

CORPORATE GOVERNANCE REPORT

STOCK CODE : 4588
COMPANY NAME : UMW HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

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

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises its responsibilities in governing, guiding and monitoring the performance of the entire Group. There is a clear division of responsibilities between the Board and management. The Board is led by a Non-Independent Non-Executive Chairman, whose principal responsibility is to ensure the effective running of the Board. Except for matters reserved for shareholders, the Board is the ultimate decision-making body of the Group. Specific powers of the Board are delegated to the relevant Board Committees and the President & Group Chief Executive Officer (PGCEO).</p> <p>Board Committees such as Audit Committee (AC), Nomination & Remuneration Committee (NRC), Investment Committee (IC) Risk Management Committee (RMC) and Whistle-Blowing Committee (WBC) are established with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board as mandated in their respective terms of reference (TOR).</p> <p>Following the Group's strategic decision to exit from the Oil & Gas (O&G) industry, the Group is actively implementing action plans towards this direction. Consequent to this, the Board had on 28 September 2017 established an ad hoc Board Committee, known as the Value Group Execution Committee (VGEC), to provide strategic guidance and direction to management and to make recommendations to the Board on proposed action plans/resolutions/strategies to achieve the intended objective of exiting the investments under the O&G unlisted segment.</p> <p>The responsibility of steering the UMW Group towards a sustainable future rests on the Board. In addition to adopting a sound ethical and governance framework, and financial management policies, the Board also ensures that there are adequate resources to meet the Group's objectives.</p>

The Board assumes the following specific duties which are discharged in the best interests of the Company, in pursuance of integrated regulatory and commercial objectives -

- **Promoting good corporate governance culture within the UMW Group**

The Board, management and employees of the Group affirm and remain resolute in the Group's commitment to enhance shareholder value and its overall competitive positioning by way of upholding the highest standards of Corporate Governance (CG) practices. The Board plays an active role in advising, administering and reviewing the Group's governance framework and practices for implementation Group-wide.

The Board believes that an effective CG structure and culture lies at the core of the UMW Group's pursuit to achieve its vision and objectives. This includes among others, ethical conduct, business integrity, commitment to values, delivering sustainable values and managing shareholders' and stakeholders' expectations.

The UMW Group's CG Framework and practices were developed based on the following statutory requirements, best practices and guidelines -

- Companies Act, 2016 (**CA 2016**);
- Main Market Listing Requirements (**MMLR**) of Bursa Malaysia Securities Berhad (**Bursa Securities**);
- Malaysian Code on Corporate Governance 2017 (**MCCG 2017**);
- Corporate Governance Guide: Towards Boardroom Excellence (3rd Edition) by Bursa Malaysia Berhad (**CG Guide**);
- Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on GLC High Performance (**Green Book**); and
- Minority Shareholder Watchdog Group's (**MSWG**) Malaysia - ASEAN Corporate Governance Scorecard (**ASEAN CG Scorecard**)

With the Group's presence in the countries it operates, the Group also monitors and abides by the guidelines of the relevant regulators and authorities.

The Group's CG Framework is a reflection of the way strategic and operational activities are managed. The roles of stakeholders, the Board, Board Committees and management are distinctly different but complementary in attaining the Group's core objectives.

The framework is supported by, among others, the UMW Group's Financial Limits Authority Guidelines (**FLAG**) which sets out the respective authority limits including those reserved for the Board's approval and those which the Board may delegate to the Board

Committees, the PGCEO, the Flagship Boards (**FB**), Management Committee and management.

The holding company formulates strategies to optimise the Group's performance and oversees activities at the consolidated level, while the core businesses retain the necessary authority and responsibility for conducting their own operations. This allows the Board to take broader perspective on issues affecting the Group, such as overall strategy, risk management and governance level.

- ***Establishing and reviewing the strategic direction of the Company***

The Board oversees the formulation of the Group's long-term strategic objectives and direction, reviews and approves the Group's annual budget, the business and strategic plans and monitors the achievement of the Group's corporate objectives. The Board focuses on business strategy to understand the key drivers of the Group's performance in ensuring that the Group is responsive to changes in the business and economic environments.

The Board also oversees the Group's business affairs and conducts periodic reviews of the Group's financial performance and implements policies relating to financial matters, which include risk management and internal control and compliance in ensuring alignment to the Group's strategy, operations and the external environment.

The Group's annual strategic planning process for 2017 began with the 2017 Business Plan Conference (**2017 BPC**) held in October 2016 with a theme 'Growth in Challenging Times'. The 2017 BPC provided an avenue for senior management in the Group to participate in knowledge sharing sessions. It also provides a platform for the PGCEO, Badrul Feisal Abdul Rahim, to deliver his keynote message addressing his expectations and business targets as well as strategies moving forward, to all business divisions in the UMW Group.

The proposed Business Plan and Budget were prepared by the respective operating units and corporate divisions and presented to the Management Budget Committee (**MBC**). The MBC thoroughly reviewed and deliberated the proposed strategies for the financial year and projections for ensuing years, and challenged the views and assumptions made to ensure the best results.

The finalised budget was presented to the Board in January 2017 for deliberation and approval. At this meeting, management presented its recommended strategy as well as the primary challenges facing the Group and the proposed action plans to address such issues and the outlook. The Board provided its guidance and feedback on the proposed recommended strategy to further refine the Group's plan in 2017.

- ***Overseeing and evaluating the conduct of the Company's businesses***

The PGCEO is the conduit between the Board and management in ensuring that the financial management practice is performed at the highest level of integrity and transparency. He is tasked to ensure that the businesses and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations, and to develop and maintain strong communication programmes and dialogues with the shareholders and stakeholders of the Company. He is primarily responsible for implementing policies of the Board, overseeing the Group's operations and developing the Group's business strategies, which include performance targets and long-term goals established by the Board.

The PGCEO is directly accountable to the Board and is responsible for communicating matters relating to the Group's business affairs and issues to the Board. His vast experience, business knowledge and skills attained from senior managerial positions held prior to his appointment to the Group, contribute significantly towards the attainment of the Group's goals and objectives.

The PGCEO and key senior management were also appointed as board members to the key subsidiaries to further ensure that the Group's governance remains linked with strategic and operational focus in line with the Group's objectives.

- ***Ensuring the integrity of the Company's financial and non-financial reporting***

In presenting the annual financial statements and quarterly announcements to Bursa Securities and all disclosures to shareholders, the Board is fully committed to providing a clear, balanced and comprehensible assessment of the Group's financial performance and its future prospects.

The AC assists the Board in overseeing the financial reporting process and ensuring the quality of financial reporting by the Group. The AC reviews and monitors the accuracy and integrity of the Group's annual and quarterly financial statements. The AC also assists the Board in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies.

The Board is fully accountable for ensuring that the financial statements of each financial year are prepared in accordance with applicable approved Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of CA 2016. It is also the responsibility of the Board to ensure that the financial statements represent a true and fair view of the state of affairs of the Group and of the Company as at the end of the

financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements the Directors have -

1. Adopted appropriate accounting policies and applied them consistently;
2. Made judgements and estimates that are reasonable and prudent;
3. Ensured that all applicable financial accounting standards have been followed; and
4. Prepared financial statements on a going concern basis, having made due enquiries that the Group and the Company have adequate resources to continue operations in the foreseeable future.

The Directors have overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

- ***Identifying Principal Risks and Ensuring Implementation of Appropriate Systems for Managing Risks***

The Board oversees the Enterprise Risk Management (**ERM**) Framework of the Group via the Risk Management Committee (**RMC**), which comprises members of the Board. The oversight of this critical area is carried out by the Management Risk Committee (**MRC**). The RMC also reviews and endorses the risk parameters, risk appetite, risk profiles as well as risk action plans presented by the MRC. These systems cover not only financial controls but also strategic, organisational, operational, regulatory and compliance controls.

In addition to the reporting requirements to the Board, the RMC has specific responsibilities which include, but are not limited to, formulating and implementing ERM mechanism to accomplish the requirements of the ERM policy and to articulate and challenge risk ratings. This is to ensure that the Group has the necessary risk infrastructure encompassing the risk assessment process, organisational oversight and reporting function to instil the appropriate discipline and control for continuous improvement of risk management capabilities.

Details of the RMC and the Group's ERM Framework are set out in the Statement on Risk Management and Internal Control on pages 94 to 103 of the Company' 2017 Annual Report (**Annual Report**).

- ***Establishing Succession Planning***

The Board oversees a clear and orderly succession plan for the PGCEO, the Group's key senior management and the Group Secretary through the NRC. The NRC is responsible for formulating nomination, selection and succession policies for the Group. The Board acknowledges that in a competitive global environment where securing talents is a challenge, more attention is needed in managing human capital development. In discharging its responsibility on succession planning, the NRC receives succession management updates from the Group Human Resource Division (**GHRD**) in accordance with the succession management framework. The NRC reviews the successors' assessment results, monitors the progress of actions taken, including the development programme for the readiness and potential of identified candidates to assume critical positions within the Group.

In ensuring that all candidates appointed to other senior management positions are of sufficient calibre, the NRC considers at length the suitability of shortlisted candidates based on their profiles, professional achievements and personality assessments. For the renewal of service contracts for key management personnel, the NRC considers their performance, contributions, achievements and deliverables for the past years. At the same time, the NRC considers their remuneration packages when finalising the terms and conditions of their service contracts.

- ***Ensuring the existence of a good investor relations programme and shareholder communication policy***

The Board has always recognised the importance of accurate and timely dissemination of information to shareholders and investors, existing and potential, about the Group's operations, strategies, performance and prospects to maintain credibility and build stronger relationships with the investment community. Communications with the media/public and disclosures made are in accordance with the UMW Investor & Media Relations Policies (**IMRP**) formerly known as Corporate Communications Policy.

The IMRP regulates the review and release of information to shareholders, stakeholders and the public at large, facilitating timely and accurate disclosure of the Group's affairs, which includes internal and external corporate communication and Investor Relation (**IR**) activities. The IMRP identifies selected senior management as the authorised spokespersons of UMW and defines each spokesperson's focus area.

