

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 2593  
**COMPANY NAME** : United Malacca Berhad  
**FINANCIAL YEAR** : April 30, 2019

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

### **Intended Outcome**

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

### **Practice 1.1**

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board of Directors (the "Board") of United Malacca Berhad ("UMB") is dedicated towards fostering high standards of corporate governance within UMB and its subsidiaries (collectively referred to as the "Group"). This includes a commitment to managing UMB with the highest standards of transparency, accountability and integrity.</p> <p>During the financial year ended 30 April 2019 ("FY 2019"), the Group continued to focus on generating growth and creating value. On 3 January 2019, the UMB entered into three separate conditional sale and purchase agreements ("CSPA") to sell four plantation estates including all moveable assets and buildings erected thereon with an aggregate land area of approximately 1,021 hectares for a total cash consideration of RM 175,145,285. The proposed sale is part of UMB's strategy to raise funds for its Sulawesi joint venture in Indonesia. No employees will be retrenched but will continue to be employed by UMB at its remaining plantation estates.</p> <p>Leveraging on the diverse background of UMB directors, the Board has implemented its diversification strategy and business plans. For FY 2019, the Board recorded almost full attendance of Board meetings with 5 out of 6 Directors having a perfect attendance for all six meetings. For FY 2019, the Group budget was approved by the Board in the fourth quarter of the financial year ended 30 April 2018.</p> <p>All Directors abide by the Directors' Code of Ethics established to govern ethical behaviour based on trust and joint responsibility. The Directors' Code of Ethics is available on UMB's website. Meanwhile, employees' ethical conduct and business practices are detailed in current practising policies.</p>

	In line with UMB's vision towards ensuring a sustainable future, the Board and Management, have incorporated environmental and social considerations into the Group's strategy and operations. In particular, all UMB's 21 estates and mills in Malaysia have been successfully certified by the Malaysian Palm Oil Board as complying with the Code of Good Agriculture and Milling Practices. Additionally, all estates and mills in Pahang, Sabah and Melaka region have obtained the Malaysian Sustainable Palm Oil (MSPO). While the Indonesia operations have passed the ISPO final audit and now await certification from ISPO Commissioners.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### **Intended Outcome**

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

### **Practice 1.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of UMB is helmed by Datin Paduka Tan Siok Choo, a Non-Independent Non-Executive Chairperson. She was first appointed to the Board on 8 December 1988 and was unanimously elected by UMB directors as the Chairperson on 28 July 2011.</p> <p>As Chairperson, she provides leadership and ensures the effective functioning of the Board. The Chairperson's responsibilities include:</p> <p>Acts as a conduit between the Board and Management, including providing support and advice where necessary;</p> <p>Leads the Board in setting the ethics and corporate conduct of the Group; and</p> <p>Facilitates continuous communication with stakeholders and ensures input received from stakeholders is taken into consideration by the Board.</p> <p>The detailed responsibilities held by the Chairperson are outlined in the Board Charter is available on UMB's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## **Intended Outcome**

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

### **Practice 1.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the need to have a clear delineation of authority and responsibilities between the Chairperson of the Board and the Chief Executive Officer ("CEO"). This division ensures that there is balance of power and authority between oversight and executive functions.</p> <p>The Board is led by Datin Paduka Tan Siok Choo, a Non-Independent Non-Executive Director while the position of the CEO is helmed by Mr. Peter Benjamin.</p> <p>As outlined under Practice 1.2, the Chairperson is responsible for providing leadership to the Board to chart the Group's strategic direction. The CEO's responsibilities include:</p> <p style="padding-left: 40px;">Responsibility for day-to-day operations;</p> <p style="padding-left: 40px;">Liaising between the Board and the Management to facilitate corporate governance and management functions; and</p> <p style="padding-left: 40px;">Accountable to the Board for management performance and conduct.</p> <p>The respective duties and responsibilities of the Chairperson and CEO are encapsulated in the Board Charter, which is accessible on UMB's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## **Intended Outcome**

