certain aspects of the audit; and
  - viii. Other significant arrangements in relation to the audit, including responsibilities of the auditor with regard to any change to members of the engagement team during the audit.
3. For the reappointment of an auditor, the existing terms of the audit engagement shall be confirmed for each reporting period and appropriate modifications made as necessary to reflect any material changes in the licensed person which has a bearing on the audit engagement.

### **Scope of an audit engagement**

1. The scope of the audit engagement shall be determined having regard to all activities of a licensed person where the financial reporting risks are material. A licensed person shall take into account any significant changes during the reporting period which may have contributed to an increased risk inherent in the licensed person's internal controls over financial reporting processes, the accuracy of its recording of transactions, and ability to comply with financial reporting standards.

2. Changes that are relevant to a determination under the above paragraph may include business combinations, significant changes in operating structures, processes or key management personnel, the implementation of new reporting standards or regulatory requirements and major systems changes or upgrades.
3. The scope of the audit engagement shall also include recommendations to management for improving internal controls to ensure the fair presentation of the financial statements.
4. The detailed audit programme and audit plan must *at least* include specific procedures to test the licensed person's internal controls over financial reporting in relation to the loan/financing portfolio, investment portfolio and liabilities, as the case may be. These procedures shall include a review and validation of the management's processes for determining the adequacy of provisions for loan/financing impairments, adequacy of reserves for liabilities and values ascribed. The procedures shall be adequate to enable the auditor to form a view as to whether the management's process is based on a comprehensive, adequately documented and consistently applied analysis.

In areas identified as being of high risk or particular concern in any particular financial year(s) having regard to matters covered under above paragraphs, the audit programme and audit plan shall address any additional and specific procedures needed to address these areas.

### **Responsibilities of engagement and concurring partners**

1. An engagement partner and a concurring partner shall be identified for each audit engagement.
2. The engagement partner is principally responsible for the performance of the audit engagement and the auditors' report issued. The concurring partner is responsible for objectively evaluating, before the audit report is issued, the significant judgments made by the engagement team and conclusions reached in formulating the report.
3. The terms of the audit engagement shall be clear as to the responsibilities of the engagement partner to:
  - i. direct, supervise and perform the audit in compliance with the Malaysian Approved Standards on Auditing and the audit firm's internal quality control procedures throughout the audit engagement;
  - ii. ensure that the engagement team collectively has the appropriate capabilities, competence and time to devote to the audit of the licensed person. This shall include relevant audit experience of the team in the financial industry; and
  - iii. ensure that the auditors' report, including any opinions expressed and emphases of matter, is reliable based on sufficient audit evidence and is not misleading in any material respect.
4. The terms of the audit engagement shall also clearly establish that it is the responsibility of the concurring partner to form an objective assessment, based on an appropriate review of selected audit working papers, of:

- i. significant risks identified by the engagement team during the audit and the appropriateness of the team's responses to those risks;
  - ii. whether the audit evidence obtained is sufficient to support the significant judgments made and conclusions reached;
  - iii. whether differences of opinion with management or other contentious matters were appropriately dealt with; and
  - iv. matters which should be communicated to management and where applicable, the Company or other regulatory authority.
5. The board shall take appropriate step to satisfy itself that the concurring partner can reasonably commit the necessary time to carry out the required review of audit documentation to support the assessment required under the above paragraph.
  6. Where the auditor expects or intends to use the work of an external expert to obtain sufficient audit evidence to support the audit, the terms of the audit engagement shall clearly provide that the use of experts does not diminish the auditor's responsibility for the audit reports issued and opinions expressed.

### **Reliance and accountability for the Auditors' Report**

1. A licensed person shall inform its auditor that the Company may rely on the auditors' review and report as input to the Company's supervisory plans under the risk-based approach to supervision, and its on-going assessments of the safety and soundness of the licensed person.
2. A licensed person shall not accept any terms of an audit engagement under which the licensed person agrees to indemnify the auditor against claims made by third parties, release the auditor from liability for claims or potential claims that might be brought by the licensed person against the auditor, or limit the remedies available to the licensed person for professional misconduct.

