

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2593
COMPANY NAME : United Malacca Berhad
FINANCIAL YEAR : April 30, 2022

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 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.

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) oversees the management and business strategies of UMB and its subsidiaries (UMB Group) to achieve long-term value creation.</p> <p>In its oversight role, the Board approves corporate strategies to build sustainable long-term value, appoints the Chief Executive Officer (CEO) and oversees the CEO and Senior Managers operating UMB Group's businesses. The Board also directs capital allocation for long-term growth, assesses and manages risks, and sets the "tone at the top" for ethical conduct.</p> <p>Through the Audit Committee, the Board manages the relationship with the external auditor, oversees UMB Group's annual financial audit, internal audit, system of controls, as well as the company's risk management and compliance programmes.</p> <p>Through the Nomination and Remuneration Committee (NRC), the Board strives to build an engaged and diverse board with the appropriate size and composition for UMB Group's needs. The NRC leads the Board's succession planning as well as establishes and implements the remuneration policy framework and procedures that link rewards to corporate and individual performance in terms of the employee's skills and experience, and the strategic and long-term objectives of UMB Group.</p> <p>All directors are aware of and abide by the Directors' Code of Ethics governing ethical behaviour based on trust and joint responsibility. The Directors' Code of Ethics is available on UMB'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 1.2

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 of UMB is led by Datin Paduka Tan Siok Choo, a Non-Independent Non-Executive Chairperson. She was appointed to the Board on 8 December 1988 and unanimously elected by UMB's Directors as the Chairperson on 28 July 2011.</p> <p>She provides leadership and ensures the effective functioning of the Board. The Chairperson's responsibilities, amongst others, are to:</p> <ul style="list-style-type: none"> • Act as a conduit between the Board and Management, including providing support and advice where necessary; • Lead the Board in setting the Group's ethics and corporate conduct; and • Facilitate continuous communications with stakeholders and ensure the Board considers input from stakeholders. <p>The Chairperson benchmarks high standards of corporate governance practices throughout the Group. The Chairperson's responsibilities are codified in the Board Charter, which is available on UMB's website.</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

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 ensures the Chairperson and the CEO are different individuals with clearly defined and separate roles and responsibilities.</p> <p>Datin Paduka Tan Siok Choo, a Non-Independent Non-Executive Directors, is the Chairperson, while Mr. Young Lee Chern has been the CEO since 1 July 2021.</p> <p>The Chairperson is responsible for the conduct, governance, and effectiveness of the Board. The CEO is responsible for developing and implementing strategy and managing UMB's day-to-day operations.</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>
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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	Datin Paduka Tan Siok Choo, the Chairperson of the Board, is not a member of the Audit Committee or Nomination and Remuneration Committee.
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

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>The Board is supported by two qualified and experienced Company Secretaries, Ms. Yong Yoke Hiong and Ms. Pang Poh Chen, both are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>Company Secretaries facilitate the flow of information from Management to the Board and ensure timely delivery of meeting materials to the Directors. The Company Secretaries work with the Chairperson and the Chief Executive Officer to determine the agenda of the Board and Board committees. Additionally, the Board is regularly apprised and advised by the Company Secretaries on statutory and regulatory requirements and pertinent governance matters.</p> <p>The Company Secretaries constantly keep abreast of changes in corporate governance. In 2022, both attended external training courses and seminars on changes in regulatory requirements.</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 1.6

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>All Board members are provided with the notice, meeting agenda, and Board papers, at least five (5) working days before the meeting, as stipulated in the Board Charter.</p> <p>Meeting materials provided to the Directors include the following:</p> <ul style="list-style-type: none"> • A meeting agenda; • Minutes of the previous meetings; • Reports of Board Committees; • Management proposals on business plans and strategies; • Budget review; • Forecast of output of fresh fruit bunches and financial projections; and • Quarterly and annual financial reports. <p>The Company Secretaries minute the proceedings of Board and Board Committee meetings. The minutes reflect key deliberations and decisions, the rationale for each decision, any significant concerns, individual Director's dissenting views and abstentions from voting. The draft meeting minutes are circulated to all Directors and confirmed at the next Board or Board Committee meeting.</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