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

### **Practice 1.4**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of UMB is supported by two qualified and competent Company Secretaries, namely, Ms Yong Yoke Hiong and Ms Pang Poh Chen, both of whom have fulfilled the requirements enshrined in Section 235(2) of Companies Act 2016. Ms Yong is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") (MAICSA 7021707) whilst Ms Pang is a member of the Malaysian Association of Company Secretaries ("MACS") (MACS 01405).</p> <p>Both Company Secretaries facilitate the flow of information from Management to the Board and ensure that Directors receive the company meeting materials in a timely manner. The Company Secretaries work alongside the Chairperson and in consultation with the Chief Executive Officer so as to formulate the agenda of Board and Board Committees. Beyond that, both Company Secretaries have upheld the contemporary mantle of playing a key advisory role in supporting the Board to bear the highest standards of corporate governance.</p> <p>In order to upskill themselves and keep abreast with the latest developments in the corporate governance realm, the Company Secretaries have attended relevant training and professional development programmes during FYE 30 April 2019 such as "Forging Forward – New Dimensions by MAICSA", "Introduction of MBRS by Suruhanjaya Syarikat Malaysia", "Technical Briefing for Company Secretaries of Listed Issuers by Bursa Malaysia Berhad".</p> <p>The Company Secretaries are accorded with appropriate standing and authority to enable them to effectively undertake their responsibilities. In line with this, the Company Secretaries have a direct reporting line to the Board.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:	
<b>Timeframe</b>	:	

## **Intended Outcome**

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

### **Practice 1.5**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As stipulated in the Board Charter and Board papers are distributed to Directors at least five (5) working days prior to a Board meeting. This is in line with Guidance to Practice 1.5 of the Malaysian Code on Corporate Governance ("MCCG") which specifies that "meeting materials should be circulated at least five business days in advance of the board meeting".</p> <p>Meeting materials provided to the Directors include the following:</p> <ul style="list-style-type: none"><li>A formal meeting agenda;</li><li>Minutes of previous meetings;</li><li>Reports of Board Committees;</li><li>Management proposals on business plans and strategies;</li><li>Budget review;</li><li>Forecasts of output and financial projections; and</li><li>Quarterly and annual financial reports.</li></ul> <p>Proceedings of Board and Board Committee meetings are documented by the Company Secretaries. The minutes reflect key deliberations and decisions, rationale for each decision as well as any significant concerns, Directors' dissenting views and abstentions from voting. The draft meeting minutes are subsequently issued to all Directors and the meeting minutes are approved at the following Board or Board Committee meetings.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

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

### **Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of UMB is guided by the Board Charter which defines the roles, responsibilities and conduct expected of Directors as well as offering an introduction for newly appointed Directors.</p> <p>The Board Charter of UMB outlines the following:</p> <ul style="list-style-type: none"> <li>Board size and composition;</li> <li>Appointment and re-election of Directors;</li> <li>Independence of Directors;</li> <li>Appointment of New Directors;</li> <li>Tenure of Independent Directors;</li> <li>Matters reserved for the Board;</li> <li>Roles and responsibilities of the Board, Chairperson, CEO and Board Committees;</li> <li>Board evaluation and performance;</li> <li>Directors' training and continuing education;</li> <li>Code of Ethics and Conduct; and</li> <li>Enforcement and review of the Board Charter.</li> </ul> <p>The Board Charter is reviewed periodically and updated in accordance with the needs of the Group and in compliance with any new regulations. The Board Charter is available on UMB's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

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

### **Practice 3.1**

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: UMB has put in place the Director's Code of Ethics and Employee's ethics are governed by the current Code of Conduct covering all employees within the Group.  Additionally, the Board will continually direct the conduct of awareness sessions and trainings, covering ethical conduct and corporate culture. The focus on this area is timely given the new Corporate Liability Act via section 17A of the Malaysian Anti-Corruption Commission Act 2009. Given the "vicarious liability of directors and management" outlined, the Board plans to strengthen adequate procedures to prevent the commission of corrupt acts by directors, managements and employees.
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

### **Intended Outcome**

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

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

### **Practice 3.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Recognising the importance of protecting whistleblowers, the Board has formalised a Whistleblowing Policy to govern the reporting of misconduct, wrongdoing, corruption, fraud, wasteful use of resources or abuse of power and authority.</p> <p>The Whistleblowing Policy outlines the channels available for employees to raise their concerns about allegations of misconduct. Concerns can be raised anonymously or in writing to the Chairperson and the Chief Executive Officer.</p> <p>All whistleblowing reports are treated with utmost confidence and are investigated thoroughly before tabling at the Audit Committee meeting for deliberation.</p> <p>The Whistleblowing Policy is available on UMB's website and subjected to periodic review by the Audit Committee and Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## **Intended Outcome**

