

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2593
COMPANY NAME : United Malacca Berhad
FINANCIAL YEAR : April 30, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURE 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors (the “Board”) of United Malacca Berhad (“UMB” or the “Company”) is committed to championing the highest standards of corporate governance practices in the Company as well as in its local and foreign subsidiaries (collectively referred to as the “Group”). In undertaking its fiduciary duties as stewards of the Company, the Board continues to act in good faith with due care and skill at all times.</p> <p>The financial year ended 30 April 2018 (“FY 30 April 2018”) has been a year of continued growth for the Group and value-creation for its stakeholders. In October 2017, the Company had concluded a conditional sale and purchase agreement to establish a joint venture with its Indonesian business partners in Sulawesi. The move was part of the Company’s strategy to diversify its crop production and reduce dependency on a single crop with a view to drive the Group’s long-term earning potential.</p> <p>To facilitate value creation, the Board takes an active role in developing of the overall strategic direction of the Group. In undertaking this role, the Board has leveraged on the diverse background of its members to probe and assess Management’s proposals for the Group’s strategy and business plans. The FY 30 April 2019 Group budget was approved by the Board during the fourth quarter of FY 30 April 2018.</p> <p>To monitor the performance of Management in meeting the Group’s strategic objectives, the Board has establish a set of Key Performance Indicators (“KPIs”) that incorporates both quantitative and qualitative elements. In addition to the KPIs, the Board also requires Management to operate within the risk appetite and risk management framework approved by the Board.</p> <p>All Directors adhere to the Code of Ethics governing the conduct of Directors. Meanwhile, employees are guided by the Employees’ Handbook.</p> <p>In line with its vision towards ensuring a sustainable future, the Board, together with Management, has incorporated economic, environmental and social considerations into the Group’s strategy and operations. For the year under review, all UMB’s 21 estates and mills in Malaysia have been successfully certified by Malaysian Palm Oil Board as complying with Code of Good Agriculture and Milling Practices. Furthermore, the Group has moved towards Malaysian Sustainable Palm Oil (MSPO) and Indonesian Sustainable Palm Oil (ISPO) certification. To date, all estates and mills in the Pahang and Sabah</p>

	<p>region have obtained MSPO certification while the estates in the Melaka region are expected to obtain MSPO certification by August 2018. UMB's estates in Indonesia are on track to become fully ISPO certified by end of 2018. Additionally, the Board and Senior Management are working closely with UPM to advance research and development (R&D) initiatives.</p> <p>As stewards, the Board strives to foster strong ties with all stakeholders. Towards this end, the Board, through Management, has ensured UMB's website is continuously updated with the latest developments to ensure timely dissemination of information that is both accurate and complete. To supplement this effort, the Chairperson and Management has actively engaged institutional investors and market analysts during periodic briefing sessions conducted by the Group.</p>	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is spearheaded by Datin Paduka Tan Siok Choo, a Non-Independent Non-Executive Chairperson. She was appointed as Chairperson on 28 July 2011.</p> <p>As Chairperson, she is responsible for providing leadership to the Board and ensuring the effective functioning and conduct of the Board. In fulfilling this role, the Chairperson's responsibilities include the following:</p> <ul style="list-style-type: none"> • Acting as a conduit between the Board and Management, including the latter providing support and advice when necessary; • Leading the Board in espousing the values and standards of the Group; and • Promoting continuous and forthcoming communication with stakeholders as well as ensuring feedback and input received from stakeholders are taken into consideration by the Board. <p>The detailed responsibilities of the Chairperson are encapsulated in the Board Charter, which is available on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of putting in place an effective mechanism of checks and balances to prevent any single individual from dominating boardroom deliberations and decision-making.</p> <p>Accordingly, the offices of the Chairperson and the Chief Executive Officer ("CEO") are occupied by different individuals. The Board is led Datin Paduka Tan Siok Choo while the position of CEO is assumed by Mr. Peter Benjamin.</p> <p>The Chairperson is responsible for providing leadership to the Board in charting the strategic direction of the group whilst the CEO implements the decisions of the Board and manages the day-to-day affairs and business activities of the group.</p> <p>As a reflection of the Board's commitment towards ensuring an appropriate balance of power within the Company, the Board has adopted a policy which stipulates that the Chairperson of the Board shall be a Non-Executive Director. This policy stipulation is codified in the Board Charter.</p> <p>The delineation of the roles and responsibilities of the Chairperson and the CEO is also contained in the Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>In discharging its duties, the Board is supported by two qualified and competent Company Secretaries, namely, Ms Yong Yoke Hiong and Ms Pang Poh Chen. Both Companies Secretaries fulfil the requirements of Section 235(2) of Companies Act 2016. Ms Yong is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) whilst Ms Pang is a member of the Malaysian Association of Company Secretaries (MACS).</p> <p>As counsels to the Board, the Company Secretaries apprise Directors on the latest regulatory developments relating to corporate governance. Both Company Secretaries also facilitate the flow of information from Management to the Board and ensure Directors receive complete meeting materials in a timely manner.</p> <p>As members of professional bodies, the Company Secretaries have attended the relevant training and professional development programmes during the FY 30 April 2018 to keep themselves abreast of the latest developments in the corporate governance landscape.</p> <p>The Company Secretaries are accorded appropriate status and authority to enable them to effectively undertake their responsibilities. In line with this, the Company Secretaries have a direct reporting line to the Chairperson of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Providing timely and relevant Information supply is the key component in ensuring informed Board discussions and deliberations. Accordingly, the Company Secretaries ensure all Directors receive sufficient and timely information prior to Board or Board Committee meetings.</p> <p>To provide Directors with adequate time to prepare for Board or Board Committee meetings, the Board Charter stipulates that the Board pack or papers are to be distributed between 5 to 10 working days in advance of the respective meeting.</p> <p>In addition to a formal meeting agenda, the Board pack includes minutes of previous meetings, reports of Board Committees, Management proposals on business plan and strategic direction, budget review, forecasts and projections as well as quarterly and annual financial reports.</p> <p>The Company Secretaries record the minutes of Board or Board Committee meetings and circulate them to Directors for approval at the subsequent meeting. The minutes capture the detailed proceedings of the Board or Board Committee meetings, including the decisions made, key points deliberated, any significant concerns raised and record any dissenting opinions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the Board, Board Committees and Management.