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 the Board Charter that provides a concise overview of the role and responsibilities of each director, powers of the Board and Board of Committees, separation of roles between the Board and Management, and the Board’s corporate governance practices. It is also a helpful induction tool for new directors.</p> <p>UMB’s Board Charter outlines the following:</p> <ul style="list-style-type: none"> • Board size and composition; • Appointment and re-election of Directors; • Independence of Directors; • New Directors; • Tenure of Independent Directors; • Matters reserved for the Board; • Roles and responsibilities of the Board, Board Committees, Chairperson, individual Directors, Independent Directors, Senior Independent Director and the Chief Executive Officer; • Board meetings; • Board evaluation and performance; • Directors training and continuing education; • Code of Ethics and Conduct; • Whistleblowing Policy; • Anti-Bribery Policy; and • Enforcement and review of the Board Charter. <p>The Board periodically reviews the Board Charter to ensure it reflects current policies and expectations of the Board and compliance with the prevailing regulations and corporate governance practices. The Board Charter is available on UMB’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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to upholding high standards of professionalism, the Board has formalised a Code of Ethics and a Code of Conduct for Directors and for all employees within UMB Group. The Directors' Code of Ethics is available on UMB's website.</p> <p>The Board has established an Anti-Bribery policy for UMB Group. This policy sets out procedures to prohibit bribery, ensure accountability and responsibility and the process for reporting violations. The Anti-Bribery Policy is available on UMB'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

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>The Board is committed to upholding transparency and integrity in its conduct of business and operations. The Board has formulated a Whistleblowing Policy that outlines secured avenues for employees to report any knowledge of improper conduct in good faith without fearing any adverse consequences. The whistleblower may report in writing to the Chief Executive Officer, Head of Group Audit, the Audit Committee Chairman, or the Chairperson. Alternatively, the whistleblower may complete and submit the Online Whistleblowing Form available on the UMB website.</p> <p>All whistleblowing reports are treated with utmost confidence and investigated thoroughly by the Audit Committee. After investigating the report, the Audit Committee will report the outcome to the Board.</p> <p>The Whistleblowing Policy is available on UMB’s website.</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

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<p>Application :</p>	<p>Applied</p>
<p>Explanation on application of the practice :</p>	<p style="text-align: center;"><u>Sustainability Governance Structure</u></p> <div style="border: 1px solid black; border-radius: 10px; padding: 10px; margin-bottom: 10px;"> <p style="text-align: center;">Board of Directors</p> <ul style="list-style-type: none"> • Oversees sustainability framework, strategies and policies. </div> <p style="text-align: center;">↓</p> <div style="border: 1px solid black; border-radius: 10px; padding: 10px; margin-bottom: 10px;"> <p style="text-align: center;">Chief Executive Officer</p> <ul style="list-style-type: none"> • Approves and determines sustainability strategies, direction and targets. </div> <p style="text-align: center;">↓</p> <div style="border: 1px solid black; border-radius: 10px; padding: 10px; margin-bottom: 10px;"> <p style="text-align: center;">Management Committee</p> <ul style="list-style-type: none"> • Represented by key personnel from various departments and operations. • Discusses sustainability issues and identifies risks. • Review sustainability performance. </div> <p style="text-align: center;">↓</p> <div style="border: 1px solid black; border-radius: 10px; padding: 10px; margin-bottom: 10px;"> <p style="text-align: center;">Engineering and Sustainability Department</p> <ul style="list-style-type: none"> • Provides CEO with input for sustainability strategies. • Proposes sustainability targets. • Communicates sustainability policies to all operating units. • Coordinates and monitors the implementation of sustainability policies. </div> <p style="text-align: center;">↓</p> <div style="border: 1px solid black; border-radius: 10px; padding: 10px;"> <p style="text-align: center;">Operating Units</p> <ul style="list-style-type: none"> • Implements sustainability policies and practices. </div>