Further information on the Group's IR updates, financial reports, stock exchange announcements, analyst reports, etc., are available on the Company's website at www.umw.com.my.

	<ul style="list-style-type: none"> • Reviewing the adequacy of the internal control policy <p>The Board is ultimately responsible for the adequacy, effectiveness and integrity of the Group's internal control system.</p> <p>Further information on the internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control on pages 94 to 103 of the Annual Report.</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 Board is led by a Non-Independent Non-Executive Chairman, whose principal responsibility is to ensure the effective running of the Board. The Group Chairman, Tan Sri Dato' Sri Hamad Kama Piah Che Othman assumes the role of an independent leader in setting the policy framework of the Group and the effective conduct of the Board.</p> <p>The Group Chairman is responsible for leading the Board in setting the values, good CG standards of the Company at the top, and is responsible, in ensuring that the essence of good CG practices are being implemented across the Group at all levels. He is supported by a number of Board Committees where specific powers of the Board are delegated in accordance with their respective TOR to ensure effectiveness of the Board which complement in attaining the Group's objectives.</p> <p>The Group Chairman, in consultation with the PGCEO and the Group Secretary sets the agenda for Board meetings and ensures that all relevant issues are on the agenda for Board's deliberation. He is responsible for ensuring that the provision of accurate, timely and clear information are made available to the Board. He ensures that sufficient time is allowed for discussion of complex or contentious issues prior to a decision being reached at meetings, which reflects the consensus of the whole Board. He also encourages active participation by the Board and ensures issues discussed are forward looking and concentrates on strategy.</p> <p>The Group Chairman also plays a pivotal role in accommodating constructive dialogue and ensures effective communication with shareholders. Shareholders are briefed on their rights to speak and vote at the AGM by the Chairman before commencement of the meeting. The Group Chairman's profile can be found on Page 52 of the Annual Report .</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly stipulated in the Board Charter which is available in the Company's website at www.umw.com.my</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises its responsibilities in governing, guiding and monitoring the performance of the entire Group. The Board has put in place a separation of duties and responsibilities between the Group Chairman and the PGCEO to ensure a clear segregation of responsibility and accountability, proper balance of authority and greater capacity for independent decision-making.</p> <p>The positions of Group Chairman and PGCEO are held by two different individuals. The Group Chairman, Tan Sri Dato' Sri Hamad Kama Piah is a Non-Independent Non-Executive Chairman, whose principal responsibility is to ensure the effective running of the Board and manages the Group commitment, delivering sustainable values and shareholders' expectations.</p> <p>On the other hand, Badrul Feisal as the PGCEO, is the conduit between the Board and management in ensuring that the financial management practice is performed at the highest level of integrity and transparency. He is responsible for ensuring high management competency as well as the emplacement of an effective management succession plan to sustain continuity of operations. He is primarily responsible for implementing policies of the Board, overseeing the Group's operations and developing the Group's business strategies, which include performance targets and long-term goals established by the Board.</p> <p>The clear division of responsibilities allows the Group Chairman to assume the formal role of an independent leader in setting the policy framework of the Group and effective conduct of the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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 present Group Secretary, Mohd Nor Azam Mohd Salleh has an extensive professional experience in corporate secretarial, governance and compliance matters spanning close to 20 years. The Group Secretary is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrators. He plays an advisory roles in supporting the Board to uphold high CG standards and responsible for ensuring that the corporate secretarial function provides adequate support to the Board, Board Committees and for all Board-related functions. The experience and group-wide knowledge of the Group Secretary are instrumental in serving the Group's governance needs.</p> <p>The Group Secretary provides support to the Board in fulfilling its fiduciary duties in relation to compliance with relevant laws, rules, regulations and governance best practices, boardroom effectiveness and directors' duties and responsibilities. He also ensures that deliberations at meetings of the Board and Board Committees are properly captured, minuted and communicated to management for necessary action.</p> <p>The Group Secretary serves as a focal point for stakeholders' communication and engagement on CG issues as well as communication between regulators and the Board and senior management. He ensures that regulators request and instructions are conveyed to the Board and senior management in a timely manner, with appropriate advice.</p> <p>The Group Secretary is adequately supported by a team of qualified governance staff from the Group Secretarial & Corporate Governance Division (GSD) to ensure effective implementation and monitoring of CG best practices throughout the Group. The Group Secretary together with GSD staff constantly keep themselves abreast of regulatory changes and developments in CG through continuous training, which is mandatory for all levels of staff.</p> <p>The Group Secretary facilitates in organising training programmes, briefings, workshops and seminars for Directors to facilitate them in discharging their duties effectively.</p>

	<p>In March 2017, GSD organised a technical briefing to Board members and senior management on the impact of new governance framework under CA 2016.</p> <p>The Board is satisfied with the performance and support rendered by the Group Secretary and his team in GSD to the Board in discharging its functions.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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	:	<p>The Directors are given advance notice of schedule of Board and Committee meetings for the year, including the Annual General Meeting (AGM), as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results. This will allow Directors to lock in their dates for advance planning.</p> <p>All Directors are provided with comprehensive Board papers containing management reports and proposal papers at least five (5) days before Board meetings to enable them to review and consider the agenda items to be discussed. In addition, there is a schedule of matters reserved specifically for the Board's decision.</p> <p>Meeting materials are uploaded electronically into digital medium, which allows board papers and other information to be securely uploaded by management and remotely accessed by the Directors through dedicated applications in a timely and efficient manner. This paperless approach helped improve Board performance and overall effectiveness of decision-making. Print outs are also made available on request. Heads of operations are required to make presentations on proposal papers and brief/update Board members on operational issues from time to time to facilitate Directors in discharging their duties.</p> <p>Minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation at the following Board meetings. Directors may request further clarification or raise comments on the minutes prior to confirmation by the Board. The Board keeps abreast of key issues and decisions made by Board Committees through reports by the Chairman of each committee and via the minutes of Board Committee meetings presented to the Board.</p> <p>The Board can have access to independent professional advice, where necessary, for proper discharge of its duties and at the Group's expense.</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 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 objectives are to ensure that all Directors of UMW and of the operating subsidiaries in the Group, are aware of their fiduciary duties and responsibilities as Board members and various legislations and regulations affecting their conduct. It is also to ensure that the Board members applies the principles and practices of good CG in all their dealings in respect and on behalf of the Company. The Board is also guided by FLAG, which clearly define the relevant matters and applicable authority limits, including those reserved for the Board, the PGCEO and management.</p> <p>The roles and responsibilities of the Board, Group Chairman, Senior Independent Director, and PGCEO are clearly outlined in the Board Charter. It also serves as a source of reference and primary induction literature to provide insights to prospective and/or newly appointed Board members and senior management.</p> <p>The Board Charter of the Group is reviewed and updated periodically in accordance with the needs of the Company and as and when practices on CG develop and/or when new guidelines are issued by relevant regulatory authorities.</p> <p>At present, the Board Charter and the TOR of the Board Committees are to be reviewed to ensure that they are in alignment with MMLR, MCCG 2017 and the ASEAN CG Scorecard.</p> <p>The detailed Board Charter and the TOR of the Board Committees are available online at www.umw.com.my</p> <p>At management level, several committees namely the Management Audit Committee (MAC), Management Risk Committee, Tender Committee and Management Whistle-Blowing Committee (MWBC) have been established to ensure that CG practices and ethical behaviour are upheld at all times in the Group's business dealings.</p>

The Board ensures that there are adequate resources to meet the Group's objectives. The Board assumes the following specific duties which are discharged in the best interests of the Company, in pursuance of integrated regulatory and commercial objectives –

- Promoting good corporate governance culture within the UMW Group;
- Establishing and reviewing the strategic direction of the Company;
- Overseeing and evaluating the conduct of the Company's Business;
- Ensuring the integrity of the Company's financial and non-financial reporting;
- Identifying principal risks and ensuring implementation of appropriate systems for managing risks;
- Establishing succession planning;
- Ensuring the existence of a good investor relations programme and shareholder communication policy; and
- Reviewing the adequacy of the Internal Control Policy.

The Board also reserves full decision-making powers on the following matters -

- Acquisitions and disposals of assets;
- Investments in capital projects;
- Authority levels;
- Treasury policies;
- Risk management policies;
- Key human resource issues; and
- Conflict of interest issues relating to substantial shareholder or Director.

The Board is also responsible in ensuring that training and education programmes are made available to the Directors, to enable them to update their knowledge and enhance their skills, hence, enabling them to sustain active participation in Board deliberations.

To facilitate identification of appropriate training and education programmes based on the Board's assessment of the Directors' training needs, the NRC performed a general assessment of the composition, skills and experience of the Board, in accordance with Paragraph 15.08(3) (a) of MMLR via a Board Skill Matrix exercise. This evaluation has enabled the NRC to address training needs of each Director more objectively so that appropriate training and education programmes can be identified and arranged for Directors' participation from time to time to further enhance their skills and knowledge. The Company also allocates a dedicated training budget to support the continuous development of Directors.

The Group Secretary facilitates in organising training programmes, briefings, workshops and seminars for directors. Whenever required,

Directors may request for training programmes on specific subjects to facilitate them in discharging their duties effectively.