There is clarity in the authority of the Board, its Committees and individual Directors.

Practice 2.1

The Board has a Board Charter which is periodically reviewed and published on the company’s website.

The Board Charter clearly identifies–

- the respective roles and responsibilities of the Board, Board Committees, individual Directors and Management; and
- issues and decisions reserved for the Board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised a Board Charter, which is reviewed periodically and accessible to stakeholders on the Company’s website. The Board Charter serves as a principal guide for Directors and as an induction document for new Directors.</p> <p>The Board Charter covers the following areas:</p> <ul style="list-style-type: none"> • Board size and composition; • Appointment and re-appointment of Directors; • Matters reserved for the Board; • Responsibilities of the Board, the Chairperson, CEO and Board Committees; • Proceedings of Board meetings and Directors’ access to information and independent advice; • Board evaluation; and • Directors’ training and professional development. <p>In light of the changes in the domestic corporate governance tapestry during the year 2017, the Board endeavours to review the Board Charter to ensure its remains consistent with the latest regulatory requirements and best practices.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 established a Code of Conduct and Ethics for the Company, and together with Management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>UMB has yet to formalise a Code of Conduct and Ethics that covers all personnel across all levels of the Group.</p> <p>Nevertheless, the Board continue to champion high standards of ethical conduct. Additionally, the Board has adopted a pragmatic approach towards ethics by focusing on actual behaviour and drivers of good conduct.</p> <p>All Directors conform to a Code of Ethics which was formulated in line with principles set out by the Companies Commission of Malaysia. The Code of Ethics governs the conduct of individual Directors in relation to three overarching areas of responsibility: corporate governance; relationship with shareholders, employees, creditors; as well as social and environmental responsibilities.</p> <p>With respect to employees of the Group, UMB has an Employees' Handbook that is distributed to all employees. To complement the Employees Handbook, the Board has instituted policies governing the conduct of employees to safeguard their well-being. This includes policies on equal opportunity in the workplace, health & safety, sexual harassment, social & human rights, whistleblowing and insider trading.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the Company.

Practice 3.2

The Board establishes, reviews, and together with Management, implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	<p>To enhance accountability, UMB has put in place a Whistleblowing Policy to make known the available avenues for employees to voice out legitimate concerns relating to fraud, bribery, misappropriation of funds, abuse of power and position, misuse of confidential information and other malpractices.</p> <p>The Whistleblowing Policy outlines the available channels for reporting and procedures to do so. Concerns can be raised anonymously to the CEO or where Management is an interested party, to the Chairperson of the Board.</p> <p>Whistleblowing reports are treated with the utmost confidentiality and are thoroughly investigated. Any reports received are directed to the Audit Committee, who in turn oversees the investigations.</p> <p>The Whistleblowing Policy is available on the Company's website and is subjected to periodic review by the Audit Committee and tabled to the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

At least half of the Board comprises Independent Directors. For Large Companies, the Board comprises a majority Independent Directors.

