



UNITED PLANTATIONS BERHAD

(Company no. 191701000045 (240-A))

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Corporate Governance Overview Statement

The Board of Directors 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. With this in mind the Board of Directors are pleased to present the corporate governance overview statement which takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance (MCCG). The Management with the support of the Board has since 2019 embedded important element of integrated reporting by incorporating a Value Creation Modal in the Annual Report. However, the target of fully adopting integrated reporting in 2021 has to been deferred to 2022 due to pandemic which is beyond the control of the Management.

The detailed explanation on the application of the corporate governance practices are reported under Corporate Governance Report (“CG Report”) which is published on the Company’s website www.unitedplantations.com.

The Company as at the date of this Corporate Governance Overview statement has applied all of the practices in MCCG 2021 except for the followings:

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

Practice 5.2

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

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders’ approval through a two-tier voting process.

Practice 5.9

The board comprises at least 30% women directors.

Practise 6.1

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

or will influence board composition. For Large Companies, the board engages independent experts periodically to facilitate objective and candid Board evaluation.

Practice 12.2

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

A) Board Charter

The Board Charter sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Charter elaborates the fiduciary and leadership functions of the Board and serves as a primary reference for prospective and existing Board members and senior management. The Charter is reviewed periodically to ensure it complies with current legislation and best practices. The Board Charter was reviewed and updated on 20 February 2021 and can be viewed at the Company's website at www.unitedplantations.com.

B) Strengthen Composition

Specific responsibilities are delegated to Board Committees where appropriate. The Board Committees comprises of Nomination Committee, Remuneration Committee, Audit and Risk Committee and Executive Committee. Each Committee operates within its respective Terms of Reference which have been approved by the Board.

B1.1 Nomination Committee

The Nomination Committee is responsible to make recommendations to the Board regarding the appointment of directors, evaluation of the skills, experience, competencies of the Directors, diversity of the Board's composition. The Nomination Committee consists of 3 members, who are all Independent, Non-Executive Directors. The full report of the Nomination Committee can be found from pages 119 to 120 of this Corporate Governance Overview Statement 2021.

B1.2 Remuneration Committee and Directors Remuneration

The Remuneration Committee consists entirely of three (3) non-executive directors, all of whom are independent Directors. Its primary function is to review and recommend the remuneration for the Company's executive directors.

The members of the Remuneration Committee are stated herebelow:-

Ybhg. Dato' Mohamad Nasir bin Ab. Latif (Chairman)
(Independent, Non-Executive Director)

Y. Hormat Dato' Jeremy Derek Campbell Diamond
(Independent, Non-Executive Director)

Mr. R. Nadarajan
(Independent, Non-Executive Director)

It is the Remuneration Committee's usual practice to draw information on the Company's remuneration policy from the Executive Committee to assist them with their duties. Executive directors do not participate in the deliberations of the Remuneration Committee.

Only the executive directors have contracts of service which are normally reviewed every three years. The executive directors' salaries are linked to their position, seniority, experience and the Company's overall profitability which would vary from year to year. The salary components are determined in accordance with the Company's established remuneration policy for executive directors. The remuneration packages are sufficiently attractive to attract and retain executive directors. All directors are paid annual fees. The Chairman and members of the Audit and Risk Committee receive additional fees taking into account the nature of their responsibilities. Members of other Board committees do not receive any additional fees. The directors' fees are reviewed by the Board only when it deems necessary, subject however to approval by the shareholders at the A.G.M.. The amount is related to their level of responsibilities. Periodical review of the fees is undertaken based on market information on directors' fees. A fixed meeting attendance allowance is paid for all attendances at Board and Board Committee meetings except for the Executive Committee meetings. The Remuneration Committee held one (1) meeting during 2021 to deliberate on the new service contract of one executive director as well as bonuses for the executive director and made their recommendation to the Board. The aggregate remuneration for the year for the following directors are as shown in the table below.

	Directors' Fees				Bene- fits-in Kind (RM)	Other Benefits (RM)	Meeting Attendance Allowance (RM)	Total (RM)
	Company	Subsidi- aries	Salary*	Bonus				
	(RM)	(RM)	(RM)	(RM)				
Ybhg. Tan Sri Datuk Dr. Johari bin Mat (<i>rttd 22 April 2021</i>)	50,630	-	-	-	-	100,000	3,000	153,630
Ybhg. Dato ^o Mohamad Nasir bin Ab. Latif (<i>Chairman, Independent, Non-Executive</i>) (<i>wef 22 April 2021</i>)	145,055	-	-	-	-	8,703	9,000	162,758
Ybhg. Dato' Carl Bek-Nielsen (<i>Chief Executive Director</i>)	100,000	25,000	1,890,000	78,750	64,120	323,722	6,000	2,487,592
Mr. Ho Dua Tiam (<i>Non-Independent, Non-Executive</i>)	100,000	-	-	-	-	-	6,000	106,000
Mr. Ahmad Riza Basir (<i>Independent, Non-Executive</i>)	110,000	-	-	-	-	-	13,500	123,500
Y. Hommat Dato' Jeremy Derek Campbell Diamond (<i>Independent, Non-Executive</i>)	120,000	-	-	-	-	-	16,500	136,500
Mr. Martin Bek-Nielsen (<i>Executive Director</i>)	100,000	23,000	1,770,000	75,250	60,361	303,127	6,000	2,334,738
Mr. Loh Hang Pai (<i>Executive Director</i>)	100,000	-	1,006,500	100,000	38,163	190,935	6,000	1,441,598
Mr. R. Nadarajan (<i>Independent, Non-Executive</i>)	110,000	-	-	-	-	-	16,500	126,500
Madam Rohaya binti Mohammad Yusof (<i>Non-Independent, Non-Executive</i>)	100,000	-	-	-	-	-	6,000	106,000
Mr. Jorgen Belle (<i>Non-Independent, Non-Executive</i>) <i>wef 21.05.2018</i>	100,000	-	-	-	-	-	6,000	106,000
Ms. Belvinder Kaur a/p C Nasib Singh (<i>Independent, Non-Executive</i>)	15,342	-	-	-	-	-	1,500	16,842
Total	1,151,027	45,000	4,666,500	254,000	162,645	926,488	96,000	7,301,660

B1.3 Audit Committee

The Audit and Risk Committee consists entirely of three (3) non-executive directors as required under the Main Market Listing Requirements, all of whom are independent directors. The scope and functions of the Audit and Risk Committee are as spelt out under the Terms of Reference. The activities of the Audit and Risk Committee during the financial year 2021 have been described at length in a separate statement in this Annual Report. (pages 115 to 118).

B1.4 Executive Committee

The Executive Committee consists of executive directors only. The scope and functions of the Executive Committee are as stated in the Terms of Reference approved by the Board. It is responsible to oversee the day-to-day management of the Group's operations which includes reviewing of the annual revenue and capital budgets before presenting to the Board, reviewing the monthly, quarterly and annual results of the Company and Group and comparing them with the respective business units budgets and taking remedial actions for budget variances, implement policies and procedures approved by the Board, implement recommendations of the Audit and Risk Committee, identify key risks annually and implement mitigating actions where practicable, recommend expansion and diversification plans, implement policies for succession, labour recruitment, ensure continuity of business during pandemic, replanting and replacement of plant and machinery, and the review of research policies and projects.

The Executive Committee has established the Group Sustainability Committee which reviews sustainability issues concerning the environment, social/community, employees and market place. The Sustainability Report has been included in a separate statement in this Annual Report.

The Executive Committee has access to the services of the Company Secretary who records and maintains minutes of Executive Committee meetings. The Executive Committee met formally 2 times during 2021, and the minutes thereof were included in the Board file for information and deliberation by the Board. All the executive directors attended all 2 meetings. The Executive Committee also met informally on more than 20 occasions during the year to deal with matters that required prompt response and decisions.

C. Reinforce Independence

C.1 Board Balance and Independence of Directors

The Company has an effective Board entrusted with leadership responsibilities by its shareholders. It is headed by a Chairman who is independent of management and whose key role is the stewardship of the Board. The Chief Executive Director on the other hand is the head of management whose key responsibilities are to run the business and implement the policies and strategies approved by the Board. Due to their contrasting roles at the head of the Company, the two roles are not combined.

Following this division of responsibilities at the head of the Company we have in the Board's composition included a balance of executive and independent non-executive directors so that no one group would dominate the decision-making process.

For the financial year 2021, your Board consists of eleven (11) directors, three (3) of whom are executives who have an intimate knowledge of the business. Amongst the remaining eight(8) non-executive directors, five (5) of them are independent directors. The Board is satisfied that the current board size fulfills its requirements adequately.

The composition of the Board reflects a mix of skills and experience and other qualities which non-executive directors should bring to the Board. Due to the diversified backgrounds and their independence, the non-executive directors are ably engaged in healthy discussions and debates with the executive directors at the Board meetings which are conducive for an effective Board.

The independent directors play a pivotal role in the Board's responsibilities. However, they are not accountable and responsible for the day to day running of the business, which is the role of the executive directors.

The independent non-executive directors are actively involved in various Board committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance by providing independent assessment and opinions on proposals put forward by the executive directors and act as a check and balance for the executive directors.

The Board has established a formal and transparent policy for the role of the executive and non-executive directors.

Biographies of the Directors as given in this Annual Report, show the necessary depth to bring experience and judgment to bear on the collective decision making processes of the Board.

The Board's composition fairly represents the ownership structure of the Company with appropriate representatives from the two largest shareholders. There are adequate number of representatives on the Board who fairly reflect the interests of the minority shareholders.

The Board has established position descriptions for the role of each of the executive director who has specific management responsibilities for the day to day running of the business.

The Company has included a Group Philosophy Statement in the inside cover of this Annual Report and it has clearly described its objectives in the statement on sustainability to which the Board is deeply committed.

One of the recommendations of the MCCG states that the tenure of an independent director should not exceed a cumulative term of nine (9) years.

However, the Nomination Committee and the Board have determined at the annual assessment carried out on 20 December 2021, that Dato' Jeremy Derek Campbell Diamond who has served on the Board for twenty (20) years and Mr. Ahmad Riza Basir who has served on the Board for twenty-one (21) years, remain objective and independent in participating in the deliberations and decision making of the Board and Board Committees.

The length of their service on the Board does not interfere with their exercise of independent judgment and act in the best interest of the Group notably in discharging their roles, in the case of Dato' Jeremy Derek Campbell Diamond as the Chairman of the Audit and Risk 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 and Risk Committee.

The above independent directors have provided an annual confirmation of their independence to the Nomination Committee and the Board. The Board has recommended the continuation of these two (2) directors as independent directors of the Company at the forthcoming Annual General Meeting 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 had 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.

For the forthcoming Annual General Meeting, the proposal for their retention as Independent Directors has also been considered by the Nomination Committee and the Board. Mr. Ahmad Riza Basir has expressed his intention to retire from the Board and his office will cease at the end of the Annual General Meeting. The filling of the vacancy on the Board upon Mr. Ahmad Riza Basir's retirement will be the priority of the Company to refresh the Board.

In the meantime, with the retirement of Tan Sri Datuk Dr. Johari bin Mat on 22 April 2021 and the appointment of Ms. Belvinder Kaur as independent director on 6 November 2021, the number of Independent Director remains at five (5) out of the Board size of eleven (11) members. The Board notwithstanding the view that diversity should be in tandem with expertise, experience and skills and not gender alone acknowledges the importance of the establishment of a gender diversity policy. Hence, the Nomination Committee has been tasked to look for suitably qualified female candidates when there is a vacancy.

The appointments of Puan Rohaya binti Mohammad Yusof on 30 November 2017 and Ms. Belvinder Kaur on 6 November 2021 on the Board represents the Board's commitment to consider women directors on the Board. These two(2) female directors represent 18% female participation on the Board.

D. Foster Commitment

The Non-Executive Directors are expected to commit approximately 30 to 45 days in a year of his time to the Group. Time spent include not only formal board meetings but also preparation for meetings, Board committee meetings, discussion with management, dealing with the authorities when necessary, professional and education conferences and Company functions. The Board is satisfied with the level of time commitment given by each of the directors towards fulfilling their roles on the Board and Board Committees. The Board meets not less than four (4) times a year to review and approve the quarterly and annual results for announcements. The Board meetings for the ensuing year are fixed in advance. Notice of meetings and the agenda are given in a timely manner.

Standard matters set out in the agenda for the Board meetings are as follows:-

- 1) Matters arising from the previous minutes of the Board and Committees of the Board
- 2) Monthly, Quarterly and Yearly Financial Statements and financial forecasts/projections
- 3) Matters relating to the business namely finance, land matters, staff & labour, succession planning, budgets, production, marketing, ESG, Sustainability and others
- 4) New Investments
- 5) Subsidiary Companies and Joint Venture Company
- 6) Sustainability Issues
- 7) General

During the year under review four (4) Board meetings were held and the directors' attendances thereat are summarised herebelow:-

Directors	No. of Meetings	
	Attended	Held
Ybhg. Dato' Mohamad Nasir bin Ab. Latif -Chairman	4	4
Ybhg. Dato' Carl Bek-Nielsen	4	4
Mr. Ho Dua Tiam	4	4
Mr. Ahmad Riza Basir	4	4
Y. Hormat Dato' Jeremy Derek Campbell Diamond	4	4
Mr. Martin Bek-Nielsen	4	4
Mr. Loh Hang Pai	4	4
Mr. R. Nadarajan	4	4
Madam Rohaya binti Mohammad Yusof	4	4
Mr. Jorgen Belle	4	4
Ms. Belvinder Kaur a/p C Nasib Singh*	1	4
Ybhg. Tan Sri Datuk Dr. Johari bin Mat**	2	4

* Appointed on 6 November 2021

** Retired on 22 April 2021

The Directors are also mindful of their continuous training requirements. Directors are encouraged to attend various external and internal professional programs relevant and useful in contributing to the effective discharging of their duties as directors. The Company Secretary facilitates programme registration for interested directors and would maintain such records of the programmes and their attendance thereat. All directors are allowed to choose courses/seminars of relevance in discharging their duties. The Board, with the input from the Company Secretary, assessed the training needs of individual directors and satisfied that all directors have met their training needs. Relevant training programmes, seminars and conferences attended by Directors during the financial year ended 31 December 2021 were:

- 1) Directors' Training on ESG organised by Yinson Holdings Bhd & PWC on 10 January 2021. (Virtual)
- 2) Governance and ERM and Including MCCG 2021 Consideration organised by Institute of Enterprise Risk Management on 9 February 2021. (Virtual)
- 3) Adapting to the new normal organised by Ernst & Young Advisory on 9 February 2021. (Virtual)
- 4) FIDE Program: Bank Core Module B organised by FIDE on 1 - 10 March 2021. (Virtual)
- 5) Section 17A and Adequate Procedures organised by RHB Bank Berhad & MACC on 2 March 2021. (Virtual)
- 6) Federal Budget 2022 organised by Ernst & Young on 12 March 2021. (Virtual)
- 7) Webinar Series: Audit Committee Conference 2021 organised by MIA on 15-16 March 2021. (Virtual)
- 8) Annual Palm & Lauric Oils Conference & Exhibitions : Price Outlook 2021 (POC 2021-23-24 March 2021) organised by Bursa Malaysia.(Virtual)
- 9) When Governance Fails-Red Flags, MCCG2021, Impact of Covid & Emerging Risks and What We Need To Do Ready Our Organisation , organised by Ernst & Young Advisory on 8 May 2021. (Virtual)
- 10) MFRS17: Insurance Contract organised by Ernst & Young Advisory on 5 June 2021. (Virtual)
- 11) Internal Capital Adequacy Assessment Process (ICAAP) organised by RHB Bank Berhad on 9 June 2021. (Virtual)
- 12) Section 17A MACC Act organised by Yinson Holding Bhd & MACC on 5 July 2021. (Virtual)
- 13) Defending your Company & Keeping up to date with " Key Cybersecurity Risks" organised by FTI Consulting Malaysia on 6 August 2021. (Virtual)

- 14) Digital Transformation in Islamic Finance Towards Shariah Compliance organised by RHB Bank Berhad on 11 August 2021. (Virtual)
- 15) Khazanah Mega Trends organised by Khazanah Nasional Berhad on 4-6 October 2021. (Virtual)
- 16) Climate Change: Impact on banks & Role of the Board organised by FIDE on 20 November 2021. (Virtual)
- 17) Bursa Corporate Governance Guide Focus Group organised by KPMG on 26 November 2021. (Virtual)
- 18) Audit Oversight Board Conversation with Audit Committee event Session 2 organised by Securities Commission Malaysia on 6 December 2021. (Virtual)
- 19) The Convergence of ESG & Shariah: FTSE4Good Bursa Malaysia Shariah organised by Employees Provident Fund & Bursa Malaysia on 10 December 2021. (Virtual)

E. Integrity in Financial Reporting

The Board in compliance with paragraph 15.26a of Bursa Malaysia's Main Market Listing Requirements issues a Statement explaining its responsibility for preparing the annual audited financial statements. The Board is required by law to prepare financial statements for each financial year which will give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year in a manner which is comprehensive and transparent. In the preparation of the financial statements, the directors will consider compliance with all applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act 2016.

E.1 Internal Control

The Board recognises its responsibility for the group's system of internal controls. In this connection, the Audit and Risk Committee conducts an annual review of the adequacy and effectiveness of the system of internal controls and renders a statement to the shareholders to this effect. In this connection, the Audit and Risk Committee is assisted by an in-house internal audit department and an external independent professional firm who conduct regular reviews of the internal controls and report to the Audit and Risk Committee directly.

The external auditors are appointed by the Board to review the Statement of Internal Control and to report thereon.

E.2 Relationship with the Auditors

The Board maintains a formal procedure of carrying out an independent review of all quarterly reports and annual audited financial statements by the Audit and Risk Committee, at its meetings. The external auditors and representatives of the management are present to answer questions and provide explanations to the Audit and Risk Committee. The activities of the Audit and Risk Committee have been described at length in a separate statement given in this Annual Report.

F. Recognise and Manage Risks

The Board, assisted by the Audit and Risk Committee, reviews the risk management policies formulated by management, headed by the Executive Director, Finance & Marketing, and makes relevant recommendation to the management. The Group continues to maintain and review its internal control policies and procedures to ensure, as far as possible, to protect the Group' assets. The Board has established internal audit function, complimented by an in-house team and an external professional firm. Both the internal and external audit teams report directly to the Audit & Risk Committee. Details of the Group's internal control system and framework are set out in the Statement on Risk Management and Internal Control.

G. Timely and High Quality Disclosures

The Group has in place a procedure for compliance with the Listing Requirements. The Company Secretary reviews all announcements to ensure accuracy and compliance. The Board reviews and approves all quarterly and other important announcements. The Board is mindful that information which is material is announced immediately.

The Group has designated executive directors as spokespersons in the handling of discussions and disclosures with investors, fund managers and the public. The Company has a website *www.unitedplantations.com* where all the Company's announcements, corporate information and updates are posted.

H. Strengthen Relationship Between the Company and Shareholders

H.1 Communications and Investor Relations

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.

The Company's executive directors usually hold bi-annual briefings at its corporate office in Kuala Lumpur or virtually with institutional investors, market analysts and fund managers after announcement of the quarterly results. However, due to the pandemic, only one briefing was held virtually in 2021. Questions relating to the quarterly announcements can be directed to Mr. Martin Bek-Nielsen, Executive Director (Finance & Marketing). The Board believes that the Company's Annual Report is a vital source of essential information for shareholders and investors and other stakeholders. The Company strives to provide a high level of reporting and transparency as an added value for users of the company's annual report.

H.2 The Annual General Meeting (A.G.M)

The A.G.M is an excellent forum for dialogue with all shareholders for which due notice is given. The shareholders are given opportunity to vote on the regular business of the meeting ,viz. consideration of the financial statements, consideration and approval of final dividend, consideration and approval of directors and auditors fees, re-election of Directors and special business if any.

The Chairman explains the electronic voting procedure before the commencement of the A.G.M. The participating shareholders 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.

Kindly take note that pursuant to paragraph 2.19 of the Main Market Listing Requirements and Article 162 of the Company's Constitution and in line with UP's "Go Green" initiatives, the Notice of A.G.M. , Proxy Form, Statement to Shareholders and Request Form for hardcopy of Annual Report can be downloaded from our website at www.unitedplantations.com.

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..