

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2089
COMPANY NAME : United Plantations Berhad
FINANCIAL YEAR : December 31, 2018

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.

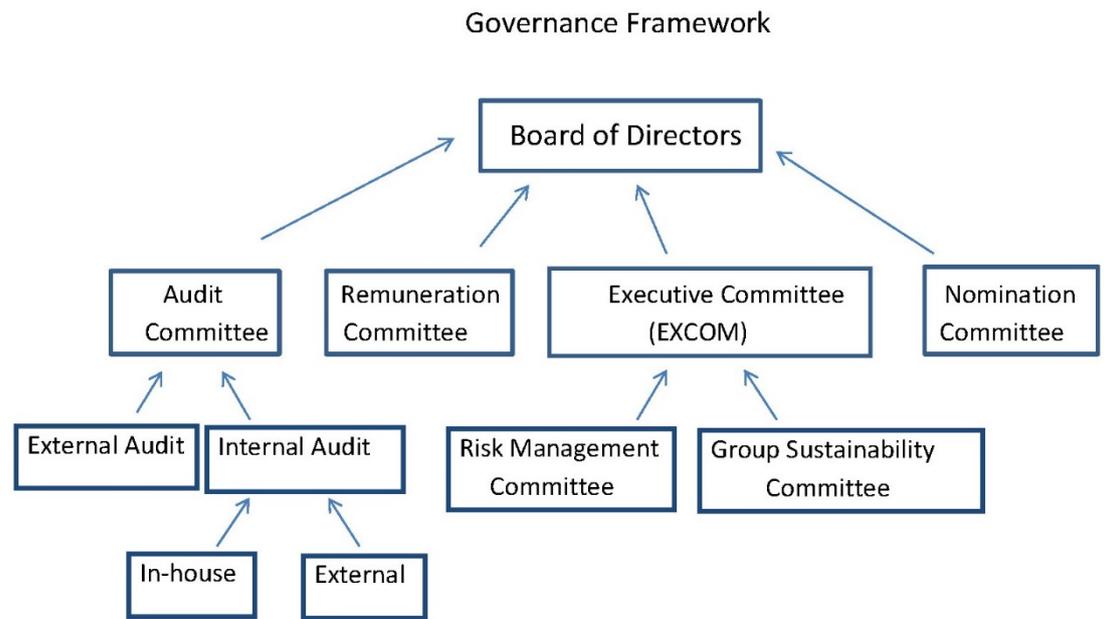
Intended Outcome

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 during the financial year 2018:

- 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 were implemented effectively;
- 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 Ethics and Governance

The Group's Code of Ethics and Governance ("EG Code) for directors and employees continue to govern the standards of ethics and good conduct expected of directors and employees. The contents of the EG Code are communicated to the Directors and employees of the Group. The EG Code was reviewed in early 2018 and uploaded onto the Company's website. The details of the EG Code are included on page 55 in the 2018 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. In the financial year 2018, the mechanism put in place was used by complainants to raise concerns to the Management and this was promptly attended to and notified to the Board. The Company's Whistle Blower Policy is described on page 55 of the 2018 Annual Report .

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 – 141 of the 2018 Annual Report.

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 working days before the Board Meetings.

	<p>The Company's monthly management accounts are sent to all Board members latest by the 20th day of the following month . In addition, monthly management accounts of key subsidiaries are sent to all the members of the Audit Committee.</p> <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	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application :	Applied
Explanation on application of the practice :	<p>The 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	:	<p>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.</p> <p>For this purpose, the position of Chairman is held by Tan Sri Datuk Dr. Johari bin Mat who is an Independent 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.</p> <p>The responsibilities of the Chairman includes leading the Board in its collective oversight of management, while the CED focuses on the business and day-to-day management of the Group. This division is clearly defined in the Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

