

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2089
COMPANY NAME : United Plantations Berhad
FINANCIAL YEAR : December 31, 2017

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.

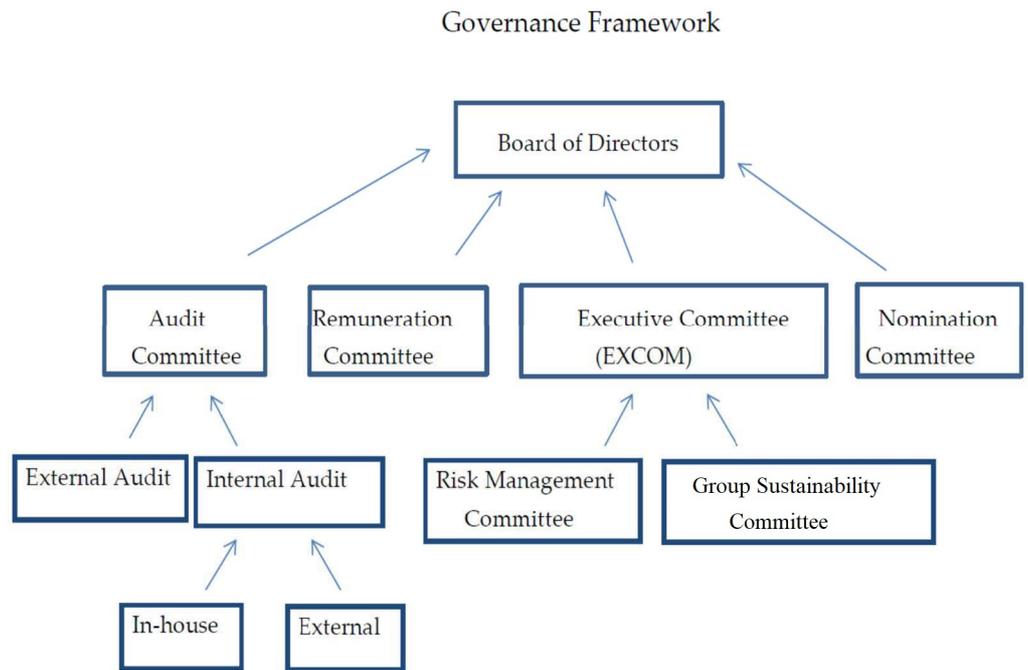
Intended Outcome

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.

Application :	Applied
Explanation on application of the practice :	<p>The Board of Directors of the Company recognizes the importance of good corporate governance and continues to be committed to ensure that high standards of corporate governance are practiced throughout the Group to deliver long term sustainable value to the shareholders and other stakeholders.</p> <p>1. Establish Clear Roles and Responsibilities</p> <p>1.1 Clear Functions of The Board and Management</p> <p>The Board is responsible for the oversight and stewardship of the Group. There is clear division of functions between the Board and Management. In order to effectively discharge its duties, the Board has established a governance framework which provides an overview of the corporate governance processes and responsibilities within the Group.</p>



1.2 Board Roles and Responsibilities

The duties and responsibilities of the Board of Directors are clearly spelt out in the Board Charter. In summary, the Board had assumed the following stewardship responsibilities in furtherance of its duties:

- i) Reviewed and adopted the strategic plan, both short term and long term, for the Group; reviewed and deliberated new investment proposals (both equity and expansion) by the Executive Committee before making a decision;
- ii) Approve and monitor the progress of major capital expenditure;
- iii) Oversaw and evaluated the conduct of the Group's business based on the monthly and quarterly financial and other reports prepared by management and concluded that the business is being managed sustainably with regards to the economic, social and environmental aspects;
- iv) Identified principal risks and ensured that appropriate systems were implemented to manage these risks as far as practicable;
- v) Reviewed the Sustainability Report and were satisfied that the report reflects the Risks and Opportunities identified through stakeholder engagement and internal deliberation by the Group Sustainability Committee;
- vi) Reviewed succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- vii) Ensured that the investor relations programme and shareholder communications policy for the Company are implemented;