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

### **Practice 4.1**

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

<b>Application</b>	:	Applied																					
<b>Explanation on application of the practice</b>	:	<p>Independent Directors enhance Board's oversight function, heighten professional scepticism, challenge Management and prevent dominance and complacency in the Boardroom.</p> <p>To ensure UMB enjoys the highest standard of impartiality and independents, UMB has a majority of Independent Directors. At present, the Board composition comprises:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; background-color: #e0e0e0;">No.</th> <th style="text-align: center; background-color: #e0e0e0;">Directorship</th> <th style="text-align: center; background-color: #e0e0e0;">Name</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td><td>Non-Independent Non-Executive Director</td><td>Datin Paduka Tan Siok Choo (Chairperson)</td></tr> <tr> <td style="text-align: center;">2</td><td>Senior Independent Non-Executive Director</td><td>Tan Sri Dato' Ahmad Bin Mohd Don</td></tr> <tr> <td style="text-align: center;">3</td><td>Independent Non-Executive Director</td><td>Mr. Tan Jiew Hoe</td></tr> <tr> <td style="text-align: center;">4</td><td>Non-Independent Non-Executive Director</td><td>Mr. Teo Leng</td></tr> <tr> <td style="text-align: center;">5</td><td>Independent Non-Executive Director</td><td>Dato Dr. Nik Ramlah Binti Nik Mahmood</td></tr> <tr> <td style="text-align: center;">6</td><td>Independent Non-Executive Director</td><td>Mr. Ong Keng Siew</td></tr> </tbody> </table> <p>Based on the current composition, the Board comprises a majority of Independent Directors (i.e. four out of six Directors are Independent). This is in line with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which requires at least one- third of the Board members to be independent.</p> <p>As an additional measure to safeguard independence, the Board has appointed Tan Sri Dato' Ahmad bin Mohd Don as the Senior Independent Director to act as a sounding board to the Chairperson and as a conduit between the Chairperson and the Independent Directors. He is also tasked to address any enquiries or concerns raised by stakeholders whenever the enquiries or concerns are unsuitable to be raised through normal reporting channels.</p> <p>As outlined in the Board Charter, the Board assesses the independence and impartiality of Independent Directors annually. The assessment is intended to identify any indicators of entrenchment and suggest possible measures to improve the Board's independence.</p>	No.	Directorship	Name	1	Non-Independent Non-Executive Director	Datin Paduka Tan Siok Choo (Chairperson)	2	Senior Independent Non-Executive Director	Tan Sri Dato' Ahmad Bin Mohd Don	3	Independent Non-Executive Director	Mr. Tan Jiew Hoe	4	Non-Independent Non-Executive Director	Mr. Teo Leng	5	Independent Non-Executive Director	Dato Dr. Nik Ramlah Binti Nik Mahmood	6	Independent Non-Executive Director	Mr. Ong Keng Siew
No.	Directorship	Name																					
1	Non-Independent Non-Executive Director	Datin Paduka Tan Siok Choo (Chairperson)																					
2	Senior Independent Non-Executive Director	Tan Sri Dato' Ahmad Bin Mohd Don																					
3	Independent Non-Executive Director	Mr. Tan Jiew Hoe																					
4	Non-Independent Non-Executive Director	Mr. Teo Leng																					
5	Independent Non-Executive Director	Dato Dr. Nik Ramlah Binti Nik Mahmood																					
6	Independent Non-Executive Director	Mr. Ong Keng Siew																					

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

## **Intended Outcome**

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

### **Practice 4.2**

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

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

<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	
<b>Explanation for departure</b>	<p>Presently, the tenure of two Independent Directors, namely Tan Sri Dato' Ahmad bin Mohd Don and Mr Tan Jiew Hoe has exceeded the twelve-year mark since their initial appointment as Independent Directors on 1 October 2006 and 30 March 2007 respectively.</p> <p>The Board will seek shareholders' approval via a single-tier voting process to retain Tan Sri Dato' Ahmad bin Mohd Don and Mr Tan Jiew Hoe as Independent Directors beyond the 12-year mark at the 105th Annual General Meeting ("AGM") this year. Key justifications for their recommended continuance as Independent Directors are outlined in the Corporate Governance Overview Statement.</p> <p>Oil palms mature after four years and reach prime output after seven years. For this reason, directors should adopt a long-term perspective. Additionally, the Independent Directors' knowledge, technical expertise and accumulated experience will contribute substantially in formulating the Company's strategic direction and policies.</p> <p>The Board continually assesses and reviews the performance of Independent Directors to determine their suitability for retention.</p> <hr/> <p>UMB will continue to seek a single tier approval of shareholders at the upcoming AGM to retain Tan Sri Dato' Ahmad bin Don and Mr Tan Jiew Hoe as Independent Non-Executive Directors of the Company.</p> <p>The Board will continuously assess the term limit for Independent Directors and watch for indicators of entrenchment through the annual Board Effectiveness Evaluation exercise, taking into consideration the niche skill sets and experience of incumbent Directors and the needs of the Group whilst considering the application of the prescribed nine-year limit on a year-to-year basis.</p>