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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>UMB's materiality matrix addresses key topics identified through stakeholder feedback and industry-specific risks and opportunities. It was conducted during Financial Year (FY) 2020 with the help of an independent sustainability consultant, KPMG, and remains relevant because there are no significant changes to UMB's scope of operations. Our sustainability matters are grouped into three (3) pillars – People, Planet and Profit.</p> <p>UMB actively engages with stakeholders through various channels to understand their concerns and promptly respond to issues. During the pandemic, most stakeholder engagements had to be held virtually, and they were also requested to give feedback by letter or email.</p>
Explanation for departure	:	Please provide an explanation for the 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	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	Board is regularly updated with sustainability-related matters through quarterly meetings and reports. Key initiatives are presented in the Sustainability Statement aligned with the identified materiality issues. Some board members attended sustainability training in the years 2021 and 2022 to enhance their understanding and keep abreast of the latest developments. More relevant training will be recommended to ensure directors have equipped themselves with sustainability knowledge.
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	UMB has identified Sustainability targets to be incorporated into the KPIs of senior management and employees known as Sustainability Index. However, the indicators identified do not represent Sustainability in overall performance. Some initiatives are assessed in isolation and are not incorporated into the performance evaluation.	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>Mr. Mageswaran Narappan leads the Sustainability department at UMB. The department is further divided into two sections – Malaysia and Indonesia operations. Generally, the Sustainability team is tasked to do the following:</p> <ul style="list-style-type: none">• Develop, implement and review Sustainability strategies;• Assist in reviewing UMB policies related to Sustainability;• Coordinate with all operating units to embed sustainability in business operation;• Coordinate discussions with relevant parties on matters related to certifications of estates and palm oil mills;• Actively engage relevant stakeholders to identify and address sustainability issues related to peat management, HCV and HCS, labour;• Prepare guidelines and procedures related to certifications• Establish a strong rapport with sustainability practitioners, professionals, consultants, government agencies and regulatory bodies;• Conduct research on current sustainability issues to stay abreast of policies, best practices and technology;• Conduct internal training programmes on matters related to environmental as well as social issues and policies;• Liaise closely with relevant departments in compiling and verifying the data, include the findings in the Sustainability report; and• Coordinate stakeholder engagements.

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee (NRC) reviewed each Director's tenure and the Board's composition.</p> <p>The NRC was satisfied with the mix of competencies and experience of the individual Directors towards the Board's effectiveness and diversity.</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 5.2

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

Application	:	Departure	
Explanation on application of the practice	:	Please provide an explanation on how the practice is being applied.	
Explanation for departure	:	The Board had approved the re-designation of Mr. Tan Jiew Hoe from Independent Non-Executive Director to Non-Independent Non-Executive Director effective from 1 July 2022. The eight-member Board now comprises three Independent Non-Executive Directors and five Non-Independent Non-Executive Directors. The Board believes the current number of Independent Directors is adequate to act as a check on the Board. In addition, all Board members are non-executive directors who are not involved in the day-to-day operations of UMB Group. Therefore, the Board can discharge its role in overseeing and assessing UMB's strategies, policies, and performance and monitoring Management's performance.	
<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 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied
Explanation on application of the practice	:	During the financial year ended 30 April 2022, UMB had one Independent Non-Executive Director, Mr. Tan Jiew Hoe, who has served a cumulative term of more than nine (9) years. Mr. Tan Jiew Hoe was re-designated Non-Independent Non-Executive Director effective from 1 July 2022.
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 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	The Company has a policy that limits the tenure of its independent directors to 12 years without further extension. Should the Board decide to retain an Independent Director after he has served a cumulative term of nine (9) years, the Board shall recommend and provide strong justification to shareholders and seek their approval at the general meeting annually.