In accordance with Paragraph 15.08(3)(b) of MMLR, the Directors had attended various external programmes in 2017, which include the following -

Period	Topics
<ul style="list-style-type: none"> • Jan – March 2017 	<ol style="list-style-type: none"> 1) Sustainability Forum: The Velocity of Global Change & Sustainability 2) Fintech & Digital Economy Conference 2017 3) Half Day Seminar - 'Boards and C-Level Executives: Balancing Trust and Tension' 4) Public Sector Internal Audit Conference 2017 5) How Conglomerates in SEA can Live Long and Prosper by Bain & Co. (Mohd Shahazwan as the co-speaker) 6) Asean Fixed Income Conference 2017 7) Chief Risk Officer (CRO) Forum 2017 - CRO's of Tomorrow 8) Corporate Governance, Directors' Duties and Regulatory Updates Seminar 2017 9) PNB Investment Series 2017 - Value Creation: Creating a Customer Focused Organisation 10) Companies Act 2016: The New Governance Framework for Directors & Management and its Impact 11) Value Creation and Business Partnering 12) MFRS - Financial Instrument 13) Halal Pharmaceuticals & Informed Choice 14) Sustainability Engagement Series for Directors/Chief Executive Officer 15) Global Transformation Forum 2017 16) 6th Annual National Conference 2017 - Mitigating Risk in Procurement 17) Anti-Money Laundering Seminar for Board of Directors and Senior Management of PNB 18) Highlights of Companies Act 2016
<ul style="list-style-type: none"> • April – June 2017 	<ol style="list-style-type: none"> 1) Private Equity Academy 2) Persidangan Pengurusan KWSP 2017 3) Management Retreat 2017 4) 4th Singapore Dialogue on Sustainable World Resources 5) Annual Bain/SVCA Private Equity Lunch 6) PNB Investment Series 2017 - The Future of Fintech/Digital Disruption 7) Compliance Conference 2017 8) Private Debt/Real Estate Symposium by Natixis

		<ul style="list-style-type: none"> 9) The New Companies Act 2016 - The Key Issues and Potential Pitfalls 10) Creating value through Mergers and Acquisition 11) Malaysian Code on Corporate Governance: A New Dimension 12) Malaysian Case Studies on Material Deviations between Unaudited and Audited Financial Statements - Lesson Learnt 13) Risk and Reward: What Must Board Know About a Sustainable Financial Institution Remuneration System for Senior Management and Material Risk Takers?
	<ul style="list-style-type: none"> • July – September 2017 	<ul style="list-style-type: none"> 1) International Corporate Governance Network Annual Conference 2) National Tax Conference 2017 3) Fintech: Opportunities for the Financial Services Industries in Malaysia 4) Capital Markets Conference 2017 5) Outward Mindset - Leadership and Self-Betrayal 6) Dialogue: Value Based Intermediation 7) Corporate Exercise and Asset Pricing in Malaysia 8) Mandatory Accreditation Programme 9) SID Masterclass for Directors (MCD) Programme “Strategy at the Board level” 10) International Directors Summit 2017 11) PNB Investment Series 2017 - Economic Forum: The Future of Globalisation and Liberalisation: Are We Losing the Battle? 12) Economic Forum 13) Cyber Security and Digital Transformation 14) Asian Venture Capital Journal (AVCJ) Malaysia Forum 15) Fraud Risk Management 16) Private Equity & Venture Forum 2017
	<ul style="list-style-type: none"> • October – December 2017 	<ul style="list-style-type: none"> 1) Talent to Value Workshop 2) Credit Risk & Anti-Money Laundering Act Training 3) Anti Money Laundering/Banking Secrecy 4) Audit Committee Leadership Track Effective Oversight of Internal Auditor Functions - Are Board in Sync with Regulatory Expectations? 5) Implementation of report on “Transparency in Corporate Reporting” 6) Corporate Board Symposium 2017

		<ul style="list-style-type: none"> 7) CFO Dialogue 2017: The New Business As Usual: Globalisation. Digitalisation. Disruption 8) Mandatory Accreditation Programme 9) 2017 IIA Malaysia National Conference - Audit Committee Leadership (Dr Veerinderjeet as co-speaker) 10) Breakfast Series: Integrating an Innovation Mindset with Effective Governance 11) Case Study Workshop for Independent Directors 12) MIA International Accountants Conference 2017 13) Corporate Governance Programme 14) Leveraging Technology for Growth 15) Update on Shariah Governance 16) Temasek Connection 2017
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>All Directors, including Directors of operating subsidiaries within the Group, adhere to the UMW Directors' Code of Ethics (DCE), Business Conduct and Ethics Code (BCE Code) and Board Charter, which provide guidance to recognise and deal with ethical issues, provide mechanisms to report unethical conducts, and help foster a culture of honesty and accountability.</p> <p>The DCE is formulated to enhance the standard of CG and corporate behaviour with a view to establishing a standard of ethical conduct for Directors based on acceptable beliefs and values, and to uphold the spirit of social responsibility and accountability in line with legislations, regulations and guidelines governing companies. The principles on which the DCE relies are those that concern transparency, integrity, accountability and corporate social responsibility.</p> <p>The DCE will be reviewed from time to time to incorporate new regulatory requirements/developments in the framework and practices.</p> <p>Directors declare at Board meetings their interests (direct or indirect) in proposals being considered by the Board. Where a Director is deemed interested, the Director does not participate in any discussion on the subject matter and would excuse himself from the meeting. Declaration of Director's interest in any proposal presented to the Board is reflected in the minutes of meetings.</p> <p>The BCE Code incorporates the Group's stance with regard to integrity in conducting business. One of the objectives of the BCE Code is to clearly state how UMW employees should conduct themselves in managing business affairs which include, among others, confidentiality of information and dealings in securities. The BCE Code also details and warns against undesired conduct such as conflict of interest, offering or receiving bribes, dishonest conduct, anti-competitive practices and sexual harassment. Employees are to be driven by the UMW value, i.e.,</p>

	<p>“Honour” where they are to continuously display integrity and trust when managing stakeholders, customers, suppliers, vendors and contractors.</p> <p>Unethical practices are not tolerated and the Group is committed to behaving professionally, fairly and with integrity in all business dealings and relationships including under relevant laws of each jurisdiction where the Group operates, locally and abroad.</p> <p>The Board recognises that integrity is a manifestation of ethical leadership. The Board commits to instilling the highest ethical standards to every aspect of the Group’s business, even in challenging market conditions. The Group takes a more proactive approach towards ensuring that its activities promote responsible behaviour, fairness, sustainability and cultural sensitivity.</p> <p>The Group Integrity Unit (GIU) was established in 2014 to further enhance CG practices, business ethics, integrity awareness and to disseminate the importance of managing high risk areas such as fraud and corruption. The GIU reports functionally to the WBC Chairperson and administratively to the PGCEO.</p> <p>To further enhance the CG practices and business ethics, GIU has formulated the UMW Integrity Framework and UMW Integrity Plan. This initiative is to enhance integrity culture within the UMW Group through the implementation of strategies and programmes in tandem with the National Integrity Plan. The framework contain programmes and procedures to strengthen integrity and good governance, to deter practices of corruption, fraud, abuse of power and other malpractices and misconducts, and to establish a “zero tolerance” culture for white-collar crimes.</p> <p>The UMW Group Policies & Guidelines (GPG), implemented in 2011, is aimed at promoting management best practices and good governance practices for the Group. The GPG serves to describe UMW’s way of doing business. The policies and guidelines were prepared to ensure that expected standards of performance are properly communicated and disseminated throughout the UMW Group of Companies, and are adopted in a clear, systematic and comprehensive manner by all companies, to ensure full compliance with all rules, regulations, and legislative requirements globally. All subsidiaries within the Group adopt the policies and guidelines that are outlined in the manual.</p> <p>The GPG is intended to be a living document with new policies, guidelines, and initiatives to be added over time. The GPG is reviewed and updated from time to time, with the endorsement of the Board, to reflect changing external demands and internal conditions necessary to support the Group’s overall business objectives.</p>
--	--

	<p>On 22 February 2018, the PGCEO led the employees of the Group in taking the oath and pledge to stay free of corruption at the 'Corruption Free Pledge-taking & Signing' ceremony. Also present at the ceremony were members of the Board, the Deputy Chief Commissioner (Prevention) of the Malaysian Anti-Corruption Commission (MACC), and representatives of MACC. The main objective of the ceremony was to have the voluntary pledge taken by the Directors, senior leadership and employees to be accountable and responsible in carrying out their duties and to hinder corruption misconduct throughout their tenure of service.</p> <p>The DCE and BCE are available on the Company's website at www.umw.com.my</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

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	:	<p>In line with the Board's commitment to maintain the highest possible standard of professionalism, ethics and legal conduct in the Group's business activities, the Whistle-Blowing Policy and General Guidelines was adopted on 20 May 2009. This policy welcomes disclosures of suspected wrongdoings that include mismanagement, malpractices, corrupt practices, fraud and abuse of power or breach of any laws and regulations by any member of the Board, management or employees.</p> <p>This policy provides employees with an accessible avenue to report wrongdoings in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of reprisal. It is also the duty of the Board to ensure that employees are not penalised for whistle-blowing.</p> <p>The WBC is responsible for overseeing the implementation of the Whistle-Blowing Policy for Directors and senior management in Job Grades 23 and above, whilst the MWBC, which comprises company appointed representatives, is responsible for overseeing the implementation of the policy for all other employees in the Group.</p> <p>The WBC consists of majority Independent Non-Executive Directors (INED) as follows -</p> <ul style="list-style-type: none">• Tan Sri Hasmah Abdullah <i>INED (Chairperson)</i>;• Khalid Sufat <i>INED</i>;• Dato' Eshah Meor Suleiman <i>INED</i>; and• Salwah Abdul Shukor <i>NED</i>. <p>Whistle-blowing complaints are addressed to either the Group Chairman or to any members of the WBC or MWBC. The Head of Group Internal Audit Division (GIAD), Puan Norchahya Ahmad, is the Secretary of WBC. She is responsible for the preparation of the agenda and the distribution to all members, the papers to be deliberated at the meeting.</p>

	<p>Complaints received will be escalated to the WBC and MWBC for review, and where appropriate, for action to be taken by the Board, the PGCEO and/or the respective business units/divisions.</p> <p>From time to time, BWBC shall report to the Board of its recommendations on the outcome any investigations conducted, and the Board upon receiving the recommendations have the final decision on the matter raised.</p> <p>The policy will be reviewed from time to time to incorporate new regulatory developments accordingly.</p> <p>The Whistle-Blowing Policy is available at the Company website www.umw.com.my</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