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

<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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

### **Intended Outcome**

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

#### **Practice 4.4**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Supported by the Nomination and Remuneration Committee ("NRC") the Board, periodically reviews the composition of the Board to ensure its diversity.</p> <p>The NRC's Terms of Reference outlines the appointment of each Director, Chief Executive Officer ("CEO") and Senior Management based on diversity of skills, character, experience, age, background and gender diversity, integrity, competence and time commitment to effectively discharge his/her role as a Director, CEO and Senior Management. The NRC Terms of Reference is available on UMB's website.</p> <p>Presently, the Board comprises Directors with skills, experience and expertise in law, corporate finance, accounting, banking, public service, agricultural and plantation as well as diverse gender and background. Two out of six directors are women. Diversity is also evident among Senior Management.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

### **Practice 4.5**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Currently, the Board comprises two women Directors out of six Directors (i.e. 33% of the Board are women), in line with calls for Boards to have at least 30% women directors. UMB also has notable women representation at Senior Management level including the Company Secretary and the Head of Human Resources respectively.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

### **Practice 4.6**

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitable candidates.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Nomination and Remuneration Committee is responsible for identifying and recommending suitable candidates as directors. To identify potential candidates, the Nomination and Remuneration Committee relies on referrals from incumbent Directors.</p> <p>In the past, this has proven effective in sourcing for talented independent candidates, especially in plantations and botany.</p> <p>Candidates are currently evaluated against objective criteria including skills, expertise and professional experience. Consideration is also given to the candidate's ability to attend regular and urgent meetings in Malacca and KL.</p> <p>As and when the need arises, the Nomination and Remuneration Committee will consider engaging external search firms to cast a wider net in sourcing for candidates. The Nomination and Remuneration Committee will also consider leveraging on directors' registry and industry or professional associations as channels for identifying candidates that would otherwise be beyond its radar.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	.

### **Intended Outcome**

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

### **Practice 4.7**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee (“NRC”) is chaired by Mr Tan Jiew Hoe, an Independent Non-Executive Director.</p> <p>The Board is aware an effective nomination and evaluation process of Directors is the bedrock of high-performance. The Board therefore believes that Mr Tan, as an Independent Director, is the most suitable and qualified person to lead this gatekeeping process in an impartial and value added manner.</p> <p>As Chairman of the NRC, Mr Tan leads the recruitment process and annual assessment of the Board, Board Committee and individual Directors as well as their training requirements. He also initiates the necessary discussion regarding succession planning, particularly for the Chairperson of the Board and the CEO.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

#### **Practice 5.1**

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>An annual Board Performance Evaluation evaluates annually the effectiveness and performance of the Board, Board Committees and individual Directors.</p> <p>During the financial year under review, the Board Performance Evaluation was conducted in-house, led by the Nomination and Remuneration Committee ("NRC") with the assistance of the Company Secretaries. This was effected through questionnaires given to the Directors using a self and peer rating model. The questionnaires were divided into three distinct segments:</p> <ul style="list-style-type: none"><li>Board Performance Assessment;</li><li>Board Committee Assessment; and</li><li>Board of Directors' Self-Assessment.</li></ul> <p>Additionally, the evaluation covered key areas of assessment:</p> <ul style="list-style-type: none"><li>Structure and characteristics of the Board;</li><li>Roles and responsibilities of the Board;</li><li>Chairperson's roles and responsibilities;</li><li>Board administration tools;</li><li>Efficacy of Board Committees;</li><li>Interaction and participation of individual director;</li><li>Integrity and independence of individual director; and</li><li>Self-development and competencies of individual director.</li></ul> <p>The NRC also performs an annual evaluation process via a Competency Evaluation exercise. For the financial year under review, the Competency Evaluation exercise assessed the appropriateness of the Board's composition as well as individual Directors against four broad criteria: experience and membership in professional associations, key competencies and knowledge and professional background.</p> <p>Based on the findings of the evaluation exercise, the NRC is satisfied with the overall performance of the Board, Board Committees and</p>