### **Audit fees**

1. The board should ensure that audit fees are commensurate with the scope of the audit and accountability assumed by an auditor, taking into account the required skills, knowledge and the allocation of time and resources needed to complete the audit assignment in accordance with the requirements set out in this policy document.

# **RIMBUNAN SAWIT BERHAD**

## **(“Rimbunan Sawit” or “Company”)**

### **Whistleblowing Policy**

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### **Whistleblowing Policy**

#### **1.0 Background**

- 1.1 Rimbunan Sawit is committed to promoting and maintaining high standards of transparency, accountability and ethics in the workplace. Ensuring that a process is in place to allow employees to report alleged improper or unlawful conducts without fear of retribution is an integral component of Rimbunan Sawit’s zero tolerance for inappropriate or unlawful workplace conduct.

Rimbunan Sawit is committed to maintaining an atmosphere of mutual workplace respect and proper business behaviour which is vital to the integrity and success of the organisation. Implementing a structurally sound and business-effective whistleblowing policy is a significant step towards this end.

- 1.2 This Policy is designed to provide employees with proper internal reporting channels and guidance to disclose any wrongdoing or improper conduct relating to unlawful conducts, inappropriate behaviour, malpractices, any violation of established written policies and guidelines within Rimbunan Sawit or any action that is or could be harmful to the reputation of the Company and/or compromise the interests of the shareholders, clients and the public without fear or victimisation and/or subsequent discrimination.

Strategies and procedures that are incorporated in this Policy (including whistleblower protection against retaliation) aim to address issues such as reporting, responsibility, confidentiality and effective investigation and resolution.

- 1.3 The measures documented in this Policy endeavour to improve the operation of the whistleblowing process, eliminate the risk of retaliation and detrimental action against whistleblowers and to improve the integrity of the organisation as a whole through transparent policies and effective procedures.
- 1.4 This Policy has been adapted to promote alignment with the Whistleblower Protection Act 2010, Companies Act 216 and Capital Market and Services Act 2007.
- 1.5 This Policy should be read together with Rimbunan Sawit's Board Charter.

## **2.0 Scope of the Policy**

- 2.1 All employees (including full-time, part-time or temporary staff) may disclose to authorised personnel (see REPORTING PROCEDURES below) any wrongdoing or improper conduct (see REPORTABLE CONDUCT) within Rimbunan Sawit which he has become aware of or genuinely suspects based on his reasonable belief that any person has engaged, is engaged or is preparing to engage in. Any employee who discovers or suspects any wrongdoing or improper conduct should not attempt to conduct investigations personally or interrogate any suspect.
- 2.2 This Policy covers all matters involving Rimbunan Sawit's employees and any other person providing services to Rimbunan Sawit, including consultants, vendors, independent contractors, external agencies and/or any other party with a business relationship with Rimbunan Sawit.

Investigations will be conducted regardless of suspected perpetrator's length of service, position/title, social status or relationship to Rimbunan Sawit.

- 2.3 A disclosure of wrongdoing or improper conduct under Section 2.1 may also be made notwithstanding:
  - (a) the employee making the disclosure is not able to identify a particular person to which the disclosure relates; or
  - (b) the wrongdoing or improper conduct has occurred before the effective date of this Policy.
- 2.4 Any disciplinary action to be taken against Rimbunan Sawit's employees after the conclusion of investigations of this nature shall be in accordance with Rimbunan Sawit's Disciplinary Policy. In the case of proven wrongdoing or improper conduct involving an external party, this fact shall be made known in the FIR (as defined hereinafter) to the GMD and Audit Committee in order for them to decide on the next course of action.

## **3.0 Policy Statement**

- 3.1 Rimbunan Sawit is committed to complying with the laws and regulations by which it is governed, as well as other applicable laws and regulations. An integral component of this commitment is the Company's dedication to abiding by the internal controls and procedures set forth in this Policy.

