

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2539
COMPANY NAME : UNITED MALACCA BERHAD
FINANCIAL YEAR : April 30, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT 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.

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| 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) with the aim of achieving long-term value creation.</p> <p>In its oversight role, the Board approves corporate strategies to build sustainable long-term value, appoints the Executive Director (ED) and the Chief Executive Officer (CEO) and guides the ED, CEO and Senior Managers in administering UMB Group's businesses. The Board also determines capital allocation for long-term growth, assesses and manages risks and sets ethical conduct benchmarks.</p> <p>Through the Audit Committee, the Board manages relation with the External Auditor and oversees UMB Group's annual financial audit, internal audit, system of controls, risk management and compliance programmes.</p> <p>Through the Nomination and Remuneration Committee (NRC), the Board strives to build a board with the diverse skills and experience and of an appropriate size for UMB Group's needs. The NRC leads the Board's succession planning; it also formulates and implements the remuneration policy linking rewards to corporate and individual performance as well as the strategic and long-term objectives of UMB Group.</p> <p>All directors are aware of and abide by the Directors' Code of Ethics regulating ethical behaviour. The Directors' Code of Ethics 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.

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| 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.

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| 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, include:</p> <ul style="list-style-type: none"> • Acting as a conduit between the Board and Management, as well as providing support and advice where necessary; • Leading the Board in setting the Group's ethics and corporate conduct; and • Facilitating continuous communication with stakeholders and the Board receives input from stakeholders. <p>Ensuring Chairperson's responsibilities are codified in the Board Charter, 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.

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| 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 Director, 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 Board Charter, which is accessible on UMB's website, encapsulates the respective duties and responsibilities of the Chairperson and 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

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

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| <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 : | Departure |
| Explanation on application of the practice : | |
| Explanation for departure : | Datin Paduka Tan Siok Choo, the Chairperson of the Board, is not a member of the Audit Committee or Nomination and Remuneration Committee but is invited to attend Audit Committee meetings. |
| <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.

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| 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, who are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Company Secretaries facilitate the flow of information from Management to the Board and ensure timely delivery of meeting materials to the Directors. They work with the Chairperson and the Chief Executive Officer to determine the agenda of the Board and Board committees. Additionally, they regularly apprise and advise the Board on statutory and regulatory requirements and pertinent governance matters.</p> <p>The Company Secretaries constantly monitor changes in corporate governance. In 2024, 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.

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| 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.</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 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, significant concerns raised as well as individual Director's dissenting views and abstentions from voting. The draft 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board formalised the Board Charter that provides a concise overview of Director's role and responsibilities, the powers of the Board and Board of Committees, the separation of roles between the Board and Management and the Board's corporate governance practices. The Board Charter also offers a helpful introduction 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;• Appointment of New Directors;• Tenure of Independent Directors;• Matters reserved for the Board;• Roles and responsibilities of the Board, Board Committees, Chairperson, Executive Director, individual Directors, Independent Directors, Senior Independent Director and the Chief Executive Officer;• Frequency and conduct of 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 as well as compliance with prevailing regulations and corporate governance practices. The Board Charter is available on UMB's website.</p> |
| Explanation for departure | : | |

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| <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 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | Committed to upholding high standards of professionalism, the Board has formalised the Directors' Code of Ethics and a Code of Conduct for all employees within the UMB Group. The Directors' Code of Ethics and the Code of Conduct are available on UMB's website. The Board has established an Anti-Bribery Policy for the UMB Group. This Policy sets out procedures to highlight actions considered bribery, ensure accountability and responsibility, and the process for reporting violations. The Anti-Bribery Policy is accessible on UMB's website. |
| 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>Committed to upholding transparency and integrity in its business and operations, the Board has formulated a Whistleblowing Policy that outlines confidential and secure 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 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 its findings to the Board.</p> <p>The Whistleblowing 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 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.