Intended Outcome

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

Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>In determining its composition, the Board is committed to upholding diversity and inclusiveness. A diverse Board will enhance a constructive diversity of views and offer checks and balances.</p> <p>In selecting the Board's candidates, the Nomination and Remuneration Committee (NRC) will consider the required mix of skills, character, age, academic background and work experience. The NRC will assess the candidate's fitness and propriety before recommending the appointment to the Board. The NRC's Terms of Reference outline the appointment of each Director, Chief Executive Officer (CEO) and Senior Management and is available on UMB's website.</p> <p>The Board comprises Directors with skills, experience and expertise in law, accounting, engineering, agriculture, agronomy, planting oil palms and palm oil milling. Therefore, the Board is diverse in work experience, skills, and gender.</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 5.6

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 suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Departure
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee (NRC) is responsible for identifying and recommending suitable candidates as directors. The NRC relies on incumbent directors' referrals to identify potential candidates, an effective method to source talented independent candidates with experience in plantations and related sectors.</p> <p>NRC evaluates candidates against several criteria, including skills, expertise, professional experience and availability to attend regular and sometimes urgent meetings in Melaka and Kuala Lumpur.</p> <p>When the need arises, the NRC may consider engaging external search firms to cast a broader net in sourcing candidates. The NRC will also consider leveraging on directors' registries and the industry or professional associations as channels for identifying candidates that would otherwise be beyond its radar.</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 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied	
Explanation on application of the practice	:	To assist shareholders in making an informed decision on the appointment and reappointment of a director, the Board discloses the relevant information in the explanatory notes accompanying the AGM notice and the profile of directors in the Annual Report.	
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 5.8

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

Application	:	Applied											
Explanation on application of the practice	:	Dato Dr. Nik Ramlah Binti Nik Mahmood, the Senior Independent Director, chairs the Nomination and Remuneration Committee (NRC). The NRC comprises:-											
		<table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Directorship</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Dato Dr. Nik Ramlah Binti Nik Mahmood</td> <td>Senior Independent Non-Executive Director (Chairperson)</td> </tr> <tr> <td>2.</td> <td>Mr. Ong Keng Siew</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>3.</td> <td>Dato' Sri Tee Lip Sin</td> <td>Non-Independent Non-Executive Director</td> </tr> </tbody> </table>		No.	Name	Directorship	1.	Dato Dr. Nik Ramlah Binti Nik Mahmood	Senior Independent Non-Executive Director (Chairperson)	2.	Mr. Ong Keng Siew	Independent Non-Executive Director	3.
No.	Name	Directorship											
1.	Dato Dr. Nik Ramlah Binti Nik Mahmood	Senior Independent Non-Executive Director (Chairperson)											
2.	Mr. Ong Keng Siew	Independent Non-Executive Director											
3.	Dato' Sri Tee Lip Sin	Non-Independent Non-Executive Director											
		<p>The Board is committed to promoting good standards in corporate governance and business practices throughout the UMB Group. The Board is aware a clear criteria and process for appointing directors are major pillars of good governance. Therefore, an effective nomination and evaluation process of Directors is the bedrock of a high-performing Board. The Board believes Dato Dr. Nik Ramlah is the most suitable and qualified person to lead this vital process, given her outstanding past regulatory experience.</p> <p>As the Chairperson of the NRC, Dato Dr. Nik Ramlah leads the recruitment process and annual assessment of the Board, Board Committees, and individual Directors and their training requirements. She also initiates discussion regarding succession planning, particularly the key positions including the Chairperson of the Board, Chief Executive Officer, and other Senior Management personnel.</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 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	UMB has two woman Directors on its eight-member Board, comprising 25% of the whole Board. The woman directors are the Chairperson, Datin Paduka Tan Siok Choo, and the Senior Independent Non-Executive Director, Dato Dr. Nik Ramlah Binti Nik Mahmood. With two woman directors, UMB has complied with the latest Main Market Listing Requirement that at least one woman director should be a member of the Board.	
<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 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board does not have a specific policy setting targets for women candidates and ethnicity for Board members and senior management.	
		Nevertheless, the Board acknowledges the importance of gender diversity. The Board, through the Nomination and Remuneration Committee, will continue to review the Board's diversity, including gender diversity.	
<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 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.