- viii) Reviewed the efficiency and quality of Group's financial reporting process as well as the adequacy and the integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines and were satisfied that the internal control systems and information systems were adequate in all material aspects and that the Group complied with applicable laws and regulations;
- ix) Reviewed the proposed dividends and ensured that they commensurate with the performance of the company and meet the expectations of the shareholders;
- x) Reviewed the circular to shareholders and ensured that it complies with applicable rules on disclosure of information;
- xi) Reviewed the interim financial statements and the annual report and satisfied that the financial statements and the contents of the annual report reflected the true and fair view of the financial position and results of the group and presented its activities accurately.

1.3 Code of Conduct and Business Ethics

The Group's Code of Conduct and Business Ethics for directors and employees continue to govern the standards of ethics and good conduct expected of directors and employees. These Code of Conduct and Business Ethics are communicated to the Directors and employees of the Group. The details are of the Code of Conduct and Business Ethics are included in this Annual Report.

In addition, the Group's Whistle Blower policy seeks to foster an environment of integrity and ethical behavior, and any illegal or improper action in the Group which may be exposed. The Company's Whistle Blower Policy is described on page 63.

1.4 Sustainability of Business

The Board promotes sustainable business practices covering economic, social and environmental aspects, which are strongly believed to translate into better corporate performance.

The Group's Sustainability Report is disclosed on pages 29 – 171.

1.5 Access to Information and Advice

All the directors are supplied with all information within the Company and the Group in a timely manner. The information is not only financial relating to performance but goes beyond. The Company Secretary, upon the instructions of the Chairman and the Chief Executive Director, will prepare the agenda and organize the information relating thereto in the Board files to be dealt with at the Board Meetings. The Board files are sent out to all directors not less than 3 days before the Board Meetings.

The Company's monthly management accounts are sent to all Board members on a timely basis. In addition, monthly management accounts of key subsidiaries are sent to all the members of the Audit Committee.

	<p>The proceedings of all Board and Committee meetings are minuted by the Company Secretary for confirmation at the next Board/Committee Meetings. All minutes of the Board committees are circulated to all members of the Board.</p> <p>There are procedures in place for non-executive directors to obtain information from management. All directors have access to the services and the advice of the Company Secretary. The Board acknowledges the need for a competent Company Secretary to carry out the duties to which the post entails as well as to provide strong support to the Chairman to ensure its effective functioning.</p> <p>The Board has access to professional advice from third parties in furtherance of their duties in accordance with the Company's established procedures.</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 1.2

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 roles of the Chairman:-</p> <ol style="list-style-type: none">a) The Chairman acts as an informal link between the Board and Management and particularly between the Board and the CEO.b) The Chairman expects to be kept informed by the CEO of all important matters and makes himself available to the CEO, to enable the Chairman:<ul style="list-style-type: none">• to be part of the control mechanism in ensuring that the CEO's decisions are appropriately considered and sound; and• to give assistance and advice, when needed, especially on sensitive matters which the CEO is unable to discuss with other executives.c) The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The Chairman is primarily responsible for:<ul style="list-style-type: none">• providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions;• participating in the selection of Board members and ensuring that the Board Composition is properly balanced;• representing the Board to shareholders and to be the spokesperson at the Annual General Meeting ("AGM"), in a way that supports the role of the CEO in reporting operational and public relations matters;• ensuring the integrity and effectiveness of the governance process;• maintaining regular dialogue with the CEO over all operational matters and consulting with the remainder of the Board members promptly over any matter that gives the Chairman cause for major concern;