The 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 attended all the Board and Board Committee meetings held in financial year 2018. He also undertook continuous professional development of 48 hours in 2018.</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 working 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, the Company Secretary communicates decisions and policies made by the Board to the Management in a timely manner to ensure appropriate execution.	
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	:	<p>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 at www.unitedplantations.com.</p> <p>The Board Charter addresses, among others, the following matters:-</p> <ul style="list-style-type: none"> • Role and responsibilities of the Board; • Composition, Board balance and Board diversity; • The roles of Chairman and Chief Executive Director; • Supply of information and Board meetings; • Matters reserved for the Board; • Board effectiveness evaluation; • Board Committees; and • Communication with stakeholders. <p>The Board Charter was reviewed by the Board on 24 February 2018 and revisions were:-</p> <ol style="list-style-type: none"> 1) The removal of age limit of directors to be in line with Companies Act 2016 2) The appointment of former key audit partner to the Audit Committee is subject to a minimum cooling-off period of 2 years.
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	:	<p>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.</p> <p>The details are of the Code of Conduct and Business Ethics are included on page 55 in the 2018 Annual Report and can also be accessed through our website at www.unitedplantations.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	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 which was reviewed on 24 February 2018 is described on page 55 of the 2018 Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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	:	<p>4 out of the 10 directors or 40% of the Board are independent directors</p> <p>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 he 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.</p> <p>During the financial year 2018, the Non-Independent Non-Executive Director, Mr Jorgen Balle was appointed to the Board. With his appointment, the number of non-executive directors rose to six (6) as compared to four (4) executive directors. This change in board composition to have more non-executive directors was to provide a check and balance to the decisions of the Executive Directors, allowing for more effective oversight of Management besides ensuring that the interests of all shareholders and stakeholders are taken into account.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	<p>In the financial year 2018, the individual Board members, business associates and consultants were approached to submit the profiles of potential candidates that has the right skill set and experience to fill the position of Independent Non-Executive Directors. However, no potential candidate was identified by the individual Board members, business associates and consultants.</p> <p>In the coming year, the Board will approach organisations with directors' pool to identify suitably qualified candidates.</p> <p>The Board had in the previous CG report set the target timeline of three years, i.e. by end 2021 to apply this best practice of a</p>

	majority of independent directors. As the criteria required of an Independent Director of United Plantation Berhad differs greatly from other listed companies, the Board has re-assessed the timeline and decided that a target timeline of five years is more appropriate, i.e. by end 2023.	
Timeframe	:	Others

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 Independent Directors, Tan Sri Datuk Dr. Johari bin Mat, Dato' Jeremy Derek Campbell Diamond and Mr. Ahmad Riza Basir have served on the Board for more than 12 years. Since 2012, the Company has sought annual shareholders' approval at the Annual General Meeting (AGM) for them to continue to serve as Independent Directors on the Board. The latest shareholders' approval was obtained at the last AGM held on 24 April 2018 through a single-tier voting process as provided in the Constitution of the Company.</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 that they 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 they have acted 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</p>

	<p>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>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	<p>The Board has re-assessed the timeline set in the previous year on limiting the tenure of the independent Board members and views that with the recent expansion of the Group's business following the acquisition of the additional plantation land, the Group will require a stable board, particularly of Independent Directors who have a good understanding of the Group's core business operations, to strategize the new development and bring it to fruition in the next 4-5 years. As such, the Board has moved the timeline for limiting the tenure of the independent directors from end 2021 to end 2023. This will allow the Board to concentrate on the business operations to enhance the value of the Group.</p>
<p>Timeframe</p>	<p>:</p>	<p>Others</p>

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> <p>The Nomination Committee is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations. In this respect, the role of the Nominating Committee is detailed in its Terms of Reference, which is accessible for reference on the Company's website at www.unitedplantations.com.</p> <p>In making its recommendations to the Board, the Nominating Committee considers and assess the suitability of a new appointment based on objective criteria, including:</p> <ul style="list-style-type: none">• Qualification;• Required competencies, skills, expertise and experience;• Specialist knowledge or technical skills;• Professionalism and integrity; and• Time commitment to the Company. <p>During the financial year ended 31 December 2018, Mr Jorgen Balle was proposed to the Nomination Committee as a potential candidate for Directorship, by an Executive Director of the Company.</p> <p>The Nominating Committee met, and upon deliberation agreed to recommend to the Board on the appointment of the new candidate, Mr Jorgen Balle, based on the set of criteria mentioned above. The appointment of Mr Jorgen Balle as a Non-Independent Non-Executive Director of the Company took effect on 21 May 2018.</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	:	<p>The Company currently has one (1) female Director and nine (9) male Directors.</p> <p>The Board acknowledges the best practice of MCCG 2017 for boards of Large Companies to comprise at least 30% women on board. In heeding this, there was a positive development for the Company in making greater strides towards notable gender diversity on the Board with the appointment of Puan Rohaya Binti Mohammad Yusof to the Board on 30 November 2017. Diversity was considered in tandem with meritocracy (i.e. based on her qualification, skills and relevant experience).</p> <p>The Board is mindful that any gender representation should be in the best interest of the Company. Although the Company has not reached the 30% women representation target at Board level as required for Large Companies, the Board decisions are made objectively in the best interests of the Group taking into account diverse perspectives and insights. 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>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board of Directors takes cognizance of the importance of avoiding the pitfall of tokenism when considering the appointment of women directors to the Board. For the financial year 2018, in the approach to the identification of suitable candidates for appointment to the Board, priority was given to women candidates