Application	:	Applied
Explanation on application of the practice	:	<p>Independent Directors contribute unfettered objectivity to the functions of the Board. Their presence allows the Board as a collective to approach matters with heightened professional scepticism and objectively assess Management’s proposals and assertions.</p> <p>Anchored on this notion, the Board is dedicated to ensuring the Company has a majority of Independent Directors. Presently, the Board comprises two Non-Independent Non-Executive Directors and four Independent Directors (i.e four out of six Directors are independent).</p> <p>As an additional measure to safeguard independence, the Board has designated Tan Sri Dato’ Ahmad bin Mohd Don as the Senior Independent Director. As Senior Independent Director, he acts as a sounding board to the Chairperson and as a conduit between the Chairperson and the Independent Directors, where necessary. The Senior Independent Director is also tasked to address any enquiries or concerns raised by stakeholders of the Group, where the enquiries or concerns are not suitable to be raised through normal reporting channels.</p> <p>Independent Directors are additionally subjected to an annual assessment that evaluates their continued independence and impartiality. The assessment is conducted to identify any indicators of entrenchment and possible measures to improve the Board’s independence.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

The tenure of an Independent Director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board as a Non-Independent Director.

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

Application	: Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	<p>Presently, two Independent Directors on the Board, namely Tan Sri Dato' Ahmad bin Mohd Don and Mr Tan Jiew Hoe have served the Company for more than nine years since their initial appointments on 1 October 2006 and 30 March 2007 respectively.</p> <p>Independent Directors undergo an annual assessment exercise that effectively measures and monitors the Directors' continued objectivity and independence. The outcomes arising from this assessment indicates the length of tenure has had minimal interference with their ability to exercise independent judgement and undertake the duties expected of Independent Directors.</p> <p>After reviewing the findings from the annual Board evaluation, which are further corroborated by the minutes of Board and Board Committee meetings, the Board has determined that both the Independent Directors have:</p> <ul style="list-style-type: none">• Contributed meaningful insights and expertise during Board discussion and deliberation process;• Sought further clarification and information from Management on significant matters, as deemed necessary; and• Exceptional skills that benefit the Group. <p>Additionally, oil palms mature after four years and reach prime output after 8 years. As such, the Independent Directors' knowledge, technical expertise and accumulated experience will contribute substantially in formulating of the Company's strategic direction and in the long term.</p> <p>The Board as a whole continuously assesses and reviews the performance of Independent Directors to determine their suitability for re-election.</p> <p>As in previous years, the Company will seek a single tier approval of shareholders at the upcoming Annual General Meeting ("AGM") on the re-election of Tan Sri Dato' Ahmad bin Don and Mr Tan Jiew Hoe as Independent Directors.</p> <p>The Board will continuously assess the term limit for Independent Directors, taking into consideration the niche skillsets and experience of incumbent</p>

	Directors and the needs of the Group while considering the application of the prescribed Practice on a year-to-year basis.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.3 - Step Up

The Board has a policy which limits the tenure of its Independent Directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

Appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	<p>Through the Nomination and Remuneration Committee, the Board undertakes periodic reviews of the composition of the Board to ensure its members possess diverse background and expertise. The Board believes that a diverse Board enables the Group to respond more effectively to a constantly evolving plantation sector, changing constraints and emergence of new risks.</p> <p>The nomination and selection process for directorships in UMB is based on skills, professional background, work experience and personal attributes. As part of the process, the Nomination and Remuneration Committee additionally assesses the candidates against the prevailing composition of the Board to ascertain their suitability for the position and overall cultural fit within the Board.</p> <p>Presently, the Board constitutes members with a range of skills, experience and expertise (i.e. law, corporate finance, accounting, banking, public service, agricultural and plantation), mix of gender (i.e. two out of six Directors are female) and race and cultural background.</p> <p>In a similar vein, the appointment of Senior Management is also based on objective criteria with due consideration to diversity of skills, experience, gender and cultural background.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In term of gender diversity, the Group offers equal opportunities to all deserving candidates. The selection and appointment process for every level of employment is structured to ensure a diverse range of candidates are considered and there is no element of bias that would disadvantage certain candidates or groups of candidates.</p> <p>The Board recognises that having women as Directors and in Senior Management roles can inject fresh insights and novel perspectives that could contribute towards achieving the strategic objectives of the Group. 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.</p> <p>UMB also has a notable women representation at the Senior Management level, with women occupying the offices of the Company Secretaries and the Head of Human Resources respectively.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 as Directors, the Board does not solely rely on recommendations from existing Board members, Management or major shareholders. The Board utilises independent sources to identify suitably qualified candidates.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Nomination and Remuneration Committee is responsible for identifying and recommending suitable candidates for any vacancies on the Board. In fulfilling this role, the Nomination and Committee leverages on referrals from incumbent Directors and their network to identify potential candidates.</p> <p>In the past, this has proven to be effective and efficient in sourcing for talented and independent candidates.</p>	
		<p>Candidates are currently evaluated against an objective set of criteria such as skills and expertise, professional experience and the ability to commit the expected time and effort. Consideration is also given to the candidate's ability to meet the existing needs of the Board and inject fresh insights and perspectives to Boardroom discussions.</p> <p>As and when the need arises, the Nomination and Remuneration Committee will consider engaging external search firms or consultants 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>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee is chaired by Mr Tan Jiew Hoe, who is an Independent Director.</p> <p>An effective recruitment and assessment process is a key driver in fostering a high-performing Board. The Board is of the view that Mr Tan, as an Independent Director, is the most suitable and qualified person to lead the process in an objective and impartial manner.</p> <p>As Chairman of the Nomination and Remuneration Committee, Mr Tan is tasked with leading the recruitment process and assessing the Board, Board Committees and individual Directors. He also leads the necessary discussion surrounding succession planning, including for the Chairperson of the Board as well as for the CEO.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has instituted a Board Performance Evaluation process that is conducted annually. The exercise evaluates the overall performance and effectiveness of the Board, Board Committees and individual Directors with a view to identify areas of strengths and areas where improvement is needed.</p> <p>During the financial year under review, the Board Performance Evaluation was conducted in-house and facilitated by the Company Secretaries. The exercise was carried out through questionnaires given to Directors using a self and peer rating model. The questionnaires are divided into three categories, namely Board performance assessment, Board Committee assessment and individual Directors' self-assessment.</p> <p>The evaluation encompasses the following components:-</p> <ul style="list-style-type: none">• Roles and responsibilities of the Board;• Structure of the Board;• Role and responsibilities of the Chairperson; and• Knowledge and experience of Directors. <p>Additionally, the Nomination and Remuneration Committee has conducted a Board of Directors' Competency Evaluation exercise by assessing the composition of the Board as well as by evaluating individual Directors against four broad criteria, namely, experience and memberships in professional associations, key competencies and knowledge and professional background.</p> <p>The Board Performance Evaluation and Competency Evaluation exercises enhanced the Board's effectiveness. Based on the findings of the evaluation exercises, the Nomination and Remuneration Committee is satisfied with the overall performance of the Board, Board Committees and individual Directors. Individual Directors are noted to have participated actively in boardroom discussions and continue to add value to the Company by leveraging on their knowledge and experience. Equally, the Nomination and Remuneration Committee recognises some areas that the Board could focus on moving forward, including discussions surrounding Senior Management recruitment efforts as well as investor relation activities.</p>
Explanation for departure	:	

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

Intended Outcome

The level and composition of remuneration of Directors and Senior Management take into account the company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives.

