



# UNITED PLANTATIONS BERHAD

(Company no. 191701000045 (240-A))

Jendarata Estate • 36009 Teluk Intan • Perak Darul Ridzuan • Malaysia

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## POLICY STATEMENT ON BOARD CHARTER

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## BOARD CHARTER

## 1. Preamble

The adoption of sound corporate governance practices is vital towards achieving the objectives of transparency, accountability and effective performance for United Plantations Berhad (“UP” or the “Company”) and its subsidiaries (the “Group”). It is with the aim of enshrining good governance practices as promulgated by the Malaysian Code on Corporate Governance 2012 (the “Code”) that this Board Charter (the “Charter”) is continually enhanced.

Whilst the Charter serves as a reference point for the activities of the Board of Directors (the “Board”) and its Committees, it should not be construed as a blueprint for Board operations. Just as each organisation has its own corporate culture, the dynamics of each Board are unique. The dynamics shift as the composition of the Board changes, and the Directors of the Company should always be open to new opportunities and ready to confront new challenges brought about by the changes.

This Charter is designed to provide guidance, clarity and protocols for Directors and Management regarding the roles of the Board and its Committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board’s operating practices including the division of the responsibilities and powers between Board and management; different committees, and between the Chairman and the CEO. This Charter does not overrule or pre-empt the statutory requirements of Directors enshrined in the Companies Act 1965 and other relevant statutes, including the conduct of the Board as stipulated in the Memorandum and Articles of Association of the Company.

This Charter was first adopted in Year 2001. The Charter shall be reviewed as and when changes are deemed necessary. The Charter is not an “all inclusive” document and should be read as a broad expression of principles.

2. Definitions in this Charter:

“Act” means the Companies Act, 2016

“Board” means the Board of Directors of the Company

“Bursa Securities” or “the Exchange” means Bursa Malaysia Securities Berhad

“Business” means the business of the Company

“CEO” means the Chief Executive Officer or any other equivalent name, as the case may be, holding a senior position which may be referred to as Senior Executive Director or Chief Executive Director

“Chairman” means the chairman of the Board and is used in a gender neutral sense

“Company” means United Plantations Berhad

“Company Goals” means the goals of the Company

“Group” means the Company and all its subsidiaries

“Management” means the management personnel of the Company and its subsidiaries

“Directors” means Directors of the Company and is used in a gender neutral sense

“EXCO” means the Executive Committee of the Company

“Independent Director” is defined in accordance with Paragraph 1.01 and Practice Note 13 of the Bursa Securities Main Market Listing Requirements

“Listing Requirements” means the Listing Requirements of Bursa Securities

“Company Secretary” means the Board secretary (ies) or the person(s) normally exercising the functions of a Board secretary

“Shareholders” means the shareholders of the Company

### 3. Role of the Board

The Board is responsible for the stewardship of UP's business and affairs on behalf of the shareholders to enhance long term shareholder value whilst taking into account the interest of other stakeholders and maintaining high standards of transparency, accountability and integrity.

#### 3.1 Formal Schedule of Matters

The Board has designated a formal schedule of matters reserved for its decision to ensure that the direction and control of the Group is firmly in its hands. These include:

- strategic issues and planning, ensuring that the Company's goals are clearly established, and that strategies are in place for achieving them, including performance review and promoting business sustainability;
- establishing policies for strengthening the performance of the Group through innovation, initiative, technology, new products and the development of its business capital;
- business expansion through acquisitions, mergers and asset purchases;
- appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment with the Company;
- deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- approving the Group and Company financial statements and announcements, changes in accounting policies, annual budget, financing and borrowing activities, treasury policies and material capital expenditure;
- ensuring regulatory compliance and reviewing the adequacy and integrity of the Group's risk management and internal control systems;
- reviewing and appraise material business risks facing the Group and its operations and whether such risks are being managed effectively;
- major issues and opportunities for the Group;
- determining the remuneration policy for Executive and Non-Executive Directors
- considering and, if appropriate, approve the dividend policy; and
- recommend to shareholders on changes relating to the Company's capital structure or its status as a public listed company.

### 3.2 The Principal Responsibilities of the Board

In overseeing the conduct of the Group's business, the Board shall ensure an appropriate financial planning, operating and reporting framework, as well as an embedded risk management and sustainability framework, is established. Elements of this combined framework include the operating plan and budget, financial statements, performance review reports and risk management reports and sustainability report.