- 3.2 Rimbunan Sawit recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal wrongdoing or improper conduct or mismanagement of Rimbunan Sawit's resources.
- 3.3 Rimbunan Sawit's internal controls and operating procedures are intended to detect and prevent improper or unlawful conduct, as set out in the Board Charter. However, Rimbunan Sawit recognises that intentional and unintentional violations of laws, regulations, policies and procedures may occur and constitute wrongdoing or improper conduct as defined by this Policy.
- 3.4 Understanding this potential, Rimbunan Sawit is implementing an efficient and effective whistleblowing system that contains procedural requirements and guidelines. Specifically, this system addresses the reporting system, assessment of disclosures, the investigation of alleged improper activity, the management of the whistleblower (to include welfare and confidentiality) and the review process for ensuring the policy and procedures remain effective.
- 3.5 The management of Rimbunan Sawit is responsible for the detection and prevention of wrongdoings, irregularities, and/or other improper or unethical conduct.
- The management of Rimbunan Sawit is expected to familiarise themselves with the types of wrongdoing or improper conduct that may occur within his or her department or area of responsibility, and to be alert for any indication of wrongdoing or improper conduct.
- 3.6 No employee can use his or her position to prevent other employees from exercising their rights or complying with their obligations as indicated in this Policy.

## **4.0 Wrongdoing or Improper Conduct**

### **4.1 Limitation**

- 4.1.1 This Policy does not apply to grievances concerning an individual's terms of employment or other aspects of concerns or complaints within the scope of Rimbunan Sawit's Guidelines on Grievance Reporting by the Human Resource Department. Sexual harassment complaints shall be dealt with in accordance with Rimbunan Sawit's Guidelines for Dealing with Complaints of Sexual Harassment.
- 4.1.2 Should it be determined during preliminary assessment or investigation that the matter disclosed does not fall within the scope of this Policy, such matter will be transferred to the appropriate personnel of the relevant department(s) for appropriate procedures and actions to be taken.

### **4.2 Reportable Conduct**

- 4.2.1 The following is a non-exhaustive list of examples of wrongdoing or improper conduct under the scope of this Policy:



- (a) conduct which constitutes a criminal offence under the law, such as fraud, corruption, forgery, cheating, criminal breach of trust, insider trading, abetting or intending to commit criminal offence;
- (b) conduct which is in contravention of established written policies and guidelines including but not limited to breach of confidentiality, late arrival to work, failure to carry out superior's instructions/orders, misuse of company property and assets; violations of Rimbunan Sawit's Board Charter, policies, guidelines and procedures and/or any conduct which undermines the ethical values of the Company, i.e. integrity, honesty, accountability, transparency, fairness and the like even though there may not (yet) be any laws or procedures governing such unethical conduct;
- (c) gross waste of the Company's resources or intended destruction of the Company's property;
- (d) any other conduct which may cause loss to the Company, or otherwise be detrimental to the interests of shareholders, clients and the public;
- (e) failure to comply with Rimbunan Sawit's contractual obligations or statutory obligations;
- (f) any action which creates risk (actual or potential) to the health and safety of any individual; or
- (g) any attempt to conceal or suppress information relating to the above.

### **4.3 Adherence to Disciplinary Policy**

- 4.3.1 For the purpose of clarification, strict adherence to the policy and procedures stated in the Disciplinary Policy, including but not limited to the punishment authority and issuance of show-cause letter, is mandatory before Rimbunan Sawit can take any disciplinary action against any employee.
- 4.3.2 The principle of natural justice will be followed in this Policy. This principle concerns procedural fairness. In practice, procedural fairness means that the parties implicated will each have a chance to put forth their views and be heard, in accordance with the Disciplinary Policy. They will also have the right to respond to any allegations made against them. Following procedural fairness protects the rights of all individuals and enhances confidence in the process. Employees charged with the responsibility of dealing with concerns raised under this Policy and the Disciplinary Policy shall do so in a sensitive, respectful and impartial manner.

## **5.0 Reporting Procedures**

### **5.1 Form of Reporting**

- 5.1.1 A disclosure of wrongdoing or improper conduct may be made orally or in writing (via such channels as a letter or electronic mail). Disclosures made under this Policy shall at least contain a brief summary of the allegation, names of possible individuals involved or witnesses to the incidence(s) in question, date(s), place(s) and other relevant information.

- 5.1.2 It is advisable for verbal disclosures to be reduced in writing and signed by the whistleblower before the Investigator as soon as practicable to avoid any misunderstanding or misinformation.
- 5.1.3 If an employee chooses to make a report under this Policy by way of a letter, delivered either by hand or by post to the ED or Chairman of the Audit Committee, such letter must be properly sealed in an envelope labelled “PRIVATE AND CONFIDENTIAL-DO NOT OPEN IF NOT THE ADDRESSEE” on the top left corner of the envelope. to ensure that no one else except the addressee as stated on the envelope opens the envelope.