Application	:	Applied
Explanation on application of the practice	:	<p>Through the Nomination and Remuneration Committee (NRC), the Board conducts an annual performance assessment to assess the effectiveness of the Board, Board Committees, and individual Directors. This evaluation exercise aims to identify areas of concern and make constructive changes where required.</p> <p>During the year under review, the NRC conducted the performance assessment in-house assisted by the Company Secretaries.</p> <p>The Directors answered questionnaires based on a self and peer rating model. The questionnaires focused on three segments as follows:-</p> <ul style="list-style-type: none"> • Board Performance Assessment; • Board Committee Assessment; and • Board of Directors' Self-Assessment. <p>The evaluation also included the following key areas of assessment:-</p> <ul style="list-style-type: none"> • Board composition; • Board's roles and responsibilities; • Chairperson's roles and responsibilities; • Board's resources; • Efficacy of Board Committees; • Interaction and participation of individual directors; • Integrity and independence of individual directors; and • Self-development and competence of individual directors. <p>Based on the findings of the evaluation exercise, the overall performance of the Board, Board Committees, and individual Directors is satisfactory, as evident from the high average ratings in all evaluations. UMB Board was assessed above average in terms of interaction, participation, integrity, independence, self-development, and competencies. Individual Directors have actively participated</p>

	<p>during boardroom discussions and contributed value-added analysis and perspectives of UMB's businesses and prospects.</p> <p>The Board also approved and adopted a Fit and Proper Policy. The Board, through the NRC, will also assess the Directors' fitness and propriety during the annual Board effectiveness evaluation exercise.</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

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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a remuneration policy that offers fair rewards for achieving key deliverables, in line with industry and Group practice.</p> <p>The Non-Executive Directors' remuneration encompasses a fixed fee for the Chairman and members of the Board and Board Committees, meeting allowances, and other benefits as disclosed in the Remuneration Policy.</p> <p>The remuneration components for key senior management consist of basic salary, performance-based bonus, benefits-in-kind, and other incentives. The remuneration package is structured to link reward to individual and corporate performance. The NRC reviews the remuneration packages of the key senior management annually.</p> <p>Details of individual Director's remuneration are disclosed in the Financial Statements in the Annual Report.</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

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 7.2

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>UMB Board instituted the Nomination and Remuneration Committee (NRC) to oversee and implement the remuneration policy framework and procedures, including reviewing and recommending matters relating to the remuneration of the Directors, CEO, and Senior Management. The NRC's Terms of Reference sets out the remuneration policies and procedures, including the implementation and review process.</p> <p>The NRC's Terms of Reference and the Remuneration Policy are available on UMB'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

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 8.1

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	:	The remuneration breakdown of each Director for the FY2022 is set out in the table on page 34 of this Report.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datin Paduka Tan Siok Choo	Non-Executive Non-Independent Director	120	0	0	0	31	51	202	168	0	0	0	31	51	250
2	Tan Jiew Hoe	Non-Executive Non-Independent Director	70	0	0	0	0	63	133	106	0	0	0	0	63	169
3	Teo Leng	Non-Executive Non-Independent Director	70	0	0	0	0	61	131	106	0	0	0	0	61	167
4	Dato Dr. Nik Ramlah Binti Nik Mahmood	Independent Director	70	0	0	0	0	73	143	106	0	0	0	0	73	179
5	Ong Keng Siew	Independent Director	70	0	0	0	0	73	143	106	0	0	0	0	73	179
6	Tee Cheng Hua	Non-Executive Non-Independent Director	70	0	0	0	0	61	131	70	0	0	0	0	61	131
7	Dato' Sri Tee Lip Sin	Non-Executive Non-Independent Director	70	0	0	0	0	24	94	70	0	0	0	0	24	94
8	Han Kee Juan	Independent Director	64	0	0	0	0	45	109	64	0	0	0	0	45	109