The principal responsibilities of the Board are:

- to review and adopt a strategic plan addressing the sustainability of the Group;
- to oversee the conduct of the Group's businesses and evaluate whether or not the businesses are being properly managed in a responsible and sustainable manner;
- to identify principal business risks faced by the Group and ensure implementation of appropriate systems to manage these risks. In overseeing the conduct of the Group's businesses, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework is established setting the risk appetite for the Group and ensuring that the Group has appropriate risk management/regulatory compliance policies in place;
- to consider and implement succession planning, including appointing, training, fixing the compensation of, assessing the performance of Directors and Committee members and, where appropriate, replacing members of the Board and Executive Directors;
- to develop and implement an investor relations programme or shareholder communications policy for the Company;
- to develop, implement a sustainability programme for the Company that will integrate sustainability into UP's business, including innovation, product quality, manufacturing and sourcing, and operations in order to protect UP's valuable goodwill, and human capital for a sustained long term benefit to all stakeholders.
- to review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- to determine the remuneration of Executive Directors and Non-Executive Directors of the Group, with the individuals concerned abstaining from discussions of their own remuneration; and
- to ensure that the Group adheres to high standards of ethics and corporate behavior. Refer to Paragraph 19 for Directors' Code of Ethics.

## 4. Board structure

### 4.1 Board Composition and Mix

- a) The Board recognises the importance of independence and objectivity in the decision making process. The Board of UP is chaired by an Independent Non-Executive Director who provides strong leadership and manages the Board's priorities objectively. At least one-third of the Board shall consist of Independent Non-Executive Directors or a minimum of two (2), whichever is the higher.
- b) The Company's Memorandum and Articles of Association allow a minimum of five (5) and a maximum of twelve (12) Directors. The Board shall, from time to time, examine its size with a view to determine the impact of its number upon its effectiveness. The size of the Board will be such that the common purpose, involvement, participation, harmony and sense of responsibility of the members are not jeopardized. It must be large enough to ensure a range of knowledge, views and experience. When evaluating its composition, the Board will consider the following factors:-
  - nature, scope and size of the business of the Company and the Group;
  - demand of the Board's workload;
  - maintaining a well-balance between independent and non-independent Directors;
  - any other mandatory provisions that have bearing on Board structure or composition such as number of directorship, tenure limit, gender diversity, etc. prescribed under the Act, Listing Requirements or the recommendations of the Malaysian Code of Corporate Governance
- c) The Board also 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 shall be held by a Non-Executive Director of the Board while, the CEO shall be held by an Executive Director of the Board.
- d) Independent Non-Executive Directors shall be active in areas which enable them to relate to the strategies of the Company and to make a meaningful contribution to the Board's deliberations. They will be independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Refer to Paragraph 4.5. for the role of Independent Non-Executive Directors.

#### 4.2 Skill, Mix and Expertise

The Board recognizes the need for its composition to reflect a range of skill mix and expertise. High levels of professional skills and appropriate personal qualities are prerequisites for directorship. In addressing this, the Board shall consider recommendation by the Nomination Committee pertaining to appointment/ re-appointment and assessment of Directors.

For the assessment and selection of Directors, the Nomination Committee shall consider the following factors and attributes of the Directors:

- skills, knowledge, expertise, competency and experience;
- contribution and performance;
- character and professionalism;
- diversity of the Board;
- integrity;
- time availability and commitment; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates' ability to discharge such responsibilities/ functions as are expected from Independent Non-Executive Directors. Emphasis on assessing independence should be focused beyond the background, economic and family relationship of the Director.

#### 4.3 Division of responsibilities and powers

##### a) Between the Board and management

The Board oversees the business and affairs of the Company and will assume the responsibilities and perform the duties stipulated in the , Companies Act, Listing Requirements and any applicable rules, laws and regulations including but not limited to:

approve interim and final financial results and statements;

approve interim dividend and recommendation of the final dividend;

approve significant changes in accounting policies;

- appointment and removal of company secretary;
- recommend appointment and removal of auditors;



- approve remuneration of auditors (where shareholders have empowered the Board);
- put forward resolutions and corresponding documentation to shareholders for approval;
- approve announcements and circulars to shareholders;
- approve terms and conditions of Chief Executive Officer and Executive Directors;
- approve terms of reference and membership of Board committees;
- approve the framework for risk management and internal control system;

The senior management, led by the CEO and guided by the approved strategic plans of the Company, shall develop the operating plans, puts such plans into actions, measures the actual results of its execution, analyses its actual performance against planned performance, implements corrective actions; and assumes, amongst others, the following duties and responsibilities:

- develop and implement the overall operating plans and direction of the Company and Group;
- ensure compliance with all relevant statutory and legal obligations;
- implement a proper risk management system and its associated internal controls;
- develop programs for better investor relations and shareholder communications;
- develop and implement policy and procedures to ensure adequate and integrity of the management information and internal control system
- implement effective corporate governance structures and its associated internal controls system.

#### 4.4 Role of the Chairman

- a) The Board will appoint a Chairman from amongst the Directors once every three (3) years. In addition, the Board may also appoint a Vice-Chairman.
- b) The Chairman shall be a non-executive and Vice-Chairman may be an Executive or Non-Executive Director (including Independent Non-Executive Director). The Vice-Chairman will deputize for the Chairman in his or her absence or at his or her request.