	<p>individual Directors. Individual Directors are noted to have actively participated during boardroom discussions and contributed value-added analysis and perspectives of UMB's businesses and prospects.</p> <p>Nonetheless, the NRC recognises certain areas which the Board could improve, primarily relating to the appointment of new Directors beyond palm oil, given UMB's crop diversification.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### **Intended Outcome**

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

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

### **Practice 6.1**

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

<b>Application</b>	Departure
<b>Explanation on application of the practice</b>	
<b>Explanation for departure</b>	<p>The Board acknowledges remuneration is a key element to attract, retain and motivate talented individuals.</p> <p>To this end, the Nomination and Remuneration Committee ("NRC") has formalised a remuneration policy and procedures for the Chief Executive Officer ("CEO") and the Group's Senior Management. Although, there are no formalised policy and procedures for Directors, the Board together with the NRC, ensures the remuneration structure and quantum are in line with market trends.</p> <p>Remuneration for Senior Management personnel links rewards to corporate and individual and comprises a balance of fixed and performance-linked elements. Under its terms of reference, the NRC ensures the fees and benefits of the Non-Executive Directors do not conflict or impede their obligations, responsibilities, objectivity and independent judgement.</p> <p>The Board undertakes a thorough review of the quantum of payment based on broad-based guidance stated in the NRC's terms of reference. The NRC may also engage an external consultant to review the Board's remuneration as and when necessary.</p> <p>The Guidelines for the remuneration of Directors and Senior Management are incorporated in the Terms of Reference of NRC and this document is accessible on UMB's corporate website.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

<b>Measure</b>	:	
<b>Timeframe</b>	:	

## **Intended Outcome**

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

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

### **Practice 6.2**

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: On 1 July 2017, the Board amalgamated the Nomination Committee and the Remuneration Committee to establish the Nomination and Remuneration Committee ("NRC"). The NRC comprises exclusively of four Independent Non-Executive Directors.  In line with its Terms of Reference, the NRC implements the policy framework and procedures relating to remuneration, relating to the remuneration of the Directors, Chief Executive Officer ("CEO") and Senior Management.  The Terms of Reference, which details the roles and responsibilities of the Committee is available on the Company's website.
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

**Intended Outcome**

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

**Practice 7.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The detailed disclosure of Directors' remuneration is made available in the notes to the Financial Statements of the Annual Report as per paragraph 11, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

### **Practice 7.2**

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

<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	
<b>Explanation for departure</b>	<p>The Board believes disclosing the top five Senior Management's remuneration is not in the Group's best interest. Due to the scarcity of talent in the plantation industry, disclosure of such information may put UMB at a disadvantage and make it vulnerable to talent poaching.</p> <p>Together with the Nomination and Remuneration Committee ("NRC"), the Board periodically reviews internally the remuneration of Senior Management to ensure the remuneration is proportionate to UMB's performance. Due consideration is given to ensuring Senior Management's remuneration is competitive and able to attract, retain and motivate talented individuals.</p> <p>To provide stakeholders with a broad overview of the quantum of compensation, the remuneration of Directors and key management including the Chief Executive Officer, Chief Financial Officer, General Manager (Plantation), Plantation Controllers and Mill Controller] during the financial year is disclosed in aggregate in the notes to the financial statements.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	
<b>Timeframe</b>	

**Intended Outcome**

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

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Tan Sir Dato' Ahmad bin Mohd Don, who is the Senior Independent Director, serves as the Chairman of the Audit Committee ("AC") while Datin Paduka Tan Siok Choo serves as the Chairperson of the Board. Different individuals holding the positions of the Chairperson of the Board and Chairman of the AC, allows the Board to review the AC's findings and recommendations objectively.</p> <p>Tan Sri Dato' Ahmad is an accountant by profession, a Fellow of the Institute of Chartered Accountants in England and Wales, and also a Member of the Malaysian Institute of Certified Public Accountants. His vast experience in accounting, finance and banking equips him with a solid understanding and knowledge and makes him well-placed to drive deliberations at the AC.</p> <p>As Chairman of the AC, Tan Sri Dato' Ahmad is guided by the Terms of Reference of the AC which is available on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As part of its mandate to safeguard the integrity and independence of the audit process, the Audit Committee ("AC") has observes the Malaysian Institute of Accountants' By-Laws (on Professional Ethics, Conduct and Practice) which requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a Director (including a member of the AC) or as an employee of the Group.</p> <p>To date, UMB has not appointed or employed any former key audit partner as a Director of the Board or as an employee of the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

There is an effective and independent Audit Committee.