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	:	Applied
Explanation on application of the practice	:	<p>The Board consists of eleven (11) members, comprising four (4) Non-Independent Non-Executive Directors (NED), six (6) INEDs and one (1) Executive Director, who serves as the PGCEO. The Board is led by a Non-Independent NED as its Chairman.</p> <p>All six (6) INEDs satisfy the criteria of an independent director as defined under MMLR. They constitute 55% of the Board composition.</p> <p>All the Directors had given confirmations bi-annually, as to whether he/she has any family relationship with any Director and/or major shareholder of the Company and any conflict of interest with UMW. This is one of the criteria to enable the Board and the NRC to assess the Directors' independence as and when any new interest or relationship develops.</p> <p>The Board recognises the importance of the role of the INEDs, particularly in ensuring that strategies proposed by management are fully deliberated and examined objectively, taking into perspective, among others, the long-term interests of shareholders as well as other stakeholders and the community at large.</p> <p>The INEDs fulfil a pivotal role in corporate accountability by providing independent view, advice and judgement to ensure a balanced and unbiased decision making process and objectivity without being subordinated to operational considerations. The views of the Independent Directors should carry significant weight in the Board's decision-making process.</p> <p>The INED help to ensure that the interests of all stakeholders, and not only the interests of a particular fraction or group are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.</p> <p>In addition, the NRC also performed an assessment on the independence and effectiveness of INEDs as recommended under Guidance 5.1 of MCCG 2017. The assessment took into account Independent Directors' skills and competencies as well as the independent criteria stipulated in Paragraph 1.01 of the MMLR, which require Independent Directors to be independent of management and free from any business or other relationships that could impair</p>

	<p>independent judgement, objectivity and ability to act in the best interests of the Company. Due consideration was also given to whether the INEDs can continue to bring independent and objective judgement to board deliberations.</p> <p>The outcome of the assessment on independence and effectiveness of INEDs have demonstrated that they have met all criteria of an Independent Director. The NRC is satisfied with the level of independence of the INEDs and their ability to act in the best interests of the Company. The INEDs are expected to continue to give independent views, advice and judgment to ensure a balanced and unbiased decision-making process at the Board.</p>	
<p>Explanation for departure</p>	<p>:</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>Timeframe</p>	<p>:</p>	

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	: Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	<p>Dato' Siow Kim Lun, the Senior Independent Director of the Company, would exceed the 9-year term on 11 July 2018. Dato' Siow has indicated his willingness to continue to act as the Senior Independent Non-Executive Director of the Company and has offered himself for re-election at this AGM, and to continue to be in office until the next AGM.</p> <p>Pursuant to the Board Charter and in line with MCCG 2017, if the Board wishes to retain an independent director beyond 9 years, it should provide justifications and seek annual shareholders' approval.</p> <p>The Board via the NRC has assessed the independence and suitability of Dato' Siow to continue to act as a Senior Independent Director of the Company. The Board has formed a view that as a Senior Independent Non-Executive Director, Dato' Siow continues to exercise strong independent and objective judgements to Board deliberations and the decision-making process as a whole, besides actively seeking clarification and challenging management on the conduct of the Group's business and other issues raised at various Board and Board Committee meetings. The Board is of the view that Dato' Siow's length of service on the Board and Board Committees does not in any way interfere with his exercise of independent judgement in the interest of the Group and its stakeholders.</p> <p>Dato' Siow's vast professional experience and knowledge in corporate finance and capital market regulation continue to add to the right mix of skills and expertise to the Board. His valuable insight and knowledge of the Group's core business operations would continue to enable him to discharge his duties and role as a Senior Independent Non-Executive Director effectively and without fear and favour, especially during this critical time where the Group is at its turnaround and transformation phase.</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 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board Charter of the Company specifies that the tenure of an INED shall not exceed a cumulative term of nine years. However, upon completion of the nine years, the INED may continue to serve the Board subject to the director's re-designation as a NED.</p> <p>In the event the Director is to remain designated as an INED, the Board shall first justify and obtain shareholders' approval.</p>

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>Through the NRC, the Board oversees a clear and orderly succession plan for the PGCEO, the Group's key senior management and the Group Secretary. The NRC is responsible for formulating nomination, selection and succession policies for the Group. The establishment of KPIs of senior executives is also under the purview of the NRC.</p> <p>The Board acknowledges that in a competitive global environment where securing talents is a challenge, more attention is needed in managing human capital development. Sudden loss of key personnel without an immediate suitable replacement may disrupt the operations of the Group and hinder its future growth.</p> <p>In discharging its responsibility on succession planning, the NRC receives succession management updates from the GHRD in accordance with the succession management framework. The NRC reviews the successors' assessment results, monitors the progress of actions taken, including the development programme for the readiness and potential of identified candidates to assume critical positions within the Group.</p> <p>The UMW Group also has in place a formal and transparent procedure for the appointment of Directors to the Board. The policies and procedures for recruitment or appointment (including re-election/re-appointment) of Directors are detailed in the Board Charter. The NRC is guided by the Board Charter and its TOR in the nomination, selection and appointment process.</p> <p>The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NRC.</p> <p>In considering candidates as potential Directors, the NRC takes into account the following key criteria -</p> <ol style="list-style-type: none">1. Skills, knowledge, expertise and experience;2. Time commitment, character, professionalism and integrity;3. Perceived ability to work cohesively with other members of the Board;4. Specialist knowledge or technical skills in line with the Group's strategy;5. Diversity in age, gender and ethnicity and experience background; and6. Number of Directorships in companies outside the Group.

The Group does not practice gender, ethnicity or age discrimination, neither at the Board level nor at the management level.

The selection process for Directors to be appointed to the Board applies as follows -

1. Potential candidates are referred to the NRC for consideration by the NRC and subsequently for recommendation to the Board;
2. The NRC will determine appropriate means for seeking additional candidates, including engagement of outside consultants to assist the NRC in identifying candidates;
3. Shareholders who wish to suggest candidates are to submit their suggestions in writing to the Chairman of the Board, NRC, PGCEO or Group Secretary providing relevant information about the candidates;
4. The NRC will decide on the appropriate means for the review and approval of individual candidates. In the event of a vacancy, the members of the NRC will initiate efforts to identify appropriate candidates; and
5. In formulating its recommendation, the NRC will consider not only the findings and conclusion of its evaluation process, but also the current composition of the Board, the attributes and qualifications that should be represented at the Board and the recommendations of the principles and practices of MCCG 2017.

All newly-appointed Directors will undergo a comprehensive induction programme with the objective of providing an overview of the Company's vision and mission, its philosophy, corporate culture and nature of business, corporate strategy, current issues and the long-term targets of the Group. Specific briefings on operations and plant visits are also conducted. A familiarisation programme on the Group's businesses and CG practices is arranged for new Directors upon their appointment to facilitate effective discharge of their duties.

The responsibility of ensuring that procedures relating to the appointment of new Directors are properly executed, rests with the Group Secretary. The Group Secretary ensures that all appointments are properly made, that all necessary information is obtained from the Directors, both for the Company's own records and for purposes of meeting statutory and regulatory requirements.

The current diversity in race/ethnicity, age and gender of the existing Board is as follows -

	Race/Ethnicity			Age Group				Gender	
	Malay	Chinese	Indian	46-50	51-55	56-60	>60	Male	Female
No. of Directors	8	2	1	3	1	1	6	7	4

Profiles of Board members are provided on pages 50 to 62 of the Annual Report.

	<p>In ensuring that all candidates appointed to other senior management positions are of sufficient calibre, the NRC considers at length the suitability of shortlisted candidates based on their profiles, professional achievements and personality assessments. For the renewal of service contracts for key management personnel, the NRC considers their performance, contributions, achievements and deliverables for the past years. At the same time, the NRC considers their remuneration packages when finalising the terms and conditions of their service contracts.</p> <p>The current diversity in race/ethnicity, nationality, age and gender of the Management Committee (MC) members is as follows -</p> <table border="1" data-bbox="536 656 1393 763"> <thead> <tr> <th colspan="3">Race/Ethnicity</th> <th colspan="3">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>46-50</th> <th>51-55</th> <th>56-60</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>7</td> <td>1</td> <td>1</td> <td>3</td> <td>4</td> <td>2</td> <td>7</td> <td>2</td> </tr> </tbody> </table> <p>Profiles of MC members are provided on pages 63 to 67 of the Annual Report.</p>	Race/Ethnicity			Age Group			Gender		Malay	Chinese	Indian	46-50	51-55	56-60	Male	Female	7	1	1	3	4	2	7	2
Race/Ethnicity			Age Group			Gender																			
Malay	Chinese	Indian	46-50	51-55	56-60	Male	Female																		
7	1	1	3	4	2	7	2																		
<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

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	:	Applied
Explanation on application of the practice	:	<p>The Board recognises gender diversity as one of the key drivers to enhance board effectiveness, appointments to the Board are ultimately made based on merit as the overriding principle in order to achieve a high-performance board. Other competencies such as individual skills, background, industry knowledge and experience, amongst other factors, will be taken into consideration.</p> <p>In line with the Government's aspiration to have at least 30% women representation in decision-making positions of Malaysian public companies, the Company currently has now four (4) women Directors on the Board of eleven (11) members, which represents 36%. The Board had earlier achieved 45% women representation in 2017 before the resignation of Rohaya Mohammad Yusof on 1 January 2018.</p> <p>In 2017, the Company was recognised as one of the companies in the top 15 of the 100 PLCs with more than 30% women on the Board. The recognition marks the Group's strong advocacy towards supporting and advancing the Government's agenda of promoting Boardroom diversity.</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

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	:	<p>The Group has in place a formal and transparent procedure for the appointment of Directors to the Board via NRC. The policies and procedures for recruitment or appointment (including re-election/re-appointment) of Directors are detailed in the Board Charter. The NRC, which comprises exclusively of NEDs, the majority being independent, is empowered to identify and recommend to the Board, nominees qualified to serve on the Board (including the PGCEO) and Board Committees, and the Group’s key management personnel, including the Group Secretary.</p> <p>Nominations may come from a wide variety of sources, including Directors’ pool, senior employees of the Group, shareholders, industry associations, recruiting firms and others. It may obtain independent professional or other advice and may request the attendance of persons at meetings, if necessary.</p> <p>The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NRC.</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