- c) The Chairman acts as an informal link between the Board and Management and particularly between the Board and the CEO.
- d) 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:
- 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.
- e) 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:
- 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;
  - 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.

#### 4.5 Role of the Executive and Non-Executive Directors

- a) Executive Directors are, as employees, involved in the day-to-day management of the Company and Group. They are invariably members of the Company’s Senior Management team. A CEO may also be an Executive Director, and in some cases other senior executives may also be appointed to the Board.
- b) Non-Executive Directors can be further classified as:
  - Those who have no direct or indirect pecuniary interest in the Company other than their Directors’ emoluments and their “permitted” shareholdings in the Company (These are classified as Independent Non-Executive Directors);
  - Those who are not employees of the Company or affiliated with it in any other way but may have pecuniary interest in the Company, whether direct or indirect (These are classified as Non-Executive Directors); or
  - Those who are not employees of the Company but are standing as nominees for substantial shareholders (These are Non-Executive Directors).
- c) Non-Executive Directors act as a bridge between Management, shareholders and other stakeholders. They provide the relevant checks and balances, focusing on shareholders’ and other stakeholders’ interests and ensuring that high standards of corporate governance are applied.

#### 4.6 Role of the Independent Non-Executive Directors

- a) Independent Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.
- b) An Independent Director is not to be involved in day to day operations or running of the business.
- c) An Independent Director is especially important in areas where the interests of Management, the Company and/or the shareholders diverge, such as executive performance and remuneration, related party transactions and audit.
- d) The Listing Requirements emphasize that even if a person does not fall within any of the disqualifying indicators spelt out in Paragraph 1.01 therein, both the Director and the Board must give effect to the spirit, intention and purpose of the definition of an Independent Director. There must be conscious application of the test of whether the Independent Director is able to exercise judgment and act in the best interest of the Company.
- e) The attributes of collegial yet independent decision-making that must be vested in the Independent Director will be determined in part by the character of the individual and that of the whole ethos of the Board.

#### 4.7 Role of the CEO

- a) The position of the CEO, in essence, is to ensure the effective implementation of Group's strategic plan and policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth operations.
- b) Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where specific authorisation is given by the Board. The CEO is expected to act within all specific authorities delegated by the Board.
- c) The CEO is accountable to the Board for the achievement of the Group's goals and objectives and he is accountable to the Board for the observance of Management's limits.
- d) Generally, the CEO is responsible to the Chairman/Board for the following:
  - directing and controlling all aspects of the business operations in a cost effective manner;
  - developing sustainable executive management of the Group's business, covering, inter-alia, long term strategic and short term profit plans, designed

to ensure that the Group's requirements for growth, profitability and return on capital are achieved through sustainable practices;

- effectively overseeing the human resource of the organization with respect to key positions in the Group hierarchy and ensuring the general well-being of employees, including the determination of remuneration
  - as well as terms and conditions of employment for Senior Management personnel and issues pertaining to discipline for all employees;
  - effectively represents the interest of the Group with major customers, governments and their agencies, and industries at large, to ensure general goodwill towards the Group and cooperation in planned development; and
  - assist the Chairman in organising information necessary for the Board to deal with the agenda and for providing such information to Directors on a timely basis.
- e) In discharging the above responsibilities, the CEO can delegate appropriate functions to any Executive Director, who shall report to the CEO.
- f) The CEO is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.
- g) In allocating the capital and resources of the Company, the CEO is expected to adhere to the Company Goals.
- h) The CEO is expected not to cause or permit any action without taking into account the health, safety, environment and political consequences and their effect on long-term shareholder value.

#### 4.8 Role of Alternate Director

- a) A Director of the Company shall be entitled at any time, and from time to time, to appoint any person to act as an alternate and to terminate the appointment of such person and in that connection the provision of the Memorandum and Articles of Association shall be complied with. The Alternate Director appointed shall be familiar with the Company's affairs and be appropriately qualified.
- b) The Alternate Director shall be entitled while holding office to receive notices of meetings of the Board and to attend and vote as a Director at any such meetings at which the said Director appointing him or her is not present and generally to exercise all the powers, rights, duties and authorities as well as to perform all functions of the said Director appointing him or her.
- c) The Alternate Director shall also be entitled to exercise the vote of the Director, at

any meetings of the Board.

- d) Alternate Director(s) bears all the duties and responsibilities of a Director.
- e) A director may appoint a person to act as his alternate provided that –
  - (a) such person is not a director of the company;
  - (b) such person does not act as an alternate for more than one director of the company;
  - (c) the appointment is approved by a majority of the other members of the Board; and
  - (d) any fee paid by the company to the alternate shall be deducted from that director's remuneration.