Example:

**PRIVATE AND CONFIDENTIAL  
DO NOT OPEN IF NOT THE ADDRESSEE**

Chairman of Audit Committee  
Rimbunan Sawit Berhad  
North Wing, Menara Rimbunan Hijau,  
101 Pusat Suria Permata,  
Jalan Upper Lanang  
96000 Sibul, Sarawak

## **5.2 To Whom Should Disclosures be made?**

- 5.2.1 Any wrongdoing or improper conduct that is discovered or genuinely suspected shall be reported immediately to Rimbunan Sawit’s Audit Committee who will then perform a preliminary assessment of the seriousness of the matter disclosed.
- 5.2.2 If the matter involves the internal auditor or Audit Committee Member, employees can report the matter directly to the ED.
- 5.2.3 In cases of allegations concerning the ED, employees may report such allegations to the Chairman of the Audit Committee who will direct the matter to the Audit Committee.

## **6.0 Investigation Process**

### **6.1 Investigation Authority**

Only the Audit Committee, ED and internal auditor or specific persons specifically directed by the Audit Committee (“Investigator”) have the right to carry out investigations under this Policy.

### **6.2 Jurisdiction**

- 6.2.1 With regards to allegations that are trivial or which have insignificant or no adverse impacts on Rimbunan Sawit’s business and reputation, the Audit Committee may conduct investigations on his or her own. However, the ED has the right to appoint Internal Auditor to participate in or personally conduct the investigation which falls within the jurisdiction of the Audit Committee.

- 6.2.2 In cases where the allegation has serious and significant adverse impacts on the Company which is beyond the ambit and jurisdiction of the Audit Committee, shall then report and refer the concern raised to the ED for his further instruction and investigation.
- 6.2.3 Should the ED feel that the concern raised is serious and has significant adverse impacts on the Company (including but not limited to serious fraudulent activities, criminal breach of trust and corruption), the matter shall be reported to the Audit Committee for their deliberation.
- 6.2.4 If the issue cannot be resolved and warrants further scrutiny and investigation, the Audit Committee may set up an Investigation Committee (please refer to Appendix 2: Investigation Committee's Investigation Process) to investigate the matter independently. The Investigation Committee shall consist of three (3) members of the same or higher rank than the person implicated who are not directly involved with the case and shall include at least one member of the Audit Committee.
- 6.2.5 In addition to the setting up of the Investigation Committee, the Audit Committee may request for further investigations to be performed by the internal auditor or other specific persons decided by the Committee in writing (i.e. external auditor).
- 6.2.6 The Investigator is bound to follow the steps in this Policy while conducting investigations under this Policy.

### **6.3 Objectives of Investigation**

The objectives of an investigation are:

- a) To collate information relating to the allegation as quickly as possible. This may involve taking steps to protect or preserve documents, materials and equipment;
- b) To consider the information collected and draw conclusions objectively and impartially;
- c) To maintain procedural fairness in the treatment of witnesses and the person who is the subject of the disclosure;
- d) To protect the identity of the whistleblower; and
- e) To make recommendations to the relevant approving authority arising from the conclusions drawn concerning remedial or other appropriate actions.

### **6.4 Timeline**

- 6.4.1 This Policy is designed to resolve concerns raised in an impartial, respectful and timely manner through a process of thorough investigation.
- 6.4.2 It is expected that investigations will be finalized in a timely manner wherever possible, with cases resolved within sixty (60) days from the date of receipt of disclosure.

However, there may be circumstances where cases may take a longer period of time to resolve, but speedy resolutions will take priority.

## **6.5 Terms of Reference**

- 6.5.1 Before commencing an investigation, the Investigator will draw up terms of reference and obtain authorisation for those terms from the ED or the Audit Committee.
- 6.5.2 The terms of reference will set a date by which the investigation report is to be concluded, and will describe the resources available to the Investigator to complete the investigation within the time set. The terms of reference will require the Investigator to make regular reports to the ED or the Audit Committee regarding the progress of the investigation.