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	<p>On 15 June 2017, the Nomination Committee and the Remuneration Committee were merged into a single committee known as NRC. The merge exercise is to streamline the functions and roles of the two committees to enhance work efficiency.</p> <p>The NRC comprises four (4) members all of whom are NEDs and majority of whom are INED as follows -</p> <ul style="list-style-type: none">• Dato' Siow Kim Lun <i>Senior INED (Chairman)</i>;• Khalid Sufat <i>INED</i>;• Dato' Eshah Meor Suleiman <i>INED</i>; and• Datin Paduka Kartini Hj Abdul Manaf <i>NED</i>. <p>The membership composition and the responsibilities of the NRC are set out in its TOR contained in the Board Charter, which is available on the Company's website.</p> <p>The NRC, which comprises exclusively of NEDs, the majority being independent, is empowered to identify and recommend to the Board, nominees qualified to serve on the Board (including the PGCEO) and Board Committees, and the Group's key management personnel, including the Group Secretary. The NRC also oversees the evaluation of the Board and Board Committees and of individual Directors. The establishment of KPIs of senior executives is also under the purview of the NRC. The Group Secretary is also Secretary of the NRC.</p> <p>Nominations may come from a wide variety of sources, including directors' pool, senior employees of the Group, shareholders, industry associations, recruiting firms and others.</p> <p>The key responsibilities of the NRC are as follows -</p> <ol style="list-style-type: none">1. Identify and make recommendations to the Board on new candidates for appointment to the Boards of UMW and its subsidiaries and associated companies;2. Review and make recommendations to the Board the appointment of Directors to fill seats on Board Committees;

	<ol style="list-style-type: none"> 3. Annually review the required mix of skills, experience and other qualities of the Board including gender diversity, ethnicity and age where appropriate, and core competencies, which NEDs should bring to the Board; 4. Annually carry out the processes for evaluating the effectiveness of the Board, the Board Committees and the performance and contribution of each individual NED, including Independent NEDs, identify areas for improvement and develop and recommend to the Board action plans for improvement, where applicable; 5. Make recommendations to the Board for the re-election/re-appointment of Directors retiring by rotation at the AGM of the Company; 6. Establish quantitative and qualitative performance criteria for the PGCEO and senior-most executives in the Group (Job Grades 22 and above), for recommendation to the Board; 7. Review the performance of the PGCEO and senior-most executives in the Group (Job Grades 22 and above) for determining the annual performance-based reward and for approving the renewal of their service contracts, when applicable; 8. Review management’s proposals for the appointment, dismissal and appeal, transfer and promotion of senior-most executives in the Group (Job Grades 22 and above), for recommendation to the Board; 9. Review and approve the performance of the Group Secretary based on recommendations by the PGCEO; 10. Make recommendations to the Board on plans for succession for members of the Board, the PGCEO, the Group’s senior-most executives (Job Grades 22 and above) and the Group Secretary; 11. Review and approve the human resource strategy and plan, including succession management framework and human resource activities and initiatives, and the annual manpower budget, for recommendation to the Board; 12. Recommend the engagement of external professional advisors to assist/advise the NRC on leadership needs of the UMW Group, where necessary; and 13. Carry out any other function defined by the Board. <p>The NRC has the authority to make decisions on matters which fall within its responsibilities or to submit to the Board its recommendations on matters which are within its purview, for the</p>
--	---

Board's consideration and approval. It may obtain independent professional or other advice and may request the attendance of persons at meetings, if necessary.

The NRC meets six (6) times a year on a scheduled basis although additional meetings may be called as and when necessary by the Chairman of the NRC. The NRC met twelve (12) times in the year under review (inclusive of the time when the Committee functioned separately under Nomination Committee and Remuneration Committee).

The quorum for the NRC is two (2) members and each member of the NRC is entitled to one (1) vote on all matters deliberated at the meeting. In the case of an equality of votes, the Chairman of the NRC is entitled to a second or casting vote.

Other than the NRC members, the PGCEO, ED of GHRD and other Board members and representatives, if deemed necessary, attend NRC meetings, to discuss matters such as extension of service and succession planning of key senior management, and KPI setting and leadership framework.

The approved minutes of all NRC meetings are tabled to the Board for notation and kept by the Secretary as evidence that the NRC has discharged its functions. The Chairman of the NRC reports to the Board on significant issues after each NRC meeting.

The following key activities were carried out by the NRC for the financial year ended 31 December 2017 -

Board Composition	<ul style="list-style-type: none"> • Reviewed the composition of the Board and the Board of subsidiaries. • Reviewed and made recommendation on the composition of Board Committees.
Recruitment and Appointment of Directors	<ul style="list-style-type: none"> • Reviewed the background, skills and experience of potential candidates for appointments on the Board and the Board Committees.
Retirement / Remuneration Package	<ul style="list-style-type: none"> • Reviewed the retirement package for the outgoing Group Chairman and the remuneration package of the new Group Chairman.
Recruitment and Appointment of senior management	<ul style="list-style-type: none"> • Reviewed the suitability for the appointment of senior management of the Group.

		<ul style="list-style-type: none"> Reviewed the employment contract of senior management of the Group.
	Performance Review	<ul style="list-style-type: none"> Reviewed the performance of PGCEO and senior management for year 2016.
	Remuneration/Reward/Benefits for UMW Group	<ul style="list-style-type: none"> Reviewed the remuneration package for the PGCEO. Reviewed and recommended the total remuneration package and reward (bonus and salary increment) for the Group. Reviewed the Total Reward Strategy and Compensation Mix. Reviewed the Post 2018 Budget Benefits Enhancement. Reviewed the rationalisation plan at subsidiary.
	Board Performance Evaluation	<ul style="list-style-type: none"> Reviewed the evaluation exercise on the Board and Board Committees in respect of their performance in 2016. Reviewed the results of the evaluation exercise and recommended improvement plans, where applicable.
	Key Performance Indicators and Talent Review	<ul style="list-style-type: none"> Reviewed the 2017 Corporate Dashboard for PGCEO and senior management. Reviewed the Group Strategic Roadmap and Resource Talent Management Framework.
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

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	:	Applied
Explanation on application of the practice	:	<p>The annual Board evaluation is an essential process to determine the effectiveness of the board, its committees and each individual Director as it allows the Board as a whole to address issues on leadership, core competencies, skills, attributes, delegation of duties and responsibilities, and reviews of existing processes within the Board.</p> <p>The Board has entrusted the NRC with the responsibility of annually reviewing the required mix of skills, attributes and core competencies of its Directors to ensure continuous effectiveness of the Board. The Board has implemented a process to be carried out by the NRC for assessing the effectiveness of the Board as a whole and the effectiveness of each Director, including the Chairman.</p> <p>The NRC had performed the Board Performance Evaluation (BPE) for Board and Board Committee as well as individual Directors' self and peer evaluation for the financial year ended 31 December 2017. GSD has been tasked by the NRC to facilitate the Board evaluation exercise by preparing detailed questionnaire covering key areas and performance criteria adopting the latest CG framework and best practices.</p> <p>In 2017, the BPE was carried out electronically (e-BPE) via web-based application to provide Board members with the ease of accessibility and convenient. With the e-BPE, it provides GSD with significant improvement in turnaround time for the administration of data collection and process. The e-BPE has also enabled GSD to gather all responses/comments to questionnaires in a real-time environment using one integrated web system.</p> <p>In reviewing the performance of the Board and the contribution of the Chairman and individual Directors, performance was assessed and measured against, among others, the Group's strategic plan, principle duties expected of the Board, the Chairman and Directors, obligations to support management, available expertise, governance factors, commitment, knowledge of the industry and team contribution. The questionnaires for the BPE comprised the Board, Board Committee</p>

members' Self and Peer Assessment. The evaluation exercise took into account whether -

1. NEDs have adequate time to spend on matters pertaining to the Company's operations;
2. Full consideration has been given to succession planning, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed in the Board in the future;
3. Review of the structure, size and composition (including the skills, knowledge and experience) and gender diversity, ethnicity and age of the Board has been undertaken and changes recommended to the Board;
4. Appropriate recommendations have been made to the Board on the re-election/re-appointment of NEDs; and
5. Leadership needs of the organisation, both executive and non-executive, have been reviewed.

In addition, the NRC had also performed an assessment on the independence and effectiveness of Independent Directors as recommended under MCCG 2017. The assessment took into account Independent Directors' skills and competencies as well as the independent criteria stipulated in MMLR, which require Independent Directors to be independent of management and free from any business or other relationships that could impair independent judgement, objectivity and ability to act in the best interests of the Company. Due consideration was also given to whether the Independent Directors can continue to bring independent and objective judgement to Board deliberations.

The findings of the evaluation were summarised and presented to the NRC. The Chairman of the NRC subsequently met with the Group Chairman to discuss the findings and results of the overall evaluation of the Board, the Board Committees and individual Directors and to recommend areas of continuous improvement, where applicable. The overall results of the evaluation conducted and improvements recommended were discussed at the NRC meeting on 13 February 2018 and discussed at the Board meeting on 27 February 2018.