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

Practice 6.1

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

Application	:	Departure																								
Explanation on application of the practice	:																									
Explanation for departure	:	<p>The Board has yet to formalise policies and procedures governing the remuneration of Directors and Senior Management. In determining the remuneration of Directors and Senior Management, the Board is guided by the relevant provisions in the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>While the Company does not have a codified policy in place, the Nomination and Remuneration Committee has applied informal procedures to determine the remuneration of Directors and Senior Management.</p> <p>The remuneration packages for Non-Executive Directors are structured to ensure their independence and ability to exercise impartiality are not impaired. Their remuneration reflects their responsibility and position on the Board and Board Committees and meeting attendance.</p> <p>The remuneration of Senior Management is structured to link rewards to corporate and individual performance.</p> <p>The quantum of fees awarded to Board and Board Committee members in respect of the financial year end 30 April 2018 is as follows:</p> <table border="1"> <thead> <tr> <th>Fee structure</th> <th>Board (RM)</th> <th>Audit Committee (RM)</th> <th>Nomination & Remuneration Committee (RM)</th> <th>Tender Committee (RM)</th> <th>Executive Committee (RM)</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>100,000</td> <td>40,000</td> <td>30,000</td> <td>20,000</td> <td>40,000</td> </tr> <tr> <td>Member</td> <td>60,000</td> <td>30,000</td> <td>20,000</td> <td>10,000</td> <td>30,000</td> </tr> <tr> <td>Meeting allowance (per attendance)</td> <td>1,000</td> <td>1,000</td> <td>1,000</td> <td>1,000</td> <td>1,000</td> </tr> </tbody> </table>	Fee structure	Board (RM)	Audit Committee (RM)	Nomination & Remuneration Committee (RM)	Tender Committee (RM)	Executive Committee (RM)	Chairman	100,000	40,000	30,000	20,000	40,000	Member	60,000	30,000	20,000	10,000	30,000	Meeting allowance (per attendance)	1,000	1,000	1,000	1,000	1,000
Fee structure	Board (RM)	Audit Committee (RM)	Nomination & Remuneration Committee (RM)	Tender Committee (RM)	Executive Committee (RM)																					
Chairman	100,000	40,000	30,000	20,000	40,000																					
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Measure	:																									

Timeframe	:		
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Intended Outcome

The level and composition of remuneration of Directors and Senior Management take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the company's long-term objectives.

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

Practice 6.2

The Board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and Senior Management.

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee and Remuneration Committee were merged under a single Nomination and Remuneration Committee with effect from 1 July 2017.</p> <p>An evaluation undertaken during previous years indicated that nomination and remuneration issues are often intertwined and extensive coordination is required to avoid overlapping of authority. For this reason, the Board felt it may would be more effective to have a merged Nomination and Remuneration Committee rather than two stand-alone committees.</p> <p>The combined Nomination and Remuneration Committee is adequately positioned to undertake the duties and responsibilities expected of a dedicated Remuneration Committee. The composition of the combined Nomination and Remuneration Committee fulfils that expected of a dedicated Nomination Committee (paragraph 15.08 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad and Practice 4.7 of MCGG) and a dedicated Remuneration Committee (Practice 6.2 of MCGG) respectively.</p> <p>In formulating the agenda for Nomination and Remuneration Committee meetings, the Chairman of the Nomination and Remuneration Committee ensures sufficient attention is given to remuneration issues.</p> <p>In fulfilling its role, the Committee is guided by its Terms of Reference which clearly outlines the duties, responsibilities and authority of the Committee. The Terms of Reference is made available on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Stakeholders are able to assess whether the remuneration of Directors and Senior Management is commensurate with their individual performance, taking into consideration the Company's performance.

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	Detailed disclosure of Directors' remuneration is available in the Notes to the Financial Statement in the Annual Report. The disclosure is made on both Group and Company level, pursuant to paragraph 11, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of Directors and Senior Management is commensurate with their individual performance, taking into consideration the Company's performance.

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Upon careful consideration and deliberation, the Board is of the view that disclosing the Top 5 Senior Management's remuneration would not be in the best interest of UMB. Due to the scarcity of talent in the plantation industry, disclosure of information such as remuneration may put the Company at a disadvantageous position and vulnerable to instances of poaching of talents.	
		The Board, together with the Nomination and Remuneration Committee, undertake a periodic internal review of the remuneration of Senior Management to ensure that remuneration is proportional to the performance of the Company. In conducting such review, due consideration is given to ensuring remuneration remains competitive and is able to attract, retain and motivate talented and high-calibre individuals to lead and run the Company successfully.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of Directors and Senior Management is commensurate with their individual performance, taking into consideration the Company's performance.