	<p>with the right skill set and experience. However, no potential candidate was identified.</p> <p>In the coming year, the Board will approach organisations with directors' pool to identify suitably qualified women candidates.</p>	
Timeframe	:	<p>Others</p> <p>The Board shall increase woman board representation as and when there is vacancy as well as when suitable and qualified candidates are identified.</p>

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 Nomination Committee is responsible for recommending suitable candidates for Directorships to the Board. In undertaking this responsibility, the Nomination Committee leverages on several sources like industry acquaintance, consultants etc to gain access to a wide pool of potential candidates besides tapping on the recommendations from existing board members, management or major shareholders.	
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 as part of the Company Executive Handbook, the policies and procedures in place to determine the remunerations of the directors and senior management. The Company Executive Handbook also sets out the benefits of all employees including that of executive directors and senior management. The policies and procedures to determine the remuneration of the directors and senior management is reviewed periodically and the last review was done in 2018 when the Board discussed on the new service contract for an 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

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 and in its Terms of Reference which can be accessed through the Company's website at www.unitedplantations.com .	
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 143 of the 2018 Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Applied	
Explanation on application of the practice	:	The Senior Management comprise of the four Executive Directors in the financial year 2018 and details of their remuneration on a named basis is disclosed under page 143 of the 2018 Annual Report.	
Explanation for departure	:		
		Please provide an explanation for the departure.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	Please specify number of years.

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	:	Adopted
Explanation on adoption of the practice	:	The detailed remuneration of each member of senior management who are all the Executive Directors are disclosed on a named basis in the Annual Report.

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	:	There is provision in the Board Charter 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.	
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	:	<p>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.</p> <p>During the financial year, the Audit Committee met with the external auditor namely, Ernst & Young, twice in the absence of Management. The Audit Committee has also monitored and reviewed the performance and independence of Ernst & Young and is satisfied that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the Audit Committee.</p> <p>For the audit of the financial year ended 31 December 2018, the Audit Committee was further assured by Ernst & Young by way of written confirmation that its personnel were and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Pursuant to the assessment on the suitability and independence of the external auditor, the Audit Committee made its recommendation to the Board on the re-appointment on the external auditor together with the payment of the audit fees.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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	:	<p>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.</p> <p>Details of the Group’s Risk Management and Internal Control Framework are set out in its Statement on Risk Management and Internal Control, which is on page 149 to page 151 of the Company’s 2018 Annual Report.</p> <p>The internal control mechanisms established by the Board are embedded within the organisation structure in all its processes. The internal control system is independently reviewed by the Internal Auditors to assess its adequacy and effectiveness.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 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	:	<p>The assessment, monitoring and review of the various risks faced by the Group are continuous processes within the operating units, with the Risk Management Committee; a Management level Committee, playing a pivotal oversight function as delegated by the Board of Directors.</p> <p>The Board has received assurances from the Chief Executive Director and the Executive Director, Finance & Marketing, that the Group's system of Risk Management and Internal Control is operating adequately and effectively in all material aspects.</p> <p>The Group's key risks identified as follows:</p> <ul style="list-style-type: none"> • Fluctuating commodity prices • Adverse foreign exchange fluctuations • Insufficient and inexperienced labour force • Political instability and uncertainties in local regulatory and practices • Risks in the refinery industry • Increasing labour costs • Extreme weather conditions • RSPO certification risk • CPO and refined oils quality in relation to contaminants <p>Further details are contained in the Statement of Risk Management and Internal Control which is on page 149 to page 151 of the Company's 2018 Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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 pose 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. However there is no one-size-fits-all integrated report or integrated reporting process. For the financial year 2018, the Management has been in consultation with subject matter experts on the best practices in the application of materiality covering all aspects of the organization – strategy, governance, performance and prospects. This will then enable the Management to present the paper to the Board for adoption of the integrated reporting within the next two (2) years .
Timeframe	:	Within 2 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	:	For the AGM on 24 April 2018, the Company sent out the notice of AGM together with the 2017 Annual Report on (date) which is more than 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, the Company Secretary, the Financial Controllers and the External Auditors were present to respond to questions from the shareholders during the 97 th Annual General Meeting held on 24 April 2018. There were questions directed to the Audit Committee Chairman and his responses were to the satisfaction of the shareholders.	
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.

Click here to enter text.