#### 4.9 Company Secretary

- a) The appointment and removal of the Company Secretary shall be a matter of the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably trained, experienced, professionally qualified and capable of carrying out the duties required of the position.
- b) The key role of the Company Secretary is to provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.
- c) Primary responsibilities of the Company Secretary shall include:
  - ensuring that Board procedures (especially those enshrined in the Company's Memorandum and Articles of Association and applicable rules and regulations for the conduct of the affairs of the Board are complied with;
  - maintaining records of the Board and ensure effective management of the organisation records;
  - preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded; and
  - carrying out other functions as deemed appropriate by the Board from time to time.
- d) All Directors, particularly the Chairman, have access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.

#### 4.10 Tenure of Directors

- a) Pursuant to the Company's Memorandum and Articles of Association, all Directors must retire at least once every three (3) years but shall be eligible for re-election.
- b) The Company shall ensure that the Directors have the character, experience, integrity, competence and time to effectively discharge their respective roles.
- c) The Board does not consider length of tenure as a criterion affecting a director's independence as there are advantages to be gained from long- serving Directors who possess good insight and knowledge of the Company's and the Group's business and affairs. When assessing the independence of a Director, the Board will also take into consideration if the Director is independent of management and free from any business or other relationship which could materially interfere with his or her exercise of independent judgement.
- d) In the case of Executive Directors, the following shall apply:
  - The tenure of the Executive Directors is tied to their executive office;
  - Salary payable to Directors who hold an executive office in the Company may not include a commission on or percentage of turnover;
  - Only Executive Directors will be engaged on service contracts. The tenure of the service contract and all extension thereafter must not be longer than a continuous period of three (3) years. Upon the expiry of the Director's tenure, the Board may also, with the recommendation of the Nomination Committee and, if it considers appropriate, appoint the said Director as a Non-Executive Director until the conclusion of the next AGM, whereby the Director shall be eligible to offer for re- election;
  - In the event of an Executive Director's service contract with the Company is terminated for whatever reason, the Director is expected to resign from the Board; and
  - If the service contract is terminated for reasons other than the expiry of the contract, or inflicted/caused by the Director, (or due to breach of the service contract or law, the Director shall be compensated a sum equivalent to the amount payable to the said Director for the remaining tenure.
- e) Tenure of Independent Directors
  - In addition to the retirement and re-evaluation once every three (3) years, the tenure for an Independent Director to serve on the Board is nine (9) years on a cumulative basis.

- To determine the cumulative nine (9)-year tenure, the date when the Director was first appointed as an Independent Non-Executive Director shall be considered. An Independent Director, who has served the Company for nine (9) cumulative years, may continue to serve the Company in the capacity of a Non-Independent Director.
- Should the Board decide to retain the Director as an Independent Director after the latter has served a cumulative term of nine (9) years, it shall make recommendations and provide strong justification to the Shareholders and seek their approval at General Meeting. Such justification shall be made following an evaluation process of the Director's independence. This approval shall be sought on a yearly basis for the Director in question.

## 5. Board Diversity

The Board is not establishing a diversity policy or setting any target as it is more critical that appointment of Directors should be based strictly on merits and not driven by any nationality, gender, ethnicity or age bias.

## 6. Board Committees

- a) The Board reserves the right to establish Committees from time to time in the discharge of its duties and responsibilities. The Board shall specify specific terms of reference in writing for such Committees formed to cover matters such as the purpose, composition and functions of the Committee.
- b) Board Committees shall be formed when it is efficient or necessary to facilitate efficient decision-making by the Board.
- c) Board Committees shall observe the same rules of conduct and procedures as the Board unless determined otherwise by the Board.
- d) Board Committees shall only speak or act for the Board when so authorised.
- e) A number of standing Committees with written terms of reference have been established, namely the following:
  - i. Executive Committee ("EXCO")

The EXCO is led by the CEO of UP. The EXCO oversees the executive management of the Group's business covering, inter-alia, the development of a strategic plan, an annual operating plan and budget, performance benchmarks to gauge Management's performance and an analysis of Management reports. These include effective oversight of the human resource of the organisation with respect to succession planning for key positions in the Group hierarchy and ensuring the general well-being of employees as well as terms and conditions



of employment for all employees. Further, the EXCO provides assistance to members of the Audit, Nomination and Remuneration Committees, as required, in discharging their duties.

ii. Audit Committee

The primary objective of the Audit Committee is to assist the Board in fulfilling its fiduciary duties relating to corporate accounting and reporting practices of the Company. The Audit Committee provides a means for review of the Group's processes for producing financial data, its internal controls, risk management activities and independence of the Group's external and internal auditors. In accordance with the Listing Requirements, the Nomination Committee shall review the terms of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee had carried out its duties in accordance with its terms of reference.