Practice 7.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee is chaired by the Senior Independent Director, Tan Sri Dato' Ahmad bin Mohd Don while the Board is helmed by Datin Paduka Tan Siok Choo. Having the positions of the Chairman of the Audit Committee and Chairperson assumed by different individuals allows the Board to objectively review the findings and recommendations of the Audit Committee. Additionally, the separation of power ensures that no single individual dominates the decision-making process thereby impairing the Board's ability to discharge its oversight function impartially.</p> <p>Tan Sri Dato' Ahmad is an accountant by profession and a Fellow of the Institute of Chartered Accountants in England and Wales as well as a member of the Malaysian Institution of Certified Public Accountants. Tan Sri Dato' Ahmad has accumulated over 40 years of professional experience, particularly in accounting, finance and banking, serving in various leadership positions. He has also served in the public sphere as the Governor of Bank Negara Malaysia from 1994 to 1998. Financial expertise and extensive experience equip the Chairman of the Audit Committee with the ability to lead discussions and deliberations on the financial issues and provides reasonable assurance of the integrity of the Company's financial reporting.</p> <p>As the Chairman of the Audit Committee, Tan Sri Dato' Ahmad is guided by the Terms of Reference of the Audit Committee, which can be viewed on the Company's website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In line with its mandate to safeguard the independence and objectivity of the audit process, the Audit Committee as well as the Board have observed a non-codified internal policy which requires a former key audit partner to observe a cooling period of at least two years before being appointed as a Director (including as a member of the Audit Committee) or as an employee of the Group.</p> <p>In the forthcoming financial year, the Board will seek to engage an independent expert to enhance the prevailing Audit Committee's Terms of Reference with a view of formalising provisions for a former key audit partner to observe a cooling off period prior to being appointed as a member of the Audit Committee.</p> <p>To date, UMB has not appointed or employed any former key audit partners either as a Director of the Board or as an employee of the Group.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee is responsible for establishing and maintaining an appropriate and transparent relationship with the Group's external auditor. This includes assessing the capabilities and independence of the external auditor and making subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor. In fulfilling this role, the Audit Committee has formalised an External Auditor Independence Policy which covers policy stipulations and procedures to assess and determine the suitability, objectivity and independence of the external auditor.</p> <p>During the financial year under review, the Audit Committee has conducted an annual evaluation of the independence and performance of the external auditor, namely Ernst & Young ("EY"). This includes assessing the qualification and performance of the external auditor, the quality and candour of the external auditor's communication with the Audit Committee and the external auditor's independence, objectivity and professional vigilance. The assessment was carried out via questionnaires filled in by Audit Committee members.</p> <p>The Audit Committee has also leveraged on the input of the Senior Management personnel in charge of finance matters to supplement the Audit Committee's assessment of the external auditor.</p> <p>During the year under review, the Audit Committee has obtained a written assurance from EY that their personnel were, and have been independent throughout the conduct of the engagement in accordance with the terms of all relevant professional and regulatory requirements. This is a formal procedure that has been codified in the External Auditor Independence Policy.</p> <p>Additionally, the External Auditor Independence Policy provides guidelines on the provision of non-audit services. These guidelines are aligned to the By Laws (on Professional Ethics and Conduct) by the Malaysian Institute of Accountants. Disclosure on the nature and extent of non-audit services rendered by EY is made in the Notes to the Financial Statements in the Annual Report.</p> <p>The External Auditor Independence Policy is made available on the Company's website.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit Committee presently comprises solely of Independent Directors, namely Tan Sri Dato' Ahmad bin Mohd Don (Chairman and Senior Independent Director), Mr Tan Jiew Hoe, Dato' Dr Nik Ramlah binti Nik Mahmood and Mr Ong Keng Siew.</p> <p>As independence and unfettered objectivity form the pillars of a well-functioning Audit Committee, the Board is committed to ensuring UMB maintains the practice of having only independent members in the Audit Committee.</p> <p>The Board expects members of the Audit Committee to demonstrate continued professional vigilance, intellectual honesty and moral courage in discharging of their duties.</p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee presently comprises of Tan Sri Dato' Ahmad bin Mohd Don (Chairman and Senior Independent Director), Mr Tan Jiew Hoe, Dato' Dr Nik Ramlah binti Nik Mahmood and Mr Ong Keng Siew.</p> <p>Audit Committee members are able to leverage on a wide range of skills to effectively and meaningfully challenge, encourage and support each other in fulfilling the functions of the Audit Committee.</p> <p>Tan Sri Dato' Ahmad and Mr Ong Keng Siew are both members of the MIA, thus fulfilling paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which calls for one member of the audit committee to be a member of a professional accountancy body. Tan Sri Dato' Ahmad has also accumulated years of experience in leadership roles in the finance and banking sector, including as the Group Managing Director of Malayan Banking Berhad and subsequently as Governor of Bank Negara Malaysia. Mr Ong is an accountant by profession and was previously the Managing Director and CEO of Paramount Corporation Berhad.</p> <p>Dato' Dr Nik Ramlah has extensive experience in policy-making and capital market, having formerly served as the Deputy Chief Executive of Securities Commission Malaysia. Her professional experience and expertise enable her to provide unique insights and input on compliance matters that fall within the purview of the Audit Committee. Mr Tan Jiew Hoe, meanwhile, is an acclaimed botanist with vast experience in rubber planting, oil palm growing and general botany. His expert opinion provides the Audit Committee with valuable input on crop diversification strategy that could impact the long-term future of the Company.</p> <p>Members of the Audit Committee attend the relevant training and continuous professional development programmes that they deem necessary to keep themselves apprised on the latest developments in accounting and auditing standards, regulations and practices. As members of MIA, Tan Sri Dato' Ahmad and Mr Ong Keng Siew have attended the mandatory continuous professional development programmes during the year.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 9.1