	<ul style="list-style-type: none"> • leading the role in presenting the Company’s cause, whether formally or informally, with the authorities, institutional or potential investors and those having influence over the environment in which the Company operates; • functioning as a facilitator at meetings of the Board to ensure that no Director, whether Executive or Non-Executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Directors is forthcoming. The Chairman shall ensure that discussions result in logical and understandable outcomes; • ensuring that all Directors are enabled and encouraged to participate at Board meetings. This includes ensuring that all relevant issues are on the agenda in conjunction with the CEO and Company Secretary, and that all Directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings; • reviewing the minutes of meetings of the Board before the meeting, to ensure they accurately reflect the Board’s deliberations and that matters arising from the minutes and reflecting further action have been addressed; • guiding and mediating the Board’s actions with respect to organisational priorities and governance concerns; • initiating, normally in conjunction with the CEO, the formulation of a business plan to ensure that the Board establishes at the beginning of each year the goals it wishes to achieve and the means by which this will be carried out; • initiating the establishment of Board Committees and ensuring that they achieve their objectives; and • performing other responsibilities as assigned by the Board from time to time.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	The Board recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to promote accountability and facilitate the division of responsibility. For this purpose, the position of Chairman is held by Tan Sri Datuk Dr. Johari bin Mat who is a Non-Executive Director of the Board while, the position of CEO is held by Dato' Carl Bek-Nielsen who is an Executive Director of the Board.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board and Board Committees have unrestricted access to the advice and services of the Company Secretary. Mr Ng Eng Ho who has been in various positions of the Group for 21 years is the Company Secretary and he is a member of the Malaysian Institute of Accountants and is therefore qualified to act as company secretary. The Board is satisfied with the performance and support rendered by the Company Secretary in the discharge of its duties effectively. The Company Secretary plays an advisory role to the Board in relation to Group policies and procedures, compliance with regulatory requirements, codes and guidelines. The Company Secretary also facilitates directors' training.</p> <p>The Company Secretary attends all Board and Board Committee meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	The Company Secretary ensures that all meeting materials are sent to the Board members 3 days before the meeting to ensure that they have sufficient time to go through the papers. Meetings are properly convened and accurate and proper records of the proceedings and resolutions are minuted and subsequently distributed to the members of the Board and Board Committees, and where relevant, communicates decisions and policies made to the management.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The board charter which documents the policies that the Board has adopted in relation to its responsibilities, governance and leadership is published on the Company's website. The board charter is being reviewed and updated from time to time.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

The board 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	:	The Group's Code of Conduct and Business Ethics for directors and employees continue to govern the standards of ethics and good conduct expected of directors and employees. These Code of Conduct and Business Ethics are communicated to the Directors and employees of the Group. The details are of the Code of Conduct and Business Ethics are included in this Annual Report and can also be accessed through our 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.

Application	:	Applied	
Explanation on application of the practice	:	The Group's Whistle Blower policy seeks to foster an environment of integrity and ethical behavior, and any illegal or improper action in the Group which may be exposed. The Company's Whistle Blower Policy is described on page 64.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	4 out of the 9 directors or 44% of the Board are independent directors	
		The Board despite not able to comply with the MCCG 2017 of having more than 50% of the Board comprises of Independent Directors have been effective and always have the independence element in decision making as spelt out under the Code . The Chairman of the Board is an Independent Director and has a casting vote in case of an equality of votes, hence the intended outcome for board decisions to be made objectively in the best interest of the company is still achieved. In the past years, all major decisions of the Board have been unanimously agreed upon after due deliberation.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Potential candidates for the independent directorship of the Board are being identified and to be interviewed.	
Timeframe	:	Within 3 years	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>3 of the 4 independent directors have served the Board for more than 12 years</p> <p>The Nomination Committee and the Board have determined at the annual assessment carried out on the 3 directors who have served the Board more than 12 years remain objective and independent in participating in the deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not interfere with their exercise of independent judgment and act in the best interest of the Group notably in discharging their roles, in the case of Tan Sri Datuk Dr. Johari bin Mat, as Chairman of the Board, Chairman of the Remuneration Committee and Chairman of the Nomination Committee, in the case of Dato' Jeremy Derek Campbell Diamond as the Chairman of the Audit Committee as well as the member of the Remuneration and Nomination Committees, and in the case of Mr. Ahmad Riza Basir as the member of the Audit Committee.</p> <p>Each of the above three independent directors has provided an annual confirmation of his independence to the Nomination Committee and the Board. The Board has recommended the continuation of these 3 directors as independent directors of the Company as the Board believes that it is in the best position to evaluate and determine whether any independent director can continue acting in the best interest of the Group and bringing unbiased and professional judgement to Board deliberations. The Board has to balance the need to continue with Directors who have intimate knowledge of the Group's business and fresh perspective which new candidates may bring.</p>