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| Application | : Applied |
| Explanation on application of the practice | <p style="text-align: center;">Sustainability Governance Structure</p> <pre> graph TD BD["Board of Directors Oversees sustainability governance, framework, strategies and policies"] <--> IA["Internal Audit Oversees periodic and ad-hoc audit or assurance activities with respect to sustainability management and reporting"] ED["Executive Director Provides stewardship and insights of Group's sustainability initiatives"] CEO["Chief Executive Officer • Heads the Management Committee • Approves policies, determines strategies and targes, and • Reports progress of sustainability initiatives to ED and BOD"] MC["Management Committee • Discusses sustainability issues and identifies risk and opportunities • Provides CEO with input for sustainability strategies and targets • Delegates implementation plans in areas of concern, and • Reviews sustainability performance"] SD["Sustainability Department • Provides support, coordinates and monitors the implementation of sustainability policies, practices and commitments, and • Prepares Sustainability Statement."] OU["Operating Units • Implements sustainability policies, practices and commitments."] ED <--> CEO CEO <--> MC MC <--> SD SD <--> OU </pre> |

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| Explanation for departure : | | |
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| <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.

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| 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. Conducted during the Financial Year (FY) 2020 with the help of an independent sustainability consultant, KPMG, the materiality matrix remains relevant because there have been no significant changes to UMB's scope of operations. UMB’s sustainability matters are grouped into three (3) pillars – People, Planet and Profit.</p> <p>UMB actively engages with stakeholders through various channels (including video conferencing) to understand their concerns and promptly respond to issues.</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 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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Board is regularly updated on sustainability-related matters through progress reports on the Group's sustainability initiatives and issues. The Board is aware of its responsibility for sustainability and ESG oversight and takes steps to increase its knowledge of sustainability issues. Several Board members attended sustainability training programmes during the financial year ended 30 April 2024. The Board members will continue participating in sustainability-related training programmes to enhance their knowledge of Environmental, Social, and Governance (ESG) and keep abreast of the latest developments in sustainability practices. | |
| 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.

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| 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 the 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 | : | | |
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| <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.

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| <i>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.</i> | |
| Application | : Adopted |
| Explanation on adoption of the practice | : Mr. Mageswaran Narappan leads the Sustainability department at UMB. The department is divided into two geographical sectors operations in Malaysia and Indonesia. The Sustainability team is tasked to do the following: <ul style="list-style-type: none">• Provide support, coordinate and monitor the implementation of sustainability policies, practices and commitments;• Develop, implement and review Sustainability targets and strategies;• Coordinate with all operating units to embed sustainability in business operations;• Coordinate discussions with relevant parties on matters related to sustainability certification of estates and palm oil mills;• Actively engage relevant stakeholders to identify and address sustainability issues related to peat management, HCV, HCS, and human rights;• Assist in preparing guidelines and procedures related to certification;• Establish a strong rapport with sustainability practitioners, professionals, consultants, government agencies and regulatory bodies;• Research current sustainability issues to ensure best practices and technology are reviewed;• Assist/conduct internal training programmes on matters related to EHS & sustainability;• Liaise with relevant departments in compiling and verifying data, include the findings in the Sustainability report; and• Coordinate stakeholder engagements.• Monitor greenhouse gasses (GHGs) emissions. |

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.

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| 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 in contributing to the Board's effectiveness and diversity.</p> | |
| Explanation for departure | : | | |
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| <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.

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| Application | : | Applied |
| Explanation on application of the practice | : | For the first half of the year, the Board consisted of nine members but was reduced to eight after Mr. Tan Jiew Hoe resigned as UMB's Non-Independent Non-Executive Director on 27 September 2023. The Board now comprises seven Non-Executive Directors and one Executive Director; four of the eight are Independent Directors. The Board believes the current number of Independent Directors is adequate to act as a check on the Board. Seven 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 as well as monitoring Management's performance. |
| Explanation for departure | : | |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. |
| Timeframe | : | Choose an item. |

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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | During the financial year that ended 30 April 2024, the tenure of all four Independent Directors of UMB did not exceed the cumulative term limit of nine years. | |
| Explanation for departure | : | | |
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| <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.

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| 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 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is committed to upholding diversity and inclusiveness in determining its composition. 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.

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| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | <p>The Nomination and Remuneration Committee (NRC) identifies and recommends suitable candidates as directors. The NRC also 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>The NRC may consider engaging external search firms to cast a broader net in sourcing candidates. The NRC will also consider leveraging directors' registries and the industry or professional associations to identify candidates that would otherwise be beyond its radar.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p> | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. | |
| Timeframe | : | Choose an item. | |

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.