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

Application	: Applied
Explanation on application of the practice	<p>After determining the Group's risk appetite, the Board identifies, assesses and monitors key business risks to safeguard the business operations and sustainability. Facilitated by the Executive-level Risk Management Committee, the Board has instituted an enterprise risk management framework to continuously identify risks and implement appropriate control systems to manage them.</p> <p>The enterprise risk management framework is designed with a triple line defensive structure to address risks at three key levels, as outlined below:</p> <p>1st line of defence: Monitoring day to day risks at individual business units</p> <ul style="list-style-type: none">• Heads of individual business units work closely with the Risk Officer to provide a quarterly risk register. The Risk Officer serves as a conduit between business units and Senior Management. <p>2nd line of defence: Anticipating risks by the Risk Management Committee</p> <ul style="list-style-type: none">• The Risk Management Committee, comprising the CEO, Chief Financial Officer, Plantation Controllers, Senior Manager of various units (Administration and Corporate Affairs, Sales and Purchasing, Sustainability and Mechanisation and Human Resources), Head of Internal Audit and Risk Officer, meets quarterly to review and anticipate changes to the Group's risk profile and establish mitigating measures to address risks. <p>3rd line of defence: Ensuring adequacy and integrity of the Risk Management and Internal Control Systems by the Audit Committee</p> <ul style="list-style-type: none">• The Audit Committee engages with the Internal Auditor and the external auditor to review and ascertain the adequacy and effectiveness of the Group's governance, risk management and internal control processes. The Internal Audit Department independently reviews the Group's risk management and internal control system and subsequently reports and make appropriate recommendations to the Audit Committee. <p>The Group has also embedded a system of soft controls such as the reporting structure, separation of power and authority and the implementation of core values and professional ethics and conduct.</p>

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

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>A Statement on Risk Management and Internal Control has been provided for in the Annual Report of the Company. The Statement provides an overview of the key features of the Group's risk management and internal control framework including the framework used to continuously identify risks and assess them, measures implemented to mitigate risks (i.e. first, second and third line of defence) and the risk management and reporting structure.</p> <p>Additionally, the Statement outlines the significant risks factors identified during the year under review and the measures implemented by Management to assess, monitor and mitigate the identified risks. Disclosures on the Internal Audit Function and the internal control systems instituted are articulated in the Statement.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

The Board establishes a Risk Management Committee, which comprises a majority of Independent Directors, to oversee the Company's risk management framework and policies.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has established an in-house Internal Audit Department to review the adequacy and effectiveness of the Group’s system of internal controls. As the “eyes and ears” of the Audit Committee, the Internal Audit Department reports directly to the Audit Committee and has access to the Board via the Chairman of the Audit Committee.</p> <p>In discharging its duties with unfettered impartiality, due care and skill, the Internal Audit Department is governed by the Internal Audit Charter and established internal audit standards and practices. During the year under review, the Audit Committee has reviewed and approved the internal audit plan and the annual budget for the Internal Audit Department. The Audit Committee ensures that the Internal Audit Department is provided with adequate resources and appropriate standing to enable it to perform its role with objectivity and authority.</p> <p>Comprehensive audits of the Group’s operations in the Head Office, plantation estates and palm oil mills in Peninsular Malaysia, Sabah and Indonesia are undertaken on a regular basis. Audit reports issued by the Internal Audit Department are furnished to the Audit Committee to provide the Committee with assurance and recommendations on the Group’s governance, risk management and internal control systems.</p> <p>The Audit Committee communicates regularly with the Head of Internal Audit on significant observations arising from the internal audit process.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The Board should disclose–

- 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.

