



UNITED PLANTATIONS BERHAD

(Company no. 191701000045 (240-A))

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

TERMS OF REFERENCE OF AUDIT COMMITTEE

COMPOSITION

The Committee shall be appointed by the Board from among the Directors of the Company and shall consist of not less than three (3) members all of whom are independent directors. No Alternate Director shall be appointed a member of the Committee.

At least one member of the audit committee:-

- (i) must be a member of Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (bb) he must be a member of one of the association of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia.

Where the Director of the Company is a former key audit partner, he shall not be appointed by the Board to the Audit Committee until he has observed a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

The members of the committee shall select a Chairman from amongst the committee members.

In the event of any vacancy in the Committee, the Board shall fill in the vacancy within 3 months.

Review of the performance of the Committee and members of the Committee are undertaken annually by the Nomination Committee. This review pertains to the terms of office and performance of the Audit Committee and all its members.

AUTHORITY

The Committee is authorized by the Board to:

- i. investigate and audit any activity within its terms of reference; ii. have full and unrestricted access to any information and documents relevant to its activities;
- iii. maintain direct communication channels with the external and internal auditors and to all employees of the Group;
- iv. convene meetings with external and internal auditors, without the attendance of the management, whenever deemed necessary;
- v. obtain external independent professional advice, legal or otherwise deemed necessary; and
- vi. iv. promptly report to the Board of Directors matters which have not been resolved satisfactorily, thus resulting in a breach of the Bursa Securities Listing Requirements.

OBJECTIVES

The primary objectives of the Committee are:

- a) To assist in discharging the Board's responsibilities as they relate to the Group's management including risk management, internal controls, accounting policies and financial reporting;
- b) To provide, by way of regular meetings, a line of communication between the Board and the external and internal auditors;
- c) To oversee and review the quality of the audits conducted by the external and internal auditors; and
- d) To enhance the perceptions held by interested parties, such as shareholders, regulators, creditors and employees, of the credibility and objectivity of the financial reports.

TERMS OF REFERENCE

The primary duties and responsibilities of the Committee with regards to the Group's in-house and outsourced Internal Audit (IA) functions, external auditors, financial reporting, related party transactions, annual reporting and investigations are as follows:

- a) Internal Audit (Both in-house and outsourced)
 - i) Review the appointment and performance of the outsourced internal auditors, their audit fee and any question of resignation or dismissal and to make recommendations to the Board;
 - ii) Assess the qualification, expertise, effectiveness, independence and objectivity of both the in-house and outsourced internal auditors;
 - iii) Review the adequacy of the Internal Audit ("IA") scope and plan, functions and resources and that it has the necessary authority to carry out its work;
 - iv) Review the IA's evaluation of internal controls and their reports and ensure that appropriate and prompt remedial action is taken by Management on lapses in controls or procedures that are identified by IA; and
 - v) Review the assistance given by the Group's officers to the internal auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.

b) External Audit

- i. Review the appointment and performance of external auditors, their audit fee and any question of resignation or dismissal and to make recommendations to the Board;
- ii. Assess the qualification, expertise, resources, effectiveness, independence and objectivity of external auditors;
- iii. Review the external auditor's audit scope and plan, including any changes to the planned scope of the audit plan;
- iv. Review the auditors evaluation of internal controls and any major audit findings raised by the external auditors and Management's responses, including status of previous audit recommendations;
- v. Review the assistance given by the Group's officers to the external auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information; and
- vi. Approve non-audit services provided by the external auditors.

c) Financial Reporting

Review the quarterly and annual financial statements with the external auditors and management, focusing on:

- i. Any changes in accounting policies and practices;
- ii. Significant and unusual events;
- iii. Significant variances from prior periods; and
- iv. Compliance with applicable Financial Reporting Standards and other legal and regulatory requirements.

d) Related Party Transactions

Review any related party transactions and conflict of interest situations that may arise within the Company or Group.

e) Annual Report

Report the Audit Committee's activities for the financial year.

f) Investigation

Instruct the conduct of investigation into any activity or matter within its terms of reference.

g) Other Matters

Act on other matters as the Committee considers appropriate or as authorized by the Board of Directors.

FREQUENCY OF MEETINGS, QUORUM AND MINUTES

The Audit Committee shall meet at least four times a year. Notice of meetings shall be circulated to the members one week in advance.

A quorum of two members is the minimum required to be present at any Audit Committee Meeting. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present.

Question arising at any meeting shall be decided by a majority vote, each member having one vote and in the event of a tie, the Chairman shall have a second or casting vote. However, at meetings where two members form a quorum, or when only two members are competent to vote on an issue, the Chairman will not have a casting vote.

The Secretary of the Committee shall be the Company Secretary. The Secretary shall maintain minutes of the proceedings of the meetings. The minutes of the meetings shall be tabled at the United Plantations Berhad Board of Directors meeting.

Other members of the Board, senior management and representative of the External Auditors and Internal Auditors may attend the Audit Committee Meetings by invitation.

REVISION AND UPDATES

This Terms of Reference will be reviewed every year in December. Any intervening changes or additions will be by way of circular and memos.