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

Measure	:	The Board is in the process of identifying suitable candidates for succession to the independent non-executive directors who have served for more than 12 years.	
Timeframe	:	Within 3 years	

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximize the effectiveness of the Board.</p> <p>The Board has always been actively involved in the succession planning of the senior management, potential candidates from within and outside the Group are identified and groomed to shoulder heavier responsibilities due course.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has 1 woman director out of the total of 9 directors.	
		The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximize the effectiveness 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	:	To increase woman representation on the Board, the Board is taking steps to identify women who have the qualifications and qualities that meet the Group's needs. The Board takes cognizance of the importance of avoiding the pitfall of tokenism.	
Timeframe	:	Others	The Board shall increase woman board representation as and when suitable and qualified candidates are identified.

Intended Outcome

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

Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	The Board besides relying on recommendations from existing board members also utilises sources like industry acquaintance, consultants etc.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is being chaired by Tan Sri Datuk Dr. Johari bin Mat who is an Independent 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

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

Practice 5.1

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Nomination Committee based on peer review conducted an annual evaluation to determine the effectiveness of the board, its committees and each individual director. However, the Board does not have the practice of having the assistance of independent experts on this area.	
		The current practice of evaluating the Board by peer review has been objective and is deemed to have achieved the desired result of ensuring the effectiveness 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	:	The Board shall continue to evaluate the effectiveness of current process on this area.	
Timeframe	:	Others	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Group has policies and procedures in place to determine the remunerations of the directors and senior management and these are updated on the Company'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 level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

Practice 6.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	The roles and responsibilities of the Remuneration Committee are stated under the board charter which can be accessed through the Company'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

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	These are being disclosed as guided by MCCG 2017 under page 177.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:		
		The Company has disclosed the remuneration of the directors on named basis under Practice 7.1	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board decided that it is the policy of the Company to only disclose the remuneration of all the 4 executive directors. This policy is in line with the best management practice of ensuring confidentiality of the remuneration of all employees except for directors.	
Timeframe	:	Others	Would continue with current practice

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee is Dato' J.D.C. Diamond who is an Independent Non-Executive Director and the Chairman of the Board is Tan Sri Datuk Dr. Johari bin Mat who is also an 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