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.

Refer to the Audit Committee Terms of Reference for further details.

iii. Remuneration Committee

The Remuneration Committee is primarily responsible for recommending to the Board the remuneration of Executive Directors and Non-Executive Directors in all its forms, drawing from outside advice if necessary and makes recommendations to the Board. The packages of Executive Directors are reviewed with due regard to performance and other relevant factors including market relativity.

iv. Nomination Committee

The Nomination Committee oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience, assessment of independent directors, review of succession plan, boardroom diversity, oversees training courses for directors and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director. Refer to the Nomination Committee Terms of Reference for further details.

## 7. Board Remuneration

The Board as a whole shall determine the remuneration of the Directors and adopts the following guidelines:

- a) A review of Directors' fees shall be conducted every three years;
- b) The fees shall be determined based on a review of the prevailing market practices of comparable companies in similar industry;
- c) Chairman of the Board and Chairman of the Board Committees may be paid additional fee;
- d) Directors may be paid benefits and allowances based on prevailing market practice;
- e) The remuneration of Executive Directors is determined after taking into account prevailing market practices, current market conditions, inflationary costs, performance of the Company, etc.
- f) Executive Directors shall determine the fees and benefits for the Non-Executive Directors and the latter shall abstain from deliberation or voting on their fees and benefits; and
- g) Executive Directors shall abstain from deliberation and approving their own remuneration.

## 8. Board Procedures

### 8.1 Board Meetings

- a) Meetings shall be conducted at least on a quarterly basis. The Company Secretary shall in advance prepare and distribute in advance to all Directors a timetable for the meetings for the year. The Company Secretary is encouraged to prepare an annual workplan to be disseminated to all Directors at the beginning of each year. The Company Secretary shall work together with the Chairman and CEO in developing the annual workplan.
- b) In so far as possible, all meetings shall be physical meetings.
- c) Approval of the minutes of the previous meeting shall be an agenda item at each Board meeting, which may only be held over with the consent of the Chairman.
- d) If additional meetings are to be convened, a Director may request for such a meeting to table matters of urgency, and the Company Secretary upon the request of the Chairman of the Board or any one (1) Director, shall convene a meeting.

- e) The Chairman of the Board or, in his absence, the Vice-Chairman shall preside at all meetings.
- f) Other senior officers may be invited to attend Board meetings for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises. Questions arising at any meeting of the Directors shall be decided by a majority of votes.
- g) The quorum at a meeting of Directors necessary for the transaction of any business of the Company shall be a minimum two (2) Directors who are competent to vote on the question at issue.
- h) Resolutions of the Directors at a meeting or adjourned meeting of the Directors shall be passed and adopted by a simple majority of Directors present. In the event issues requiring the Board's decision arise between meetings, such issues shall be resolved through circular resolution subsequent to discussions being held amongst the Board members, via teleconference, videoconference, email, etc., in order for the Board as a whole to be apprised on such matters and obtain their view points before arriving at a decision.
- i) Such circular resolution in writing shall be valid and effectual if it is signed or approved by letter, telex, facsimile or telegram by all the Directors and such discussions, including any concerns raised and the rationale for the decisions so made in the resolution shall be tabled at the immediate Board meeting for ratification and formal record keeping.
- j) Directors shall use their best endeavours to attend Board meetings. Directors who are unable to attend a meeting shall advise the Chairman earlier and confirm in writing to the Secretary.
- k) The Directors may participate in a meeting of the Directors by means of conference telephone or a video conference telephone or similar communications equipment by which all persons participating without the need for a Director to be in the physical presence of another Director(s) and participation in the meeting in this manner shall be deemed to constitute presence in person at such meeting. The Directors participating in any such meeting shall be counted within the quorum for such meeting. All resolutions agreed upon by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. All information and documents must be made equally available to all participants prior to, at, or during the meeting.
- l) A Director shall abstain from voting on contracts or proposed contracts or arrangements in which he has direct/ indirect interests. A Director shall also not vote on contracts or proposed contracts or arrangements with any other company in which he is interested either in his capacity as an officer of the company or as a shareholder of the company.

- m) Board discussions will be open and constructive, recognising that genuinely held differences of opinion may bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law.

## 8.2 Agenda

- a) The notice of a Directors' meeting shall be given in writing at least seven (7) days, or shorter notice, where it is unavoidable, prior to the meeting. The Chairman, in conjunction with the CEO and the Company Secretary, shall undertake the primary responsibility for preparing the Board's agenda. The agenda shall include, amongst others, matters specifically reserved for the Board's decision.
- b) The agenda shall address priority strategic issues and operational ones, where necessary, and ensure that there is enough time for discussion. Agenda issues shall be aligned with the overall Company's Goals, including its achievements, aspiration and priorities.
- c) The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may, through the Chairman, request for additional items to be added to the agenda.