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| 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 | : | | |
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| <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 | : | <p>Dato Dr. Nik Ramlah Binti Nik Mahmood, the Senior Independent Director, chairs the Nomination and Remuneration Committee (NRC). The NRC comprises:</p> <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>Mr. Tee Cheng Hua</td><td>Non-Independent Non-Executive Director</td></tr><tr><td>4.</td><td>Datin Noor Azimah Binti Abd. Rahim</td><td>Independent Non-Executive Director</td></tr></tbody></table> <p>The Board is committed to promoting good corporate governance and business practices throughout the UMB Group. The Board is aware clear criteria and processes 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.</p> | 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. | Mr. Tee Cheng Hua | Non-Independent Non-Executive Director | 4. | Datin Noor Azimah Binti Abd. Rahim | Independent Non-Executive Director |
| 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. | Mr. Tee Cheng Hua | Non-Independent Non-Executive Director | | | | | | | | | | | | | | | |
| 4. | Datin Noor Azimah Binti Abd. Rahim | Independent Non-Executive Director | | | | | | | | | | | | | | | |
| 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 | : | Applied | |
| Explanation on application of the practice | : | UMB has three (3) women Directors on its eight-member Board, comprising 38% of the Board. They are the Chairperson, Datin Paduka Tan Siok Choo, the Senior Independent Non-Executive Director, Dato Dr. Nik Ramlah Binti Nik Mahmood and Independent Non-Executive Director, Datin Noor Azimah Binti Abd. Rahim. | |
| 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 5.10

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 | : | <p>The Board does not have a specific policy setting targets for women as directors; and senior managers. Given the fact that women directors comprise more than one-third of the Board suggests there is no bias against women. Similarly, women are encouraging to assume greater responsibilities. The fact that Ms. Yong Yoke Hiong is among the top management staff underscores there is no barrier for women to advance in UMB.</p> <p>Acknowledging the importance of gender diversity, the Board, through the Nomination and Remuneration Committee, will continue to review and enhance the Board's gender diversity.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p> | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. | |
| Timeframe | : | Choose an item. | |

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.

| | |
|--|---|
| <i>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.</i> | |
| 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 evaluation exercise's findings, the overall performance of the Board, Board Committees, and individual Directors is satisfactory, as evident from the high average ratings in all evaluations. The UMB Board was assessed above average in terms of interaction, participation, integrity, independence, self-development, and competencies. Individual Directors have actively participated in</p> |

| | | |
|---|--|--|
| | <p>boardroom discussions and contributed value-added analysis and perspectives on UMB's businesses and prospects.</p> <p>The Board, through the NRC, also conducted due diligence and assessed the new Director and retiring Directors' fitness and propriety based on the criteria in UMB's Fit and Proper Policy:</p> <ul style="list-style-type: none"> • character and integrity; • experience and competencies; and • time and commitment. | |
| 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 rewards those who achieve key deliverables.</p> <p>Directors' remuneration encompasses an annual fixed fee for the Chairman and members of the Board and Board Committees, meeting allowances, and other benefits as disclosed in UMB’s Remuneration Policy.</p> <p>Remuneration for the Executive Director, Chief Executive Officer, and key senior Management include basic salary, performance-based bonus, benefits-in-kind and other incentives to reflect their respective roles and responsibilities. The remuneration package is structured to link rewards to individual and corporate performance. The NRC annually reviews the remuneration for the Executive Director, Chief Executive Director, and key senior managers.</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 and procedures, including reviewing and recommending matters relating to the remuneration of Directors, CEO, and Senior Management. The NRC's Terms of Reference outline 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 FY2024 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 | Input info here | Input info here | Input info here | 21 | 5 | 146 | 168 | Input info here | Input info here | Input info here | 21 | 5 | 194 |
| 2 | Mr. Tan Jiew Hoe | Non-Executive Non-Independent Director | 29 | Input info here | Input info here | Input info here | Input info here | 18 | 47 | 65 | Input info here | Input info here | Input info here | Input info here | 18 | 83 |
| 3 | Mr. Teo Leng | Non-Executive Non-Independent Director | 70 | Input info here | Input info here | Input info here | Input info here | 5 | 75 | 106 | Input info here | Input info here | Input info here | Input info here | 5 | 111 |
| 4 | Dato Dr. Nik Ramlah Binti Nik Mahmood | Independent Director | 70 | Input info here | Input info here | Input info here | Input info here | 71 | 141 | 106 | Input info here | Input info here | Input info here | Input info here | 71 | 177 |
| 5 | Mr. Ong Keng Siew | Independent Director | 70 | Input info here | Input info here | Input info here | Input info here | 71 | 141 | 106 | Input info here | Input info here | Input info here | Input info here | 71 | 177 |
| 6 | Mr. Tee Cheng Hua | Non-Executive Non-Independent Director | 70 | Input info here | Input info here | Input info here | Input info here | 26 | 96 | 70 | Input info here | Input info here | Input info here | Input info here | 26 | 96 |
| 7 | Dato' Sri Tee Lip Sin | Executive Director | 70 | 96 | 360 | 50 | Input info here | 82 | 658 | 70 | 96 | 360 | 50 | Input info here | 82 | 658 |
| 8 | Mr. Han Kee Juan | Independent Director | 70 | Input info here | Input info here | Input info here | Input info here | 40 | 110 | 70 | Input info here | Input info here | Input info here | Input info here | 40 | 110 |
| 9 | Datin Noor Azimah Binti Abd. Rahim | Independent Director | 70 | Input info here | Input info here | Input info here | Input info here | 36 | 106 | 70 | Input info here | Input info here | Input info here | Input info here | 36 | 106 |
| 10 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 11 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 12 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

| | | | | | | | | | | | | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 13 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 14 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 15 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | 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

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 top talent in the plantation industry, disclosing such information may disadvantage UMB and make it vulnerable to talent poaching.</p> <p>The remuneration of the key management personnel, including the Chief Executive Officer, Chief Financial Officer, Head of Group Administration & Corporate Affairs and Human Resource, Head of Group Audit, and Acting Head of Engineering/Mill Controller during the financial year are disclosed in aggregate in the notes to the Financial Statements of UMB's Annual Report 2024.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. |
| Timeframe | : | Choose an item. |

| 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, which 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, as well as 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 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 | : | 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. The Board has not appointed any former key audit partner as its Audit Committee member. | |
| 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 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, Crowe Malaysia PLT (Crowe). The AC assessed Crowe's performance, independence, objectivity, professional vigilance, and the quality and impartiality of Crowe's communications based on questions in the assessment checklist and Management's feedback regarding Crowe's quality of service. The AC also received written assurance from Crowe confirming their personnel have been independent throughout the audit engagement. The AC was satisfied with Crowe'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 Auditor 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, Dato Dr. Nik Ramlah Binti Nik Mahmood, Mr. Han Kee Juan and Datin Noor Azimah Binti Abd. Rahim</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 organisation.</p> <p>Mr. Ong Keng Siew has more than 30 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>As a long-serving Deputy Chief Executive of the Securities Commission Malaysia, Dato Dr. Nik Ramlah has extensive experience in policymaking and regulating the capital market. She provides unique insight into compliance issues.</p> <p>Mr. Han Kee Juan is a Plantation Adviser with vast knowledge and experience in oil palm agronomy and plantation management.</p> <p>Datin Noor Azimah Binti Abd. Rahim served as an Associate Consultant of Price Waterhouse Associates and worked in Bank Negara Malaysia. She is the Chairman of the Parent Action Group for Education Malaysia and Elena Cooke Education Fund.</p> |