## **6.6 Reporting Requirements**

- 6.6.1 The Investigator is required to report all concerns raised, the status of all pending and on-going investigations, and any action taken or to be taken as a result of the investigations, as well as the status of follow-up actions taken by the Human Resource Department to the ED and the Audit Committee.
- 6.6.2 A report approved by the Audit Committee shall be submitted to the Board of Directors if the outcome of the investigation substantiates that fraudulent or unlawful activities have occurred within Rimbunan Sawit.

## **6.7 Conduct of Investigation**

- 6.7.1 The Investigator shall, as soon as it is practicable upon receipt of concerns raised under this Policy, conduct a preliminary assessment on the available information received. This may require a preliminary interview with the whistleblower (if applicable) to obtain additional information.
- 6.7.2 During the course of the investigation, interviews must be conducted whenever possible with all relevant witnesses, and every attempt must be made to gather all pertinent data and materials from all available sources. All interviews and activities associated with the investigation must be documented in writing and filed for the purpose of record to support the findings, recommendations and/or actions taken.
- 6.7.3 It is in the discretion of the Investigator to allow any witness to have representation or support during an interview. If a witness has a special need for representation or support, permission should be granted.

## **6.8 Final Investigation Report (“FIR”)**

- 6.8.1 At the conclusion of the investigation, the Investigator will submit an FIR of his or her findings to the ED or the Audit Chairman, as appropriate.
- 6.8.2 The FIR will contain the following:
- a) The allegation(s);

- b) An account of all relevant information received and, if the Investigator has rejected evidence as being unreliable, the reasons for this opinion having been formed;
- c) The conclusions reached and the basis for them; and
- d) Any recommendations arising from the conclusions.

6.8.3 The Investigator will include in the FIR:

- a) The steps that need to be taken by Rimbunan Sawit to prevent the conduct from continuing or re-occurring in future; and
- b) Any action that should be taken by Rimbunan Sawit to remedy any harm or loss arising from the conduct. This action may include bringing disciplinary actions against the person(s) responsible for the conduct, and referring the matter to the appropriate authority for further consideration and approval.

6.8.4 The FIR will be accompanied by:

- a) The transcript or other records of any oral evidence taken; and
- b) All documents, statements or other exhibits received by the Investigator and accepted as evidence during the course of the investigation.

6.8.5 The FIR will not disclose particulars likely to lead to the identification of the whistleblower.

6.8.6 The Head of Department does not have the authority to terminate an employee. If applicable, a formal written instruction shall be issued to the Human Resource Department to follow up with necessary actions in accordance with the Disciplinary Policy once the recommendations put forth in the FIR are approved by the appropriate approving authority. The Human Resource Department shall inform the ED, and/or Audit Committee of the status of the follow-up actions.

## **7.0 Referral to External Examination Authority**

Referral of the investigation to the appropriate enforcement body for independent investigation or initiation of civil action will be executed with legal counsel.

## **8.0 Confidentiality**

### **8.1 Secrecy**

8.1.1 To avoid the reputation loss of the person implicated and to protect the Company from potential civil liability, the recipient of the report made under this Policy, the whistleblower or any person who is involved in the investigation process shall not discuss or disclose information relating to disclosure or any part thereof, status or outcome of investigation, except where:

- (a) disclosure is made to those who are authorised under this Policy and have a legitimate need to know;
- (b) disclosure is required by law or by the legally binding requirements of any statutory authority; or
- (c) disclosure is made on a strictly confidential basis to a professionally qualified lawyer for the purposes of obtaining legal advice.

8.1.2 The whistleblower should be informed of the following:

- (a) do not contact the suspected individual in an effort to determine facts or demand restitution; and
- (b) do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Investigator.

8.1.3 No information concerning the status of an investigation will be given out other than as permitted under paragraph

8.1.4 The proper response to any inquiry is:

“I am not at liberty to discuss this matter.” Under no circumstance should any reference be made to “the allegation,” “the crime,” “the fraud,” “the forgery,” “the misappropriation,” or any other specific reference. Unauthorised disclosure of information other than in accordance with this Policy may be the subject of disciplinary action.