## 8.3 Board Papers and Minutes of Meetings

- a) Board papers and agenda items are to be circulated at least three (3) working days, or a shorter period where unavoidable, prior to the meeting. Where there is a need to table a report, a brief précis of findings and/or recommendations is prepared.
- b) If a Board Committee has met since the last Board meeting, the draft minutes of that Committee shall be included with the Board papers for noting by the Board. If there are any matters or recommendations that the Committee wishes the Board to consider, such matters or recommendations shall be contained in the Board papers for consideration by the Board. The Chair of the Committee shall present the Committee Report to the Board.
- c) Minutes are prepared following a Board meeting and are circulated in draft form. The minutes will be re-circulated with the Board papers in readiness for signing at the following meeting. Minutes of meeting should be taken to record the deliberation and processes in support of decisions undertaken rather than concluding remarks of final decisions made. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.
- d) A complete set of Board papers of the Company is held by the Company Secretary for a period of at least seven (7) years.

9. Access to Information

- a) A record of submissions, papers and materials presented to the Board, is maintained and held by the Company Secretary together with minutes of meetings, and is accessible to Directors.
- b) All Directors (Executive and Non-Executive) have the same right of access to information relevant to the furtherance of their duties and responsibilities as Directors of the Company.
- c) Directors are expected to strictly observe confidentiality of Company information.
- d) During the course of scheduled meetings, Directors will have access to the auditors (with or without management's presence) and the executive officers of the Company or the Group, who are invited to attend the meetings.

10. Independent Professional Advice

- a) The Board as well as any Director is entitled to obtain independent professional advice relating to the affairs of the Group or to his responsibilities as a Director.
- b) If a Director considers such advice to be necessary for the discharge of duties and responsibilities as Director and, for the benefit of the Company, such Director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate.
- c) Independent professional advice shall include legal advice and advice of accountants and other professional financial advisers on matters of law, accounting governance and other regulatory matters.
- d) Subject to prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.
- e) For the avoidance of doubt, the above procedures and limitations shall not apply to Executive Directors acting in the furtherance of their executive responsibilities and within their delegated power.

11. Board Nomination, Selection and Appointment

- a) The appointment and re-appointment of Directors shall be recommended by the Nomination Committee and approved by the Board as a whole.
- b) When the need arises to appoint a new member, the Board will specify its requirements to the Nomination Committee. In its search for a new member, the Nomination Committee could refer to existing members of the Board to reach out

to potential Board candidates.

- c) In evaluating the suitability of a Board candidate, the Nomination Committee will take into consideration the candidate's character, availability of time, expertise and experience as well as any other criteria specified by the Board. The Nomination Committee will, in consultation with the Chairman, shortlist suitable candidates for the Board's consideration.

## 12. Appointment, Vacation of Office and Removal of Directors

- a) Upon the appointment of a Director, the said Director shall provide to Bursa Securities an undertaking prescribed by the Exchange immediately and in any event not later than fourteen (14) days.

- b) Any Director of UP shall not be considered fit for directorship if the Director:

- has been convicted by a court of law, whether in Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a Company;
- has been convicted by a court of law, involving bribery, fraud or dishonesty where the conviction involved a finding that he acted fraudulently or dishonestly; or
- has been convicted by a court of law of an offence under the securities laws of Malaysia within a period of 5 years from the date of conviction or if sentenced to imprisonment, from the date of release from prison.

- c) The office of the said Director shall become vacant if the Director:

- ceases to be a Director by virtue of the Act,;
- resigns (not being the CEO holding office as such for a fixed term) office and gives fourteen (14) days written notice of such resignation sent to or left at the office;
- is absent from more than 50% of the total Board of Directors' meetings held during a financial year unless approval is sought or obtained from Bursa Securities;
- is removed from his office of Director by resolution of the Company in a general meeting of which special notice has been given;
- becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
- becomes bankrupt or makes any arrangement or composition with

- creditors generally;
  - at the discretion of the Board, makes any arrangement with the creditors derogatory to the Director's credit;
  - receives from any third party without the knowledge of the Board any payment or profit of any kind whatsoever for any act done by the Director on behalf of the Company, or in respect of any contract or bargain between the Company and a third party;
  - becomes prohibited from being a Director by reason of any order made under the provisions of the Act or contravenes Section 130 of the Act;
  - is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of his/ her interest in the manner required by the Act; and
  - is convicted by a court of law, whether in Malaysia or elsewhere in relation to the offences as depicted in Paragraph 6.6(b) above.
- d) Each Director will receive a 'Director's Kit' and a letter of appointment. The Director's Kit shall contain the following documents:
- Induction Checklist outlining documents for execution and relevant disclosures upon appointment;
  - A copy of the Company's Memorandum and Articles of Association and Board Charter;
  - Key governance policies and documents; and
  - Other relevant company administration matters (i.e. contact listing, organisation chart etc).
- e) The Shareholders of the Company maintain the right to remove by way of ordinary resolution, at any time from office persons appointed by the Shareholders as a Director and determine the period during which such appointed persons shall hold office of Director. Each appointment or removal of Director shall be in writing and signed by or on behalf of the Shareholder concerned and delivered to the registered office of the Company.
- f) Where a Director is to be removed from office, UP must forward to Bursa Securities a copy of any written representations made by the Director at the same time as copies of such representations are sent to shareholders/ management of UP.
- g) If a casual vacancy occurs during the year, the Board, if it considers that the