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

### **Practice 8.3**

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>In line with its Terms of Reference, the Audit Committee ("AC") assesses the capabilities and suitability of the external auditor and recommends to the Board the appointment, re-appointment or termination of the external auditor.</p> <p>The AC has formalised an External Auditor and External Auditor Independence Policy relating to the following issues:</p> <ul style="list-style-type: none"><li>Selection and appointment of external auditor;</li><li>Annual assessment;</li><li>Independent review;</li><li>Provision of Non-audit services; and</li><li>Annual reporting.</li></ul> <p>During the financial year under review, the AC evaluated the independence and performance of the external auditor, namely Ernst &amp; Young ("EY"). This evaluation assesses the expertise and performance of the external auditor, the quality and candour of the external auditor's communication with the AC as well as its independence, objectivity and professional vigilance. The evaluation was carried out through several questionnaires filled in by the AC members with input from Management. Based on the evaluation conducted, the AC is satisfied the external auditor has been independent throughout the audit process and the audit services rendered met the standard expected by the AC.</p> <p>Additionally, the AC has received written assurance from EY confirming its personnel have been independent throughout the audit engagement in accordance with relevant professional and regulatory requirement and codified in UMB's policy.</p> <p>Additionally, stipulations regarding the provision of non-audit services specified in the External Auditor and External Auditor Independence Policy are in line with the By Laws of the Malaysian Institute of Accountants. Disclosure on the nature and extent of non-audit services rendered by EY can be found in the Notes to the Financial Statements in the Annual Report.</p>

	The External Auditor and External Auditor Independence Policy is available on the Company's website.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### **Intended Outcome**

There is an effective and independent Audit Committee.

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

### **Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted															
<b>Explanation on adoption of the practice</b>	:	<p>The Audit Committee ("AC") currently comprises four members, all of whom are Independent Directors. Members include:</p> <table border="1"><thead><tr><th>No.</th><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>1</td><td>Tan Sri Dato' Ahmad bin Mohd Don</td><td>Chairman and Senior Independent Director</td></tr><tr><td>2</td><td>Mr Tan Jiew Hoe</td><td>Independent Director</td></tr><tr><td>3</td><td>Dato Dr. Nik Ramlah Binti Nik Mahmood</td><td>Independent Director</td></tr><tr><td>4</td><td>Mr Ong Keng Siew</td><td>Independent Director</td></tr></tbody></table> <p>As independence is the cornerstone of a well-functioning audit committee, the Board reiterates the AC's existing composition allows its members to apply professional scepticism and vigilance in undertaking their responsibilities.</p>	No.	Name	Designation	1	Tan Sri Dato' Ahmad bin Mohd Don	Chairman and Senior Independent Director	2	Mr Tan Jiew Hoe	Independent Director	3	Dato Dr. Nik Ramlah Binti Nik Mahmood	Independent Director	4	Mr Ong Keng Siew	Independent Director
No.	Name	Designation															
1	Tan Sri Dato' Ahmad bin Mohd Don	Chairman and Senior Independent Director															
2	Mr Tan Jiew Hoe	Independent Director															
3	Dato Dr. Nik Ramlah Binti Nik Mahmood	Independent Director															
4	Mr Ong Keng Siew	Independent Director															

### **Intended Outcome**

There is an effective and independent Audit Committee.

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

### **Practice 8.5**

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>UMB's Audit Committee ("AC") comprises four experienced and qualified members, namely Tan Sri Dato' Ahmad bin Mohd Don as the Chairman and Mr Tan Jiew Hoe, Dato Dr Nik Ramlah binti Nik Mahmood and Mr Ong Keng Siew as members of the Committee.</p> <p>Both Tan Sri Dato' Ahmad and Mr Ong Keng Siew are members of the Malaysian Institute of Accountants ("MIA"). This fulfils the requirement in paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad whereby one member of the audit committee must be a member of a professional accountancy body. Tan Sri Dato' Ahmad has years of experience in leadership roles in finance and banking as the Group Managing Director of Malayan Banking Berhad and subsequently as Governor of Bank Negara Malaysia. Similarly, Mr Ong is also an accountant by profession. He was previously Finance and Administration Manager, General Manager (Property and Construction Division) of Paramount Corporation Berhad and subsequently its Managing Director and Chief Executive Officer ("CEO").</p> <p>Having formerly served as the Deputy Chief Executive of Securities Commission Malaysia, Dato Dr Nik Ramlah has extensive experience in policy making and the capital market. This enables her to provide unique insights and input on compliance matters within the purview of the AC and UMB. An acclaimed botanist with vast experience in rubber planting, oil palm growing and general botany, Mr. Tan Jiew Hoe also interned in an accounting firm, and has wide experience in botany and horticulture including crop diversification, other than oil palm. He has extensive knowledge on plants in general. Mr. Tan provides valuable input on crop diversification for UMB.</p> <p>Members of the Audit Committee are required to attend training and continuous professional development programmes to keep in touch</p>