The BPE is assessed using the following criteria -

Evaluation	Key Assessment Criteria
Individual Directors' Self and Peer Evaluation	<ul style="list-style-type: none"> • Fit and proper • Contribution and performance • Calibre and personality
Board Skills Matrix	<ul style="list-style-type: none"> • Strategy and entrepreneurship • Legal and regulatory requirements • Risk management and internal controls

	<ul style="list-style-type: none"> • Audit, accounting, financial reporting and taxation
Board and Board Committee Evaluation	<ul style="list-style-type: none"> • Structure and characteristics • Quality of information and decision making • Boardroom activities
President & Group CEO Evaluation	<ul style="list-style-type: none"> • Leadership and strategy formulation/strategy execution • Financial planning/performance • Relationship with the board • Human resources management and succession • Product/service knowledge, personal qualities
Audit Committee Evaluation	<ul style="list-style-type: none"> • Quality and composition • Skills and competencies • Meeting administration and conduct
Audit Committee Members' Self and Peer Evaluation	<ul style="list-style-type: none"> • Aptitude and ability • Financial literacy • Ability to analyse/evaluate information • Ability to understand the group's significant financial and non-financial risks • Accounting policies and reporting practices and statutory reporting requirements.
<p>Under the Individual Directors' Self and Peer Evaluation, the results have shown that the Board has continued to be effective and engaged with robust discussion and has discharged its function well, based on the complexity of the Group's business activities and the current challenging economic climate.</p> <p>With regard to Board Skills Matrix, the Board is made up of individual with relevant skills, knowledge, expertise and experience in line with the Group's strategy. Specific areas for the Board members to enhance their knowledge and competencies were also noted by the NRC.</p> <p>Based on the results of Board and Board Committee Evaluation, the Board and Board Committees have continued to be effective and engaged and have discharged their functions, duties and responsibilities well, in accordance with the TOR of respective Board Committees.</p>	

	<p>On the result of assessment of independence and effectiveness of Independent Directors, it was noted that all INEDs met all criteria of an Independent Directors. The NRC is satisfied with the level of independence of the INEDs and their ability to act in the best interests of the Company. The INEDs are expected to continue to give independent views, advice and judgment to ensure a balanced and unbiased decision-making process at the Board.</p> <p>With regard to the Audit Committee Evaluation, the AC has continued to show commendable performance in 2017 with all four (4) members having demonstrated a high degree of independency, professionalism and integrity, with balanced diversity, skills and experience. From the results, it can be concluded that the AC and its members have discharged their functions, duties and responsibilities well, in accordance with its TOR.</p> <p>Based on the Audit Committee Members' Self and Peer Evaluation, the AC members have exhibited a high level of dynamism, integrity, professionalism and has the required expertise in handling issues relating to corporate accounting practices, financial reporting, the effectiveness of the Group's internal controls and risk management processes as well as maintaining oversight of both external and internal audit functions of the Group.</p> <p>Based on the analysis carried out, it was noted that the AC members have provided valuable recommendations and views to assist the Board in making informed decisions and discussions on high level review of financial reporting process and financial statements.</p> <p>In relation to the President & Group CEO Evaluation, the Board found Badrul Feisal is a dynamic individual that display good leadership with the ability to formulate and execute strategy. The PGCEO also possesses good understanding of the Group's financial performance and maintained strong working relationship with the Board.</p> <p>Overall, the evaluation results have shown that the Board has continued to be effective and engaged and has discharged its function, duties and responsibilities well based on the complexity of the Group's business activities and the current challenging economic climate. The evaluation demonstrate that the Board is made up of individual with relevant skills, knowledge, expertise and experience in line with the Group's strategy.</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>	

Measure	: Moving forward, the Board will consider engaging independent consultant to carry out the annual Board evaluation exercise.
Timeframe	: Two years

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	:	<p>Presently the Company employs formal procedures to determine the remuneration of Directors and senior management. However, it aims to set remuneration for Directors at levels which are sufficient to attract and retain persons of calibre to guide the Group successfully, taking into consideration factors such as their fiduciary obligations and responsibilities, time commitment, and the Company's performance and market conditions.</p> <p>The NRC assists the Board in developing and determining the remuneration package for the Board, Board Committees, PGCEO and members of the senior management of the Group. The remuneration of Executive Director (ED) is structured so as to link rewards to corporate and individual performance. The remuneration includes salary and emoluments, bonus and benefits-in-kind. The level of remuneration for ED is benchmarked against compensation levels for similar positions among other Malaysian public-listed companies within the same industry. The NRC may appoint external advisers or consultants to advise on specific areas, where necessary. The Board as a whole determines the proposed remuneration of Directors for shareholders approval.</p> <p>The Company is also cognisant of the compensation philosophy advocated by the Putrajaya Committee on GLC High Performance, which suggests that GLC Boards should regularly review the compensation of their Chairman and Directors and align them to the market and appropriate peer group.</p> <p>A formal review of Directors' remuneration is undertaken once every two (2) years in accordance with the Board Charter. The last review on NEDs' remuneration was approved by shareholders at the 33rd AGM of the Company held on 28 May 2015.</p> <p>In determining the estimated amount of benefits payable (excluding Directors' fees) to the NEDs, including the Non-Executive Chairman, the</p>

	Board considered various factors including the number of scheduled meetings for the Board, Board of subsidiaries and Board Committees as well as the number of NEDs involved in these meetings.	
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	:	<p>The Board has in place the NRC which comprises a majority of INEDs.</p> <p>The NRC is responsible for reviewing and recommending to the Board, Directors' remuneration and in the case of NEDs, the remuneration structure reflects the level of responsibilities undertaken and contributions made by them. In determining the estimated amount of benefits payable (excluding Directors' fees) to the NEDs, including the Non-Independent Non-Executive Chairman, the Board considered various factors including the number of scheduled meetings for the Board, Board of subsidiaries and Board Committees as well as the number of NEDs involved in these meetings.</p> <p>The remuneration of EDs is structured so as to link rewards to corporate and individual performance. The remuneration includes salary and emoluments, bonus and benefits-in-kind. The level of remuneration for ED is benchmarked against compensation levels for similar positions among other Malaysian public-listed companies within the same industry.</p> <p>The NRC's TOR is available at the Company's website at www.umw.com.my</p> <p>Under MCG 2017, fair remuneration is critical to attract, retain and motivate Directors. The remuneration package should take into account the complexity of the Company's business and the individual's level of expertise, commitment and responsibilities. In addition, the remuneration should also be aligned with the business strategy and long-term objectives of the company.</p>

UMW is also cognisant of the compensation philosophy advocated in Bursa Malaysia Berhad's CG Guide issued on 14 December 2017, which suggests that a review of the fees for NEDs should take into account fee levels and trends for similar positions in the market and the time commitment required from the Director (estimated number of days per year). Such packages should take into consideration any additional responsibilities undertaken such as a director acting as Chairman of the Board, Chairman of a Board Committee or as Senior Independent Director.

A formal review of Directors' remuneration is undertaken once every two (2) years in accordance with the Board Charter. All Directors, Executive and Non-Executive, abstain from deliberations and voting on decisions in respect of their individual remuneration. The last review on NEDs' remuneration was approved by shareholders at the 33rd AGM of the company held on 28 May 2015.

The Board is not proposing for any revision to the existing Directors' fees.

Pursuant to Section 230(1) of the CA 2016, any fees and benefits payable to directors of a listed company and its subsidiaries shall be approved at a general meeting. Accordingly, shareholders' approval is sought at this AGM for the payment of Directors' fees to the NEDs of the Company and to NEDs who sit on the Board of Director of subsidiaries as follows -

For the Company -

	Monthly Payment (RM)	Period
Chairman	25,000	From 25 May 2018 to the next AGM
NED	12,500	

For subsidiaries -

	Annual Payment (RM)	Period
Chairman/NED	2,000	From 25 May 2018 to the next AGM

	<p>The Directors' benefits payable (excluding Directors' fees) to NEDs from 25 May 2018 to the next AGM of the Company, comprises benefits-in-kind and other emoluments as set out below -</p>											
	<table border="1"> <thead> <tr> <th data-bbox="555 347 842 376">Description</th> <th data-bbox="842 347 1129 376">NEC</th> <th data-bbox="1129 347 1401 376">NEDs</th> </tr> </thead> <tbody> <tr> <td data-bbox="555 376 842 607">Benefits-in-kind</td> <td data-bbox="842 376 1129 607">Leave passage, medical coverage worldwide, car and petrol, club memberships, mobile phone, telephone expenses and security services, etc.</td> <td data-bbox="1129 376 1401 607">Medical coverage worldwide, car and petrol, telephone expenses, etc.</td> </tr> <tr> <td data-bbox="555 607 842 936"> Other emoluments - <ul style="list-style-type: none"> • Meeting allowance (per meeting) <ul style="list-style-type: none"> - Board - Board Committees - Subsidiaries • Per Diem (per day) </td> <td data-bbox="842 607 1129 936"> <p style="text-align: center;">RM1,500</p> <p style="text-align: center;">RM500</p> </td> <td data-bbox="1129 607 1401 936"> <p style="text-align: center;">RM1,000</p> <p style="text-align: center;">RM500</p> </td> </tr> </tbody> </table>			Description	NEC	NEDs	Benefits-in-kind	Leave passage, medical coverage worldwide, car and petrol, club memberships, mobile phone, telephone expenses and security services, etc.	Medical coverage worldwide, car and petrol, telephone expenses, etc.	Other emoluments - <ul style="list-style-type: none"> • Meeting allowance (per meeting) <ul style="list-style-type: none"> - Board - Board Committees - Subsidiaries • Per Diem (per day) 	<p style="text-align: center;">RM1,500</p> <p style="text-align: center;">RM500</p>	<p style="text-align: center;">RM1,000</p> <p style="text-align: center;">RM500</p>
Description	NEC	NEDs										
Benefits-in-kind	Leave passage, medical coverage worldwide, car and petrol, club memberships, mobile phone, telephone expenses and security services, etc.	Medical coverage worldwide, car and petrol, telephone expenses, etc.										
Other emoluments - <ul style="list-style-type: none"> • Meeting allowance (per meeting) <ul style="list-style-type: none"> - Board - Board Committees - Subsidiaries • Per Diem (per day) 	<p style="text-align: center;">RM1,500</p> <p style="text-align: center;">RM500</p>	<p style="text-align: center;">RM1,000</p> <p style="text-align: center;">RM500</p>										
	<p>Payment of benefits to NEDs is to be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred.</p> <p>The amount of benefits payable to NEDs for the period from 25 May 2018 to the next AGM is up to an amount of RM1,550,000.</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