vacancy requires filling, should endeavor to ensure that appropriate skills required are addressed in filling that casual vacancy, or, if the Board considers that the requirements of the Group have changed, such other blend of skills and experience as the Board considers appropriate.

- h) Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next AGM of the Company but shall be eligible for re-election.

### 13. Induction Process and Training Programme

- a) The objective of the induction process and training programme is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This enables the Directors to discharge their duties and responsibilities effectively.

- b) Induction of Directors may include, but are not limited to, the following:

- new Directors will have the benefit of an induction programme aimed at deepening their understanding of the Group and the business and the environment in which the Group operates;
- time with other Directors to enable further insights and knowledge of the Group, in particular the Chairman, the Company Secretary and, the Independent Director, if the director is a functional specialist;
- furnishing of a copy of the previous Board minutes for at least the past six (6) months;
- visits to key sites (including overseas locations if such business units are integral and significant to the Company);
- additional Board or Board Committee meetings as circumstances warrant during a given year. As in-depth knowledge of the particulars of the Company's/ Group's business is vital for each Director, Management is encouraged to structure Board or Board Committee meetings to allow direct involvement and review of operational activities (for example, by holding Board meetings in field operations and including market/ business activities in the Board meetings); and
- a formal one (1) to two (2) day induction programme, including the elements above, and also presentations by key management personnel.

- c) Directors are required to undergo the Mandatory Accreditation Programme under the auspices of Bursa Securities. The Nomination Committee in association with the Company Secretary shall decide on the Continuous Education Training Programme for Directors.



- d) On a continuing basis, Directors are required to attend relevant training courses/ seminars at periodic intervals to keep them abreast with development pertaining to the oversight function of Directors as well as updates on technical matters, for example financial reporting standards, tax budgets, etc.
- e) At the start of each year, the Board collectively shall discuss to assess the training needs of each Director and to decide on the type of training that may be required for effective and efficient discharge of Directors' duties and responsibilities.
- f) The costs of the induction, Mandatory Accreditation and Continuous Education Training Programme shall be borne by the Company.

#### 14. Directors' Conflict of Interest and External Commitments

##### Conflict of interest and related transactions

- a) The Company's Memorandum and Articles of Association stipulate that a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the Directors interest in accordance with the provisions of the Companies Act, 1965. The Director concerned shall not participate in deliberations and shall abstain from casting votes in any matter arising thereof unless otherwise as provided for in the Articles of the Company.
- b) Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- c) An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.
- d) The Company shall ensure that the Directors, have the character, experience, integrity, competence and time to effectively discharge their respective roles.
- e) Generally, Directors shall not provide business or professional services of an ongoing nature to the Group.
- f) Notwithstanding the general rule, the Company is at liberty to:
  - for the purpose of a special assignment, engage the services of any Director having special expertise in the particular field; or
  - engage the services of a party related to a Director's of an organization,
 so long as the terms of engagement are competitive, are clearly recorded and all

legal requirements pertaining to the Listing Requirements for disclosure of the engagement are properly observed and clearly substantiated with appropriate documents.

#### External Commitments

- g) Directors shall devote sufficient time to carry out their responsibilities. The Board shall obtain this commitment from its members at the time of appointment
- h) Directors are to commit and devote sufficient time to:
  - Discharge their responsibilities; and
  - Update their knowledge and enhance their skills through appropriate continuing education programme to facilitate their active participation in Board deliberations.
- i) Directors shall notify the Chairman before accepting any new directorships and the notification shall provide for an indication of time that will be spent on the new appointment.
- j) A Director of the Company or Group shall not hold more than five (5) directorships in listed issuers, as required under the regulatory requirements.

#### 15. Representation of the Company

- a) The Board looks to the EXCO/ Executive Directors to speak on behalf of UP and to manage the communication of information to investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements.
- b) The Board shall have the relevant corporate disclosure policies and procedures to ensure comprehensiveness, accuracy and timeliness. These policies and procedures shall ensure compliance with the relevant disclosure requirements as enumerated in Bursa Securities Listing Requirements.
- c) The Company shall consider the use of information technology in communicating with stakeholders, including a dedicated section for Investor Relations on the Company's website. This section shall provide information such as, amongst others, the Board Charter, the Annual Report, announcements etc.