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	We have this policy as stated in the Board Charter	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor on an annual basis and the assessment is based on private discussions, quality of issues raised in the audit reports and their level of participation on issues discussed during the quarterly meetings they attended.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The members of the Audit Committee are Dato' J.D.C. Diamond , Mr. Ahmad Riza and Mr R. Nadarajan who are all independent and non-executive directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	The Audit Committee Chairman Dato' J.D.C. Diamond was the Chief Executive Officer of Socfin Company Bhd. Mr. Ahmad Riza is a lawyer by training and Mr. R. Nadarajan is a member of Malaysian Institute of Accountants. They are all financial literate and have undertaken continuous professional development by attending trainings.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Risk Management Framework is embedded in its culture as documented in the Group Sustainability System Framework. Its overlaps with the Sustainability Governance Management Structure	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	This is described in the Statement on Risk Management and Internal Control with significant risks identified outlined below with mitigating factors	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	Please provide an explanation on the adoption.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Internal Audit Function is effective under the direct purview of the Audit Committee with all reports and work done being submitted to the Audit Committee for review and deliberation. Any shortcomings are then rectified with follow-up audits performed to check for compliance.	
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 10.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	The internal audit personnel are segregated and stationed in a separate departments to ensure independence. The resources are reviewed periodically by the Audit Committee to ensure adequacy. Mr Erwin Khor is the Manager of the Internal Audit Department. He is a qualified Chartered Accountant with membership of MIA and MICPA. The internal audit function is carried out based on the nature of the operations and is risk based where audit procedures are concentrated on areas which posed the highest risk to the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has designated executive directors as spokespersons in the handling of discussions and disclosures with investors, fund managers and the public.</p> <p>The Company has a website www.unitedplantations.com where all the Company's announcements, corporate information and updates are posted.</p> <p>A. Strengthen Relationship Between the Company and Shareholders</p> <p>A.1 Communications and Investor Relations</p> <p>The Board acknowledges the need for an effective communication policy with shareholders and investors as the same intimate relationship that exists with management is usually lacking with shareholders with the exception of the controlling shareholders who are represented on the Board. The Company's website: www.unitedplantations.com and the stock exchange websites: www.bursamalaysia.com. are used as a forum to communicate with shareholders and investors where they can access corporate information, company's announcements, corporate proposals, quarterly and annual reports, etc.</p> <p>The Company's executive directors hold bi-annual briefings at its Headquarters with institutional investors, market analysts and fund managers. Questions relating to these announcements can be directed to Dato' Carl Bek-Nielsen, Chief Executive Director and Mr. Martin Bek-Nielsen, Executive Director (Finance & Marketing).</p> <p>Besides the above, the Board believes that the Company's Annual Report is a vital source of essential information for</p>

	<p>shareholders and investors and other stakeholders. The Company strives to provide a high level of reporting and transparency as an added value for users.</p> <p>A.2 The Annual General Meeting (A.G.M.)</p> <p>The Annual General Meeting is an excellent forum for dialogue with all shareholders for which due notice is given. The shareholders are given the opportunity to vote on the regular businesses of the meeting, viz. consideration of the financial statements, consideration and approval of a final dividend, consideration and approval of directors and auditors fees, re-election of directors and special business if any.</p> <p>The Chairman explains the voting procedure before the commencement of the A.G.M. The shareholders present are given the opportunity to present their views or to seek more information. The resolutions passed at the meeting are released to Bursa Malaysia in a timely manner.</p> <p>The Notice of A.G.M. is sent along with a Proxy Form to all shareholders. Items relating to special business in the agenda, if any, are supported with detailed explanatory notes in a Circular to Shareholders sent along with this Report. There are sufficient notes in the Notice of AGM to guide shareholders for the completion of the Proxy Forms.</p> <p>All Board members, Senior Management from the Finance Department and the External Auditors are present to respond to questions from the shareholders during the A.G.M.</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

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The current reporting complies with the requirements of the Companies Act 2016, the applicable accounting standards and the Main Market Listing Requirements.	
		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	:	The Board acknowledges that the integrated reporting will improve the quality of information available to investors and promotes greater transparency and accountability on the part of the Company. For the preparation of such report, the Board will set up a team comprising of various operating and functional units within the financial year 2018 and it is intended that the adoption of the integrated reporting be done within 3 years .	
Timeframe	:	Within 3 years	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company shall send notice for an AGM 28 days before the date of the meeting.	
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 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	All Board members, Senior Management from the Finance Department and the External Auditors are present to respond to questions from the shareholders during the A.G.M.	
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 12.3

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the view that remoteness is relative and that the UP registered office on Jendarata Estate which is the venue of the AGM is accessible by good road networks.	
	:	None	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company shall continue with current practice.	
Timeframe	:	Others	The Company shall continue with current practice.

**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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