| | |
|---|--|
| | <p>Members of the Audit Committee must attend training and continuous professional development programmes to stay current with the latest accounting and auditing standards, regulations, and practices. During the financial year under review, Mr. Ong Keng Siew attended the mandatory continuous professional development programmes.</p> <p>AC members also attended seminars/webinars/conference/workshops on “Introduction to ESG: “What BODs need to know” by TS Raja Shazrin Shah Bin Raja Ehsan Shah by Galaxy Tech Solutions”, “Mandatory Accreditation Programme Part II: Leading for Impact (LIP) by ICDM”, “National Palm Oil Conference 2024 (Palm Progress: Future-Proofing Competitiveness and Sustainability) by MPOA”, “Sustainable Sustainability-Why ESG Is Not Enough by Iclif Executive Education Center”, “35th Palm & Lauric Oils Price Outlook Conference & Exhibition “(POC2024) by Bursa Malaysia”, “Future Proofing Malaysia Businesses: Navigating Cyber-Threats In The Age of AI by Institute of Corporate Directors Malaysia (ICDM)”, “Resolution Planning, Lesson from recent bank failures by PIDM”, “A Leadership Agenda Driving Trust from the Top by PwC”, “Reshaping Markets and Finance, Thought Leadership, Talent and Technology as Leers for change by Institute for Capital Market Research Malaysia (ICMR) and Securities Industry Development Corporation (SIDC) and “Artificial Intelligence by Stephen Rose, IBM”.</p> |
| <p>Explanation for departure :</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>Timeframe :</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 identify and manage risks with appropriate policies and controls.</p> <p>The ERM framework is a triple line of defence to monitor and prevent the taking of unwarranted 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 assesses day-to-day risks in the business units and liaises between a Management-level Risk Management Committee (RMC) and Heads of Business Units (HBU). 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 RMC. <p>2nd line of defence: Risk Management Committee anticipates risks</p> <ul style="list-style-type: none"> • The RMC comprises the Executive Director, Chief Executive Officer, Chief Financial Officer, Head of Group Administration, Corporate Affairs & Human Resource, Head of Group Audit, Head of Procurement & Marketing, Acting Head of Engineering/Mill Controller, Plantation Controller, Senior Manager of Estate Operations as well as the Risk Officer. <p>RMC meets quarterly to review changes in UMB's risk profile and develops action plans to mitigate risks in line with business objectives.</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 discuss the results of updated risks at RMC meetings. The AC further deliberates significant risk issues before escalation to the Board. The Head of Group Audit develops a risk-based internal audit plan to address key risks and to provide reasonable assurance on the effectiveness of the internal controls. |

| | | |
|--|--|--|
| | The Statement on Risk Management and Internal Controls in the Annual Report outlines the Group’s risk management and internal controls frameworks. | |
| 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 10.2

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 UMB's risk management and internal controls framework and 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 outlines the processes for Internal Audit's operations to provide value-added contributions to UMB Group.</p> <p>Comprehensive audits of UMB Group's operations include the Head Office, oil palm estates and palm oil mills in Peninsular Malaysia, Sabah and Kalimantan in Indonesia. The Internal Audit Department's reports are presented to the AC to provide assurance and recommend measures to enhance effective risk management and fortify internal control systems.</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 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 | : | Through the Audit Committee Report in the Annual Report, the Board disclosed the information regarding UMB Group's Internal Audit following Practice 11.2. | |
| 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 communication with stakeholders enables more informed decision-making and can 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 current 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 if 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 | : | | |
|------------------|---|--|--|

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 give shareholders with sufficient time and information to consider the proposed resolutions before voting at the AGM.</p> <p>In past years, UMB issued its notice of the AGM more than 28 days before the AGM, which exceeds the minimum notice period required by Section 316(2) of the 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, 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 for Directors or Management to respond.</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 Secretaries, and the then External Auditors, Messrs. Ernst & Young PLT, were present at the 109th Annual General Meeting (AGM) on 27 September 2023. The Chairperson and the Chief Executive Officer answered all shareholders' questions during the AGM.</p> <p>The minutes of the AGM, including all the questions raised at the 109th AGM and UMB's answers, were 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 | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | <p>During UMB’s 109th AGM, shareholders used hand-held devices to vote during poll voting; this facilitated an efficient and quick voting process.</p> <p>Shareholders who cannot attend the AGM in person can appoint a proxy (who can be a non-shareholder) to participate, vote and speak on their behalf during the AGM.</p> <p>The Board will continue exploring potential measures to encourage shareholders’ participation in the AGM, including leveraging technology, if deemed necessary.</p> | |
| | | <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p> | |
| <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

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 109th AGM (in-person meeting), the Chairperson introduced the new Board member, Datin Noor Azimah Binti Abd. Rahim to all shareholders present at the meeting. The Chairperson read aloud the meeting agenda. The CEO gave a PowerPoint presentation of the financial results and invited questions from shareholders. The Chairperson and CEO answered all shareholders' questions during the 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 : | Not applicable – only physical general meetings were conducted in the financial year |
| 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 13.6

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 | : Applied |
| Explanation on application of the practice | : UMB published the minutes of the 109th AGM on UMB's website within 30 business days after the AGM in 2023. The AGM minutes are accessible on the UMB's website at www.unitedmalacca.com.my . |
| 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 | : |

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
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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