#### 16. The Board's Relationship with Shareholders and stakeholders

- a) The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the general public.

- b) It is the role of the Board to ensure that the AGM and EGM of the Company are conducted in an efficient manner and serves as a crucial mechanism in shareholder communications. The Board will focus its efforts on the following best practices to enhance the effectiveness of the General Meeting:
- ensure the Chairman of the Board shall be the Chairman of all general meetings;
  - ensure that each Shareholder shall be entitled to receive not less than 28 days' written notice of all general meetings specifying the date, time and place of the meeting and the business to be transacted;
  - ensure that each item of special business included in the notice is accompanied by a full explanation of the effects of the proposed resolution;
  - for re-election and re-appointment of Directors, ensure that the notice of meeting states which Directors are standing for election or re-election with a brief description to include matters such as age, relevant experience, list of directorships, date of appointment to the Board, details of participation in Board Committees and whether a particular Director is independent;
  - ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate, the Chairman will also undertake to provide the enquirer with a written answer to any significant question which cannot be answered immediately;
  - the Chairman shall inform shareholders of their right to demand a poll vote at the commencement of the General Meeting. Ensure that substantive resolutions such as, but not limited to, related party transactions, acquisition and disposal of assets, appointment/ re- appointment of directors are considered by poll and announce the detailed results indicating the votes cast for and against each resolution;
  - ensure that there is a channel of communication through the Company Secretary on feedback and queries from shareholders;
  - ensure that all resolutions of the Shareholders shall be adopted by a simple majority vote of the Shareholders present and voting unless otherwise required by law; and
  - ensure that the Company publishes these measures listed above, on its corporate website on a dedicated Corporate Governance section.

#### 17. The Company's Memorandum and Articles of Association and Management Limits

- a) The Board operates pursuant to the powers and is subject to rules in the Memorandum

and Articles of Association of the Company as adopted by shareholders in General Meeting.

- b) Management is expected to act within all specific authorities delegated to it by the Board.
- c) Management is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practices or professional ethics.

#### 18. Indemnities and Insurances

The Company shall make all reasonable effort to provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the Act and law.

#### 19. Directors' Code of Ethics

The Board of Directors of UP shall ensure that the Group upholds high standards of ethics and corporate behaviour. A governing board is in a position of trust. The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders.

In that light, in the performance of the duties of a Director, Director of UP is first and foremost held accountable in demonstrating the following:

- a) Corporate Governance
  - i. a clear understanding of the aims and purpose, capabilities and capacity of the Company;
  - ii. devote time and effort to attend meetings and to know what is required of the Board and each of its Directors, and to discharge those functions;
  - iii. ensure at all times that the Company is properly managed and effectively controlled;
  - iv. stay abreast of the affairs of the Company and be kept informed of the Company's compliance with the relevant legislation and contractual requirements;
  - v. insist on being kept informed on all matters of importance to the Company in order to be effective in corporate management;
  - vi. limit directorship of companies to a number in which the Director can best devote time and effectiveness; each Director is his/ her own judge of his/ her abilities and how best to manage his/ her time effectively in the Company in which the Director holds directorship;

- vii. have access to the advice and services of the Company Secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with;
- viii. at all times exercise the Directors powers for the purposes they were conferred, for the benefit and prosperity of the Company;
- ix. disclose immediately all contractual interests whether directly or indirectly with the Company;
- x. neither divert to any business opportunity that the Company is pursuing to the Directors own advantage, nor may the Director use confidential information obtained by reason of his/ her office for his/ her own advantage or that of others;
- xi. at all times act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of the Directors' powers in discharging his/ her duties; and
- xii. be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company is at stake.

b) Relationship with Shareholders, Employees, Creditors and Customers

- xiii. be conscious of the interest of shareholders, employees, creditors and customers of the Company;
- xiv. at all times promote professionalism and improve the competency of management and employees; and
- xv. ensure adequate safety measures and provide proper protection to workers and employees at the workplace.

c) Social Responsibilities and the Environment

- xvi. adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
- xvii. ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities; and
- xviii. ensure that the activities and the operations of the Company do not harm the interest and well-being of society at large and be proactive to the needs of the Community.

20. Charter Review

1. The Board will review this Charter from time to time and make the necessary amendments to ensure that it remains consistent with the Board's objectives, the needs of the Company, applicable laws and practices.
2. A summarized version of this Charter shall be published on the website of the Company.

This policy statement on the Board Charter is approved and adopted by the Board of Directors of United Plantations Berhad effective from 26 February 2002 and incorporates the amendments made on 23 February 2013, 19 November 2016 and 24 February 2018.