	<p>with the latest developments in accounting and auditing standards, regulations and practices. During the financial year under review, the two members of MIA, Tan Sri Dato' Ahmad and Mr Ong Keng Siew attended the mandatory continuous professional development programmes.</p> <p>AC members also attended training as such "Perdana Leadership Foundation CEO Forum 2019 by Ernst &amp; Young", "Malaysian Financial Reporting Standards (MFRS) Made Simple for Directors and Senior Management by Bursatra Sdn. Bhd" and "Sustainability: Governance 2019 Towards Long Term Value Creation".</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## **Intended Outcome**

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

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

### **Practice 9.1**

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Facilitated by the Management-level Risk Management Committee ("RMC"), the Board has instituted an enterprise risk management ("ERM") framework to facilitate a continual identification of risks and manage these risks with appropriate policies and control Systems.</p> <p>The ERM framework consists of a triple line defence to address risks on three vital levels:</p> <p>1<sup>st</sup> line of defence: Monitor day to day risks at individual business units</p> <p>The heads of each individual business unit works closely with the Risk Officer to produce a quarterly risk register. The Risk Officer serves as a liaison between business units and Senior Management.</p> <p>2<sup>nd</sup> line of defence: Anticipate risks by the Risk Management Committee</p> <p>The RMC comprises the CEO, Chief Financial Officer ("CFO"), Plantation Controllers, Senior Managers of various units (Administration and Corporate Affair, Sales and Purchasing, Sustainability and Mechanisation as well as Human Resources), Head of Internal Audit and Risk Officer. Meeting on a quarterly basis, the RMC reviews and anticipates changes to the Group's risk profile and establishes controls to mitigate risks.</p> <p>3<sup>rd</sup> line of defence: Ensure adequacy and integrity of the Risk Management and Internal Control Systems by the Audit Committee ("AC")</p> <p>The AC works with both the internal and external auditor in reviewing the adequacy and effectiveness of the Group's governance, risk management and internal control processes (information technology general controls). The Internal Audit Department is expected to provide appropriate recommendations to the AC based on its review on the Group's risk management and internal control system.</p>

	Detailed disclosure on the Group's risk management and internal control framework is stated in the Statement on Risk Management and Internal Control and contained within the Annual Report.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### **Intended Outcome**

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

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

### **Practice 9.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board details its risk management and internal control framework, the adequacy and effectiveness of the framework as outlined in the Statement on Risk Management and Internal Control in UMB's Annual Report of the Company.</p> <p>The Statement also outlines the different roles and functions of those entrusted with maintaining risk management and internal control systems. Measures being put in place to manage and mitigate risks are also articulated in the said Statement.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

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

**Intended Outcome**

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

**Practice 10.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established an in-house internal audit department spearheaded by Mr Abdul Razak Md Aris who reports directly to the Audit Committee ("AC"). In this regard, an assessment of the Group's internal control processes and effectiveness are reported to the AC.</p> <p>The AC reviews and subsequently approves the annual risk-based internal audit plan and ensures the Internal Audit Department is accorded with appropriate authority and sufficient staff and financial resources independent of management to discharge its duties.</p> <p>The Internal Audit Department is governed by the Internal Audit Charter which sets out the framework which the Internal Audit Department operates in provide value-added contributions to the Group.</p> <p>Comprehensive audit on the Group's operations are undertaken regularly in the Head Office, plantation estates and palm oil mills in Peninsular Malaysia, Sabah and Indonesia. Internal audit reports prepared by the Internal Audit Department will be tabled to the AC to provide assurance and recommendations regarding the Group's governance, risk management and internal control systems.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

### **Practice 10.2**

The board should disclose.