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 8.2

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	:	<p>The Board believes disclosing the top five Senior Management's remuneration on a named basis will not be in the Group's best interest. Due to the scarcity of talent in the plantation industry, disclosing such information may place UMB at a disadvantage and make it vulnerable to talent poaching.</p> <p>The remuneration of the key management personnel, including the Chief Executive Officer, Chief Financial Officer, General Manager (Plantation), Head of Group Administration & Corporate Affairs and Human Resource, and Head of Group Audit during the financial year are disclosed in aggregate in the notes to the Financial Statements of UMB's Annual Report 2022.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

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 8.3 - 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	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Mr. Ong Keng Siew (Independent Non-Executive Director) is the Audit Committee Chairman. The Committee comprises solely Independent Non-Executive Directors.</p> <p>Mr. Ong Keng Siew is an accountant by profession, a fellow of the Chartered Association of Certified Accountants, and a member of the Malaysian Institute of Accountants (MIA). His vast experience in accounting, finance and investment, together with his long experience as a Financial Controller and CEO of a listed property company, make him well-placed to drive deliberations at the AC. UMB has an implicit policy of rotating the Chairmen of Board Committees, including the Chairman of the AC, to promote a fresh approach to framing and mediating the relevant discussions.</p> <p>The Audit Committee's Terms of Reference, available on UMB's website, provide an insight to the Audit Committee.</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 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee's Terms of Reference require a former partner of UMB's external audit firm to observe a cooling-off period of at least three years before appointment as an Audit Committee member.</p> <p>The Board has not appointed any former key audit partner as its Audit Committee member.</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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>Guided by its Terms of Reference and the External Auditor Independence Policy, the Audit Committee (AC) assesses the capabilities and suitability of the external auditor before recommending to the Board the appointment, re-appointment, or termination of the external auditor.</p> <p>The External Auditor's Independence Policy outlines the guidelines and procedures for the AC to review, assess and monitor the performance, suitability, and independence of UMB Group's External Auditor, including providing non-audit services.</p> <p>During the financial year under review, the AC conducted the annual evaluation of the external auditors, Ernst & Young PLT (EY). The AC assessed EY's performance, independence, objectivity, professional vigilance as well as the quality and impartiality of EY's communications based on questions in the assessment checklist and Management's feedback regarding EY's quality of service. The AC also received written assurance from EY confirming their personnel have been independent throughout the audit engagement. The AC was satisfied with EY's performance, effectiveness, and independence.</p> <p>Stipulations regarding the provision of non-audit services specified in the External Auditor Independence Policy align with the By-Laws of the Malaysian Institute of Accountants.</p> <p>The External Auditors Independence Policy is available on UMB'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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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>UMB's Audit Committee (AC) comprises four experienced and qualified members, namely Mr. Ong Keng Siew as AC Chairman, Mr. Tan Jiew Hoe, Dato Dr. Nik Ramlah Binti Nik Mahmood and Mr. Han Kee Juan</p> <p>Mr. Ong Keng Siew is a member of the Malaysian Institute of Accountants (MIA). Mr. Ong's MIA membership fulfils the requirement of Paragraph 15.09(1)(C) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, which states one member of the audit committee must be a member of a professional accountancy body.</p> <p>Mr. Ong Keng Siew has years of experience in a leadership role in accounting, finance, and investment as the Managing Director and Chief Executive Officer (CEO) of Paramount Corporation Berhad.</p> <p>Having served as the Deputy Chief Executive of Securities Commission Malaysia, Dato Dr. Nik Ramlah has extensive experience in policy making and regulating the capital market. She provides a unique insight on compliance issues within the purview of the AC.</p> <p>An acclaimed botanist with vast experience in rubber planting, oil palm growing, botany and horticulture, Mr. Tan Jiew Hoe also had a stint in an accounting firm. He has extensive knowledge of plants and possesses formidable contacts among botanists.</p> <p>Mr. Han Kee Juan is a Plantation Adviser with vast knowledge and experience in oil palm agronomy and plantation management.</p> <p>Members of the Audit Committee must attend training and continuous professional development programmes to keep in touch with the latest accounting and auditing standards, regulations, and</p>