## **8.2 Referral to External Enforcement Authority**

### **8.2.1 Status of Investigation**

8.2.1 All inquiries concerning the status of the investigation from the person implicated, his or her attorney or representative, or the whistleblower should be made in writing and directed to the Audit Committee Chairman or the ED.

8.2.2 A response to a written request for the status of the investigation will be provided within 28 days from the date of such written request.

### **8.3 Safekeeping of records**

8.3.1 A confidential record of each reported matter and related documents shall be marked “CONFIDENTIAL” and stored securely by Internal Audit Department for no fewer than seven (7) years.

8.3.2 It is the responsibility of the Internal Audit Department to place documents on file under the names of each party (where appropriate) in order that it will be immediately apparent if a particular person is involved frequently in complaints.

## **9.0 Protection of the Whistleblower**

### **9.1 Good Faith and Protection against Retaliation**

9.1.1 Disclosure under this Policy must be raised in good faith and must not be based on office gossip nor must it be made for purposes of personal advantage or gain. Employees should have reasonable grounds for believing or suspecting that there is wrongdoing or improper conduct within Rimbunan Sawit. For the purposes of this Policy, “good faith” means the unequivocal belief in the veracity of the matter disclosed.

9.1.2 Any employee who discloses wrongdoing or improper conduct in good faith and in compliance with the provisions of this Policy shall be protected against any act of retaliation. For the purposes of this Policy, “retaliation” is defined as any action or threat of action which is unjustly detrimental to the whistleblower because of his/her report, including, but not limited to, harassment, discrimination and acts of vindictiveness, direct or indirect, that are recommended, threatened or taken against the whistleblower.

9.1.3 Rimbunan Sawit reserves the right to take disciplinary action against those who:

- (a) wilfully disclose any matter through the whistleblowing mechanism under this Policy, knowing the matter to be false; or
- (b) make reports with the intention to deceive or misinform.

### **9.2 Protection of Identity**

9.2.1 If the whistleblower requests to have their identity protected, the Investigator will ensure the whistleblower is informed concerning the handling of a protected disclosure in an investigation. Rimbunan Sawit and the Investigator will not disclose his or her identity to any third party without his or her consent except where disclosure is required by law or by the legally binding requirements of any statutory authority or on a strictly confidential basis to a professionally qualified lawyer for the purposes of obtaining legal advice.

9.2.2 In such a case, the Investigator is required to notify the whistleblower before revealing their identity and if possible, before the disclosure of identity, Rimbunan Sawit will discuss with the whistleblower and adopt the next best way to proceed with the matter.

### **9.3 No Immunity**

Reporting under this Policy, however, in no way immunises or shields an employee against action following his or her intentional wrongdoing or improper conduct.

## **10.0 Reporting Anonymity**

Employees may choose to remain anonymous. However, employees are encouraged to disclose their identity in making any report under this Policy, especially if further investigation is required.

## **11.0 Power to Access to Records and Premises**

11.1 The ED or the Investigation Committee have:

- (a) free and unrestricted access to all Rimbunan Sawit's records and premises, whether owned or rented; and
- (b) the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any person who may use or have custody of any such items or facilities when it is within the scope of the investigation.

11.2 The Internal Audit may have the power to access the records and premises provided it is approved in writing by the ED or one of the directors of Rimbunan Sawit.

## **12.0 Advice for Staff Making Disclosure**

12.1 Rimbunan Sawit acknowledges that making disclosures of impropriety is a difficult decision for an employee to make. As the issues that prompt the concern are likely to be complex, the employee should strive to be accurate in his or her observations and claims, and keep formal records documenting relevant events.

12.2 Employees are encouraged to express their concerns at the earliest opportunity so that timely action can be taken.

## **13.0 Monitoring and Review of Policy**

13.1 The Audit Committee is responsible for the interpretation and supervision of the enforcement of this Policy.

13.2 Rimbunan Sawit must diligently monitor these procedures to ensure that they meet the objectives of relevant legislations and remain effective for Rimbunan Sawit, and, if necessary, implement changes subject to the approval of Rimbunan Sawit's Board of Directors.

13.3 The Internal Audit will also monitor any patterns of disclosure of similar behavior, although involving different people, in order to take pro-active steps, such as publicity and education, in an endeavour to decrease the incidence of such improper or unlawful conduct.