Application	:	Applied	
Explanation on application of the practice	:	Pursuant to Practice 10.2 of MCCG, disclosure on the Group's Internal Audit Department, is contained in the Audit Committee Report within the Annual Report of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>As stewards of the Company, the Board acknowledges that a sound stakeholder communication programme is paramount to fulfil the interests and expectations of the Group's stakeholders. The Board and the Group are committed to maintaining high standards in the dissemination of relevant timely and material information relating to the Group to stakeholders.</p> <p>Towards this end, the Board has expended effort to ensure the Company's website is updated with the latest developments on the Group's businesses, including press releases and announcements to Bursa Malaysia Securities Berhad.</p> <p>As part of its investor relations programme, the Company has conducted analyst briefing session to apprise institutional investors and research analysts on the Group's operations.</p> <p>The Board has also designated the Senior Independent Director, Tan Sri Dato' Ahmad bin Mohd Don, as the contact point to manage enquiries and concerns raised by stakeholders of the Group, including employees and minority shareholders, should they deem the normal reporting channel to be insufficient or unsuitable.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>While UMB does not fall under the remit of a Large Company as defined by MCCG, the Company intends to benchmark itself against the prescribed higher order practice.</p> <p>In its current form, the Annual Report of UMB provides shareholders with a detailed articulation of the Group's financial and non-financial information, including its strategic and operational performance. The Annual Report incorporates the Chairperson's Statement, Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control, which provide insights into the Company's non-financial information, including industry trends and business outlook and potential of the Company.</p> <p>The Annual Report of UMB draws linkages between the various components and provide a comprehensive picture of the Company's value creation process.</p> <p>It should also be noted that for FY 30 April 2018, the Company has successfully produced a Sustainability Statement contained in the Annual Report. This is an incremental step towards the adoption of integrated reporting in its entirety through the development of necessary systems and controls as well as the presence of quality non-financial data to facilitate the development of an integrated report.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.

Practice 12.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The AGM serves as the primary avenue for shareholders to engage both the Board and Senior Management in a constructive dialogue and provide feedback that positively contributes to the overall performance of the Group. Premised on these objectives, the Board endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the AGM.</p> <p>In this regard, the notice for the AGM in 2018 will be despatched to shareholders 21 days prior to the meeting, which will be held on 24 August 2018. This is in line with the minimum notice period required by 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 and listed issuers respectively.</p> <p>The notice period provided allows shareholders to make the necessary arrangements to attend the AGM as well as to adequately prepare and make informed decisions during the AGM.</p> <p>The notice for UMB's AGM outlines the resolutions to be tabled during the AGM and is accompanied with explanatory notes and background information where relevant, to shed clarity on matters to be decided at the AGM. Additionally, The notice for AGM is incorporated in the Annual Report of UMB to allow shareholders to cross-reference the information provided in the notice with that in the Annual Report.</p> <p>The notice for AGM will be published in The Star newspaper alongside an announcement on the website of Bursa Malaysia Securities Berhad.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>As stewards of the Company, the Board is ultimately accountable to its shareholders. It is the Board's foremost responsibility to engage shareholders in an informative two-way dialogue and to provide meaningful responses to their questions.</p> <p>All Directors were present at the 103rd AGM held on 25 August 2017. The Chairmen of respective Board Committees were also present to facilitate discussions and address any queries on matters that fall under the purview of the respective Committees. The CEO, Chief Financial Officer and external audit Engagement Partner were also in attendance to supplement discussions and provide additional clarification where necessary.</p> <p>The summary of the key matters discussed during the 103rd AGM is made available on the Company's website, pursuant to paragraph 9.21(2) of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>At present, UMB has close to 8,000 individual shareholders. UMB has yet to establish the necessary infrastructure that will enable voting in absentia and remote shareholder participation during general meetings.</p> <p>In the interim, the Board will consider to undertake a cost and benefit analysis for employing technological means during general meetings in order to determine its feasibility.</p> <p>As disclosed under Practice 12.1, notice of AGM is provided to shareholders at least 21 days prior to the meeting. This accords shareholders with adequate time to make the necessary arrangements to attend the AGM.</p> <p>During the AGM, poll-voting is conducted via electronic hand-held devices to facilitate an efficient and seamless voting process. The Company has appointed Symphony Share Registrars Sdn Bhd to serve as the Poll Administrator for the forthcoming AGM. Additionally, Symphony Corporatehouse Sdn Bhd has been appointed as the Independent Scrutineer to validate the votes cast at the upcoming AGM.</p> <p>Shareholders who are unable to attend general meetings are allowed to vote via proxies. Shareholders can appoint any persons, who are not members of the Company, as their proxies who can participate, vote and speak in their stead during general meetings.</p> <p>The Board will continue to monitor its shareholding structure and attendance during general meetings. Moving forward, the Board will explore potential measures to encourage shareholder attendance and participation during the general meetings, including leveraging on technological means if deemed necessary and feasible.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

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