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Pursuant to Practice 10.2 of the Malaysian Code on Corporate Governance (“MCCG”), disclosure on the Group’s Internal Audit can be found in the Audit Committee Report within the Annual Report of UMB.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

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

### **Practice 11.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Acknowledging effective, transparent and regular communication with stakeholders is vital to enable them to make informed decisions, the Board ensures that communication with stakeholders is timely and adequate.</p> <p>To foster a close association with stakeholders, the Board ensures UMB's website is continually updated and contains timely and significant matters including the following:</p> <ul style="list-style-type: none"> <li>Updates regarding the Group's business activities;</li> <li>Summary of the minutes of the Annual General Meeting ("AGM");</li> <li>Analysts' reports;</li> <li>Annual reports;</li> <li>Announcements to Bursa; and</li> <li>Quarterly financial reports.</li> </ul> <p>As part of its investor relations programme, the Company conducts analysts' briefing sessions to investors regarding the Group's operations.</p> <p>Additionally, the Board has also designated Tan Sri Dato' Ahmad bin Mohd Don as the Senior Independent Director to serve as the contact point for the Group's stakeholders, including employees and minority shareholders to forward their enquiries and concerns, in the event the normal reporting channel is deemed unsuitable.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## **Intended Outcome**

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

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

### **Practice 11.2**

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

<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	
<b>Explanation for departure</b>	<p>Although UMB does not fall under the remit of a Large Company as defined by the Malaysian Code on Corporate Governance ("MCCG"), the Company aims to benchmark itself against the prescribed higher order practice.</p> <p>The Annual Report contains information pertaining relating to financial and non-financial information including components such as the Chairperson's Statement, Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control that are pivotal to stakeholders' understanding of the Group's operations.</p> <p>The Annual Report of UMB provides a comprehensive picture of the Group's value creation process.</p> <p>As with the preceding year, UMB has incorporated a Sustainability Statement in the Annual Report, in accordance with Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This is part of the Group's continuing effort towards integrated reporting by establishing the necessary systems and controls as well as the presence of non-financial data/</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	
<b>Timeframe</b>	

### **Intended Outcome**

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

### **Practice 12.1**

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

<b>Application</b> :	Departure
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	<p>The Board recognises the Annual General Meeting ("AGM") is an invaluable platform for shareholders to question and provide feedback to both the Board and Senior Management. The Board therefore endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the AGM and to facilitate informed decision-making by the shareholders.</p> <p>Circulating the notice of AGM within 21 days is in line with Section 316(2) of Companies Act 2016 and paragraph 7.15 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad which call for a 21-days' notice period for public companies or listed issuers respectively. Additionally, the notice for the AGM is published in a national newspaper and announced on the website of Bursa Malaysia Berhad.</p>
<p>In 2019, the notice for the AGM was provided to shareholders at least 21 days before the meeting, which will be held on 23 August 2019.</p> <p>The notice for UMB's AGM outlines the resolutions to be tabled during the said meeting and is accompanied with detailed explanatory notes and background information. Shareholders are also encouraged to submit in advance questions which will be answered by Management. To enhance shareholder outreach, the AGM notice is also published in UMB's website.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### **Intended Outcome**

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

### **Practice 12.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Mindful of their individual collective responsibility as a Board towards shareholders, all Directors were present at the 104 <sup>th</sup> AGM held on 24 August 2018. The Chief Executive Officer (“CEO”), Senior Manager and external audit Engagement Partner were also in attendance to respond to specific questions pertinent to their respective roles and responsibilities.  A summary of the key matters discussed during the 104 <sup>th</sup> AGM is available on UMB’s website, in line with paragraph 9.21(2) of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

### **Practice 12.3**

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

including voting in absentia; and  
remote shareholders' participation at General Meetings.

<b>Application</b>	Departure
<b>Explanation on application of the practice</b>	
<b>Explanation for departure</b>	<p>At present, UMB has almost 7,100 individual shareholders. UMB has yet to establish the necessary infrastructure that will enable voting in absentia and remote shareholder participation during general meetings. The Board believes deployment of technological means during general meetings requires balancing costs vis-à-vis benefits as other modalities can be employed to encourage shareholders' participation. For example, shareholders who are unable to attend the General Meetings are allowed to vote via proxy.</p> <p>UMB has appointed Boardroom Share Registrars Sdn Bhd and Boardroom Corporatehouse Sdn Bhd to act as the Poll Administrator and Independent Scrutineer respectively to verify and validate the poll results at the upcoming AGM.</p>
<p>During General Meetings, hand-held devices were used to conduct poll-voting to ensure an efficient and seamless voting process.</p> <p>Shareholders who are unable to attend General Meetings can appoint a proxy who is not a member of UMB to participate, vote and speak on their behalf during general meetings.</p> <p>The Board will continue to observe its shareholding structure and attendance during General Meetings with a view of exploring potential measures to encourage shareholder attendance and participation. This includes leveraging on technology, if deemed necessary.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	
<b>Timeframe</b>	

## **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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