	<p>practices. During the financial year under review, Mr. Ong Keng Siew attended the mandatory continuous professional development programmes.</p> <p>AC members also attended webinars on “Asia-Pacific Board Leadership Centre Board and Audit Committee Priorities 2021 by KPMG”, “Ethics and Integrity: Professionalism and Corporate Dilemma by Securities Industry Development Corporation”, “Economic Conditions in Malaysia – Briefing by Bank Negara Malaysia”, “Securities Commission Malaysia’s Oversight Board Conversation with Audit Committee by The Securities Commission Malaysia’s Audit Oversight Board” and “Economic Outlook – Taking Temperature for 2022 and beyond by Securities Industry Development Corporation”.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

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 10.1

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

Application	: Applied
Explanation on application of the practice	<p>Facilitated by the Management-level Risk Management Committee (MRMC), the Board has instituted an Enterprise Risk Management (ERM) framework to facilitate a continual identification and management of these risks with appropriate policies and control systems.</p> <p>The ERM framework is a triple line of defence aimed at addressing risks:</p> <p>1st line of defence: Monitor day-to-day risks in Group operations</p> <ul style="list-style-type: none"> • The Risk Officer liaises between a Management-level Risk Management Committee (MRMC) and Heads of Business Units (HBU), who assesses day-to-day risks in the business units. Both Risk Officer and HBU meet at least once every quarter to assess and evaluate risks and determine which risks are significant and should be escalated to the MRMC. <p>2nd line of defence: Risk Management Committee (RMC) anticipates risks</p> <ul style="list-style-type: none"> • The RMC comprises the Chief Executive Officer, Chief Financial Officer, Head of Group Administration, Corporate Affairs & Human Resource, Head of Group Audit, Acting Head of Engineering/Mill Controller, Senior Manager of Estate Operations, Senior Manager of Procurement Marketing as well as Risk Officer. <p>RMC meets quarterly to review changes in UMB's risk profile and develop action plans to mitigate risks in line with business objectives. Special purpose meetings were also held during the year under review to discuss measures to mitigate operational disruptions brought about by the Covid-19 pandemic.</p> <p>3rd line of defence: Audit Committee (AC) ensures the adequacy and integrity of Risk Management and Internal Control Systems.</p> <ul style="list-style-type: none"> • RMC members discussed the results of updated risks at RMC meetings. The AC further deliberated significant risk issues before

	<p>escalation to the Board. The Head of Internal Audit developed a risk-based internal audit plan to address key risks and to provide reasonable assurance on the effectiveness of the internal controls.</p> <p>The Statement on Risk Management and Internal Controls in the Annual Report sets out the Group's Risk management and internal controls frameworks.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

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 10.2

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>The Board determines the framework of UMB’s risk management and internal controls framework and as well as its adequacy and effectiveness as outlined in the Statement on Risk Management and Internal Controls in UMB’s Annual Report.</p> <p>The Statement outlines the different roles and functions of those entrusted with managing risks and internal controls. The Statement also sets out measures to manage and mitigate risks.</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 10.3 - 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 11.1

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>UMB has an in-house Internal Audit Department (IA) led by Encik Abdul Razak Md Aris, who reports directly to the Audit Committee (AC). IA assesses and reports the effectiveness of the Group's internal control processes to the AC.</p> <p>The AC reviews and approves the annual risk-based internal audit plan and ensures the Internal Audit Department has the appropriate authority, sufficient staff and financial resources independent of Management. The Internal Audit Charter sets out the processes for Internal Audit's operations to provide value-added contributions to UMB Group.</p> <p>Comprehensive audits of UMB Group's operations are conducted regularly at the Head Office, oil estates and palm oil mills in Peninsular Malaysia, Sabah, and Kalimantan in Indonesia. Internal audit reports by the Internal Audit Department are presented to the AC to provide assurance and to recommend measures aimed at enhancing effective risk management and fortifying internal control systems.</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 11.2

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	:	UMB Group's Internal Audit Disclosure is in the Audit Committee Report in UMB's Annual Report.	
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 12.1

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

Application :	Applied
Explanation on application of the practice :	<p>The Board recognises maintaining effective, transparent, and regular communications with stakeholders enable more informed decision-making and can help shape and improve a company's overall operations. UMB Board ensures communication with stakeholders is timely and adequate.</p> <p>The Board ensures UMB's website is continuously updated and contains timely and significant information, including:-</p> <ul style="list-style-type: none">• Updates regarding the Group's business activities;• Corporate Information;• UMB Group's policies and codes;• Summary of minutes of the past year's Annual General Meeting (AGM);• Analysts' Reports;• Annual Reports;• Announcements to Bursa; and• Quarterly financial reports. <p>UMB conducts analysts' briefings regarding UMB Group's operations as part of its investor relations programme.</p> <p>Dato Dr. Nik Ramlah Binti Nik Mahmood, the Senior Independent Director, is the primary contact for the Group's stakeholders to forward their concerns about governance matters in the event the normal reporting channel is 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	:		
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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 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
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

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges it is essential to provide shareholders with sufficient time and information to consider the proposed resolutions before voting at the AGM.</p> <p>UMB practices issuing its AGM notice more than 28 days before the AGM, which goes beyond the minimum notice period required by Section 316(2) of Companies Act, 2016, and Paragraph 7.15 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.</p> <p>The notice of UMB's AGM contains resolutions requiring shareholders' approval at the AGM, together with detailed explanatory notes and background information on the resolutions. The AGM notice is published on UMB's website.</p> <p>Shareholders are encouraged to submit in advance questions either for Directors or Management to answer.</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

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

Practice 13.2

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>Mindful of their individual and collective responsibility towards shareholders, all Directors as well as the Chief Executive Officer, the Chief Financial Officer, the Company Secretary, and the External Auditors, Messrs. Ernst & Young PLT were present at the 107th Annual General Meeting (AGM) conducted virtually on 29 September 2021. The Chairperson and the Chief Executive Officer answered all shareholders' questions during the virtual AGM.</p> <p>A summary of the key matters discussed during the 107th AGM is published on UMB'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

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

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders’ participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company conducted a virtual meeting for its 107th AGM on 29 September 2021.</p> <p>All resolutions were voted online during the 107th AGM. The scrutineer, Boardroom Corporate Services Sdn. Bhd. verified the poll results, and the Chairperson declared the resolutions duly passed.</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

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

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	At the 107 th virtual AGM, the Chairperson introduced each Board member, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary and the External Auditor, Messrs Ernst & Young PLT, to all shareholders who attended the general meeting. The Chairperson announced the meeting agenda. After the CEO presented the financial results, he invited questions from shareholders. The Chairperson and CEO answered all shareholders' questions during the virtual AGM.
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

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

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	UMB conducted its 107th AGM on 29 September 2021 virtually through live streaming and online remote voting using the virtual meeting facilities provided by Boardroom Share Registrars Sdn. Bhd. The virtual AGM was conducted smoothly. All questions from the shareholders were audible to all meeting participants during the meeting. The Chairperson and the Chief Executive Officer answered all questions instantly during the meeting. All eight members of the Board, including the Chief Executive Officer, Chief Financial Officer, the Company Secretary, and the External Auditors, Messrs. Ernst & Young PLT, were present during the virtual AGM.
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

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: UMB published the minutes of the 107th AGM on UMB's website later than 30 business days after the AGM in 2021. For 2022, UMB will make the AGM's minutes available on its website within 30 business days.
<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
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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