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	: In line with best corporate governance practices, the disclosure of the Directors' remuneration on a named basis has been made in the Audited Financial Statements since the financial year ended 31 December 2016.						
	The remuneration received by each of the NEDs and PGCEO in 2017 is set out in the tables below -						
	• <u>NEDs</u>						
No.	Name of Current NEDs	Salary and other emoluments (RM'000)	Pension cost-defined contribution plan (RM'000)	Directors' Fees for FY 2017 (RM'000)	Other emoluments (RM'000)	Benefits-in-kind (RM'000)	Retirement gratuity (RM'000)
1.	Tan Sri Dato' Sri Hamad Kama Piah Che Othman	-	-	304	58	145	-
2.	Dato' Siow Kim Lun	-	-	152	58	22	-
3.	Khalid Sufat	-	-	151	59	25	-
4.	Tan Sri Hasmah Abdullah	-	-	151	41	37	-
5.	Dato' Eshah Meor Suleiman	-	-	150	26	27	-
6.	Datin Paduka Kartini Hj Abdul Manaf (appointed 15 June 2017)	-	-	81	22	-	-
7.	Salwah Abdul Shukor (appointed 15 June 2017)	-	-	81	11	6	-
8.	Dr Veerinderjeet Singh a/l Tejwant Singh (appointed 15 June 2017)	-	-	81	14	6	-

	9.	Mohd Shahazwan Mohd Harris (appointed 15 June 2017)	-	-	81	20	8	-														
	10.	Dr Leong Chik Weng (retired 25 May 2017)	-	-	73	32	90	100														
	11.	Datuk Seri Dr. Nik Norzrul Thani N. Hassan Thani (retired 25 May 2017)	-	-	61	20	107	100														
	12.	Dato' Mohd. Nizam Zainordin (retired 25 May 2017)	-	-	62	20	86	100														
	13.	Rohaya Mohammad Yusof (resigned 1 January 2018)	-	-	150	14	88	18														
	<ul style="list-style-type: none"> • <u>ED/PGCEO</u> <table border="1"> <thead> <tr> <th></th> <th>Salary (RM'000)</th> <th>Bonus (RM'000)</th> <th>EPF (RM'000)</th> <th>Other Emoluments (RM'000)</th> <th>Benefits-in-kind (RM'000)</th> <th>Total (RM'000)</th> </tr> </thead> <tbody> <tr> <td>Badrul Feisal Abdul Rahim</td> <td>1,759</td> <td>-</td> <td>253</td> <td>-</td> <td>104</td> <td>2,116</td> </tr> </tbody> </table> <p>Note:</p> <ul style="list-style-type: none"> • Directors' fees include amounts received from UMW Holdings and its subsidiaries. • Other emoluments include meeting attendance allowance and per diem allowance received from UMW Holdings and its subsidiaries. • Benefits-in-kind ("BIK") for all NEDs include car and petrol, telephone expenses and medical coverage worldwide. Additionally, BIK for Chairman include among others, leave passage, club memberships, mobile phone and security services. 									Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Other Emoluments (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)	Badrul Feisal Abdul Rahim	1,759	-	253	-	104	2,116
	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Other Emoluments (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)																
Badrul Feisal Abdul Rahim	1,759	-	253	-	104	2,116																
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

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

Practice 7.2

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

Application	:	Departure												
Explanation on application of the practice	:													
Explanation for departure	:	<p>The Board is of the opinion that the detailed disclosure of senior management's remuneration components on a named basis would not be in the best interest of the Group due to confidentiality, competitiveness and security concerns.</p> <p>As an alternative, the Board discloses the remuneration of the MC members for the financial year 2017 on an aggregated basis as follows –</p> <table border="1" data-bbox="571 1128 1407 1366"> <thead> <tr> <th>MC members total remuneration (excluding the PGCEO)</th> <th>Number of MC members</th> </tr> </thead> <tbody> <tr> <td>Up to RM600,000</td> <td>2</td> </tr> <tr> <td>RM601,001 to RM800,000</td> <td>2</td> </tr> <tr> <td>RM800,001 to RM1,000,000</td> <td>1</td> </tr> <tr> <td>RM1,000,001 and above</td> <td>4</td> </tr> <tr> <td>Total</td> <td>9</td> </tr> </tbody> </table> <p>The Board, however, ensures that the remuneration of MC members commensurate with the performance of the Company, with due consideration to attract, retain and motivate them. Excessive remuneration payouts are not made to any MC members in any instance.</p> <p>The current disclosure on an aggregate basis will allow stakeholders to make an appreciable link between the remuneration of MC members and the performance of the Group.</p>	MC members total remuneration (excluding the PGCEO)	Number of MC members	Up to RM600,000	2	RM601,001 to RM800,000	2	RM800,001 to RM1,000,000	1	RM1,000,001 and above	4	Total	9
MC members total remuneration (excluding the PGCEO)	Number of MC members													
Up to RM600,000	2													
RM601,001 to RM800,000	2													
RM800,001 to RM1,000,000	1													
RM1,000,001 and above	4													
Total	9													
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>														
Measure	:	The Board will closely monitor developments in the market in respect of such disclosure for future consideration.												

Timeframe	:	Others	Within 2 years or any prescribed period when the disclosure is made mandatory.
------------------	---	--------	--

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board via its NRC had reviewed the AC composition and effective 15 June 2017, the AC comprises four (4) NED all of whom are INED. Details of the AC composition are set out on page 84 of the Annual Report.</p> <p>The Chairman of the AC, Khalid Sufat, is an INED. He is not the Chairman of the Board. Tan Sri Dato' Sri Hamad Kama Piah is the Chairman of the Board and he does not sit on any Board Committees of UMW.</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 8.2

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	:	The AC has always uphold the need to maintain high level of independence and objectivity in audit process and hence, the cooling-off period of at least two (2) years before any former key audit partner can be appointed as a member of the AC has always been observed.	
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 AC is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, reappointment or termination of the external auditor. The AC's TOR specifies that its responsibilities includes review on the nomination and appointment, reappointment of external auditors, audit fee, resignation or dismissal of external auditors, and the scope and nature of the audit plan.</p> <p>The AC had on 23 February 2018 reviewed the results of the External Auditors' Performance and Independence Evaluation which was carried out for the financial year ended 31 December 2017 to evaluate the suitability, effectiveness and independence of the Company's external auditors as recommended under MCCG 2017.</p> <p>The annual evaluation of external auditors provides the AC with a disciplined approach for maintaining effective oversight of the external auditors' performance, covering amongst others, the adequacy of the audit team, degree of independence, performance level and audit scope.</p> <p>Generally, the AC will have 2 private sessions with the external auditors without the presence of management to provide opportunity to the external auditors to raise any matter or findings for the AC's attention. These private session helped to reinforce the independence of the external auditors from the management of the Company by providing platform to the AC members to make inquiries on specific issues affecting the Group to be highlighted to the AC in a timely manner. In 2017, AC held two private sessions with the external auditor, Messrs Ernst & Young (EY) in April and November 2017.</p> <p>In addition, the external auditors had also provided written assurance to the AC that they were and had been independent throughout the audit engagement for 2017, in accordance with the terms of all relevant professional and regulatory requirements, including the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (MIA).</p>

	<p>The UMW Group conforms to the requirements of MIA in ensuring that the Lead Audit Partner of the external auditors is subjected to a five-year rotation with a five-year cooling-off period.</p> <p>Based on the evaluation conducted, the AC is satisfied with the external auditors' performance in terms of suitability, objective, technical competency and audit independence. The AC is also satisfied with the level of competence and professionalism demonstrated by the external auditors, the quality of processes, the selection of the audit team (including the lead engagement partner), the adequacy of the audit scope and planning, and audit communications and engagements with the AC.</p> <p>Having evaluated the results of the assessment of the external auditors, the Board had in 27 February 2018 approved the AC's recommendation for the shareholders' approval to be sought at the forthcoming AGM on the reappointment of EY as external auditors of the Company for the financial year 2018.</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 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	:	<p>The Board via its NRC reviewed the AC composition and effective 15 June 2017, the members of the AC comprise entirely of INED as follows -</p> <ul style="list-style-type: none">• Khalid Sufat (<i>Chairman</i>)• Dato' Siow Kim Lun• Tan Sri Hasmah Abdullah• Dr Veerinderjeet Singh <p>The composition of the AC and the qualifications of its members comply with Paragraph 15.09 of MMLR and are reflected in the Board Charter which is available on the Company's official website at www.umw.com.my</p>

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	:	<p>The AC has an Independent Chairman, Khalid Sufat who is not the Chairman of the Board. He is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom, Member of the Malaysian Institute of Accountants and Member of the Malaysian Institute of Certified Public Accountants (MICPA). An accountant by profession, Khalid has broad experience in the banking industry having held several senior positions in various banks from 1994 to 2000.</p> <p>Dato' Siow Kim Lun has considerable experience in investment banking and securities market regulation as he was with the Securities Commission from 1993 to 2006 where he had served as its Director of Issues & Investment Division and Director of Market Supervision Division.</p> <p>Tan Sri Hasmah Abdullah is a Fellow Member of the Chartered Tax Institute of Malaysia (CTIM) and had a distinguished career with the Inland Revenue Board spanning over 37 years. She has vast experience and knowledge on taxation matters.</p> <p>Dr Veerinderjeet Singh is a new member of the AC. He is a member of MICPA, MIA, CTIM as well as CPA Australia. He is also a Council and Executive member and Executive Committee member of MICPA and appointed Council member of the MIA. He has extensive tax experience, corporate restructuring, financial institutions, multinational entities, listed entities, and government and quasi-government entities and projects.</p> <p>Collectively, the AC members are qualified individuals having the required skills and expertise to discharge the Committee's functions and duties. The AC financial literacy and understanding of the financial reporting process have provided thorough deliberation in upholding the integrity of the Group's financial reporting and financial statements.</p>

	<p>The Board via its NRC had conducted a comprehensive review of the AC for the financial year ended 31 December 2017 via the Board and Board Committee evaluation, Audit Committee evaluation and Audit Committee Members’ Self and Peer Evaluation in February 2018. The evaluation is specifically designed to evaluate the AC in relation to membership composition, skills and competencies, dynamism, and effectiveness as well as members’ accountability in discharging their duties and responsibilities in accordance with the AC’s TOR, as required under the MMLR and recommended under MCCG 2017.</p> <p>Based on the results of the evaluation, the Board is of the view that the AC has continued to show commendable performance in 2017 with all four (4) members having demonstrated a high degree of independency, professionalism and integrity, with balanced diversity, skills and experience.</p> <p>The Board is satisfied that the AC and its members have discharged their functions, duties and responsibilities well, in accordance with the AC’s TOR. The AC has contributed significantly in the Board’s deliberation of financial reporting process and financial statements. During the period under review the AC was involved and dealt with various issues relating to financial reporting, external and internal audit findings, related party transactions and internal controls. Details of the summary of work performed by the AC are provided in the AC Report on Pages 88 to 92 of the Annual Report.</p> <p>During the financial year under review the AC members attended continuous development programmes to keep themselves abreast of relevant developments in accounting, auditing standards, governance, financial, compliance, tax, risks, practices and rules. The summary of relevant programmes attended is provided in the the AC report.</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

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 Board affirms its commitment and responsibility for the Group's risk management and internal control systems as well as reviewing the adequacy, effectiveness and integrity of the systems. These systems cover not only financial controls but also strategic, organisational, operational, regulatory and compliance controls.</p> <p>The Group has in place a Risk Management & Internal Control Systems for managing risks and internal controls affecting its business operations. The realisation of Risk Management & Internal Control Systems is undertaken by management which regularly reports on risks identified and actions taken to mitigate and/or minimise such risks and gaps in the internal control systems. The oversight of these critical areas is carried out by the RMC and the AC, which comprise Board members.</p> <p>The Group's risk management and internal control systems are designed to meet the Group's particular needs, to efficiently and effectively manage risks that may impede the achievement of the Group's business objectives, and to provide information for accurate reporting and ensure compliances with regulatory and statutory requirements.</p> <p>The key features of these systems are the three lines of defence with established and clear functional responsibilities and accountabilities for the management of risks and internal controls as follows -</p> <ol style="list-style-type: none">1. First Line of Defence is provided by senior management;2. Second Line of Defence is provided by the Group Risk Management Division, Group Compliance Department and Group Integrity Unit; and3. Third Line of Defence is provided by the GIAD. <p>Further details on the risk management and internal control systems are provided in the Statement on Risk Management & Internal Control on Pages 94 to 103 of the Annual Report.</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 Board via the RMC oversees the Group's risk management and internal control systems of the Group which include monitoring the enforcement of the Enterprise Risk Management (ERM) policy, review and endorse the risk parameters, risk appetite, risk profiles, risk treatment options, risk action plans and risk indicators. The Committee also provide guidance and advice on appropriateness of risk treatment and risk action plans development and provide half-yearly report to the Board.</p> <p>The Group has an established systems which are designed to meet the Group's particular needs, to efficiently and effectively manage risks that may impede the achievement of the Group's business objectives, and to provide information for accurate reporting and ensure compliances with regulatory and statutory requirements.</p> <p>The process for the identification, evaluation, monitoring and managing significant risks that may materially affect the Group's business objectives has been in place and regularly appraised by the Board.</p> <p>These systems are designed to manage and mitigate, rather than eliminate the risk of failure to achieve the Group's business and corporate objectives within the risk appetite established by the Board and management. These systems can therefore provide only reasonable and not absolute assurance against material misstatement, loss or fraud. The Group's concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.</p> <p>The Group has adopted an ERM Framework in line with the Principles and Guidelines of ISO 31000 : Risk Management. The framework incorporates a well-structured systematic process to identify, evaluate and manage key risks to an optimal level and provide an integrated and organised approach group-wide.</p> <p>Further details on the risk management and internal control systems are provided in the Statement on Risk Management & Internal Control on Pages 94 to 103 of the Annual Report.</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 9.3 - 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	:	Adopted
Explanation on adoption of the practice	:	<p>The function on risk management was originally entrusted with the Investment & Risk Management Committee (IRMC) since its establishment on 20 May 2010. Apart from providing Board oversight on risk management, the IRMC was primarily responsible in reviewing and evaluating investment and divestment proposals, including funding requirements and periodic monitoring of approved investments/projects.</p> <p>On 27 July 2017, the Board under the recommendation of the NRC, had agreed to separate the function on risk management from the IRMC and a new stand alone Board Committee known as RMC was established to assume the previous role of the IRMC in providing oversight to the Group's risk management framework and policies, including ERM. The separation of the risk management function into a dedicated Board Committee was also made in accordance with the recommendation in MCCG 2017.</p> <p>Members of the RMC, which comprise a majority of INEDs, consist of the following -</p> <ul style="list-style-type: none">• Tan Sri Hasmah Abdullah <i>INED (Chairperson)</i>;• Dato' Eshah Meor Suleiman <i>INED</i>;• Salwah Abdul Shukor <i>NED</i>; and• Mohd Shahazwan Mohd Harris <i>INED</i>

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	:	<p>It is the policy of the Group to maintain an internal audit function as a primary resource of AC in the effective discharge of its duties and responsibilities by reviewing and evaluating the Group's operations.</p> <p>The Group has an in-house internal audit function which is carried out by GIAD. GIAD is independent of the business operations and has a Group-wide mandate set out in its Audit Charter approved by the AC. It provides the Board, through the AC, with reasonable assurance of the adequacy and effectiveness of the risk management and internal control system, and governance processes within the Group.</p> <p>In developing its annual audit plan, GIAD adopts a risk-based approach based on the Group's risk profile. It conducts regular audits on all subsidiaries and principal areas of operations within the Group. It ensures that the Group's system of internal controls remains effective and efficient, is adequately monitored and enhanced when the need arises. The audit also covers the Group's major information systems and applications.</p> <p>The AC on a quarterly basis, reviews and monitors the performance of the internal audit function to assess its effectiveness in discharging its duties and responsibilities. GIAD is a corporate member of the Institute of Internal Auditors Malaysia (IIAM) and subscribes to the standards issued by IIAM.</p> <p>Audit findings which require follow-up action, as well as outstanding audit issues which require corrective action by management, are highlighted to the MAC. The MAC reviews the reports of GIAD for the purpose of assessing the adequacy and integrity of the system of internal controls of the Group. MAC reports are prepared and compiled by the Group Compliance Department based on responses given at meetings and follow-up discussions. MAC reports are presented to the AC by the Chairman of MAC on a quarterly basis.</p>
Explanation for departure	:	

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

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	:	<p>GIAD is independent of the Group's business operations and has a group-wide mandate set out in its Audit Charter approved by the AC of the Board. GIAD performed its audit functions as per the standards imposed by the IIAM and in accordance with the annual audit plan approved by the AC each year. The audit plan covers the scope of the audit work and resources needed to perform such work.</p> <p>The GIAD Internal Audit Charter emphasize on its independency and objectivity and shall remain free from interference by any elements in the Group. GIAD have no direct operational responsibility or authority over any of the activities audited. The Head of GIAD, Puan Norchahya Ahmad is an accountant by profession with more than 20 years of experience in internal audit and risk management. She currently sits on the Board of Governors of the IIAM. In line with the Internal Audit Charter, she will make confirmation to the AC, at least annually, the organisational independence of the internal audit function.</p> <p>The Head of GIAD reports functionally to the AC and administratively to the PGCEO. She is supported by 36 internal auditors, the majority of whom have relevant qualifications with diverse background. GIAD staff are encouraged to continuously enhance their knowledge, skills and competencies through relevant professional audit certifications, seminars, courses and on-the-job trainings as well as attachment to Operating Companies to ensure that they are competent to meet the needs of the changing business environment.</p> <p>GIAD is a corporate member of the IIAM and subscribed to the standards issued by IIAM. In addition, GIAD also adhere to the Group's relevant policies and procedures and the GIAD's Internal Auditing Procedures and Guidelines Manual as well as Quality Assurance Guidelines.</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 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 Board has always recognised the importance of accurate and timely dissemination of information to shareholders and investors, existing and potential, about the Group's operations, strategies, performance and prospects to maintain credibility and build stronger relationships with the investment community.</p> <p>This is achieved through a comprehensive annual report, distribution of circulars, sustainability report, press releases, accurate and timely disclosures and announcements to Bursa Securities and also conducting dialogues and briefings with/for analysts, fund managers, potential investors, locally and abroad and shareholders from time to time.</p> <p>The Company's annual report contains comprehensive information of the Group's corporate and operations. The annual report contents are continuously enhanced to better reflect transparency and accountability.</p> <p>The Company disseminates its annual report to its shareholders in CD ROM media but shareholders may also request for a hard copy of the annual report if they wish to.</p> <p>The Company issued its first inaugural standalone Sustainability Report for the financial year ending 31 December 2016 concurrently with its 2016 Annual Report on 28 April 2017. The Sustainability Report was prepared in accordance to the Global Reporting Initiative's G4 (GRI-G4) guidelines and MMLR.</p> <p>Both the 2016 Annual Report and Sustainability Report are also available on the UMW website.</p> <p>All communications with the media/public and disclosures made to Bursa Securities are in accordance with the IMRP and the disclosure requirements of MMLR. The Group Chairman, PGCEO and Group Chief Operating Officer and selected members of top management are responsible for making disclosures and responding to market rumours and queries.</p>

	<p>The notice and minutes of general meetings together with slide presentations made at such meetings are also made available on the Company's website for the benefit of shareholders who are not able to attend meetings. A press conference is held after each general meeting.</p> <p>The Company's website at www.umw.com.my provides easy access to corporate information pertaining to the Group and its activities. Quarterly IR updates which includes press conference and analyst briefing and information on financial results and material events are uploaded on the UMW website immediately after announcements on the same are made to Bursa Securities. The corporate information includes details on Board and MC, Board Charter and TOR are available on its CG section. The IR updates provide detailed analysis of the Group's quarterly operations, variances and general prospects.</p> <p>This is important to ensure that both the shareholders and public have easy access to the information in order to make informed decision or investment.</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	:	While certain elements of integrated reporting may be embodied in the Annual Report and the Sustainability Report of the Company, it is on the whole not an integrated report based on the parameters set out in the International Integrated Reporting Framework developed by the International Integrated Reporting Council.	
		The Board is of the view that the Annual Report and Sustainability Report is comprehensive enough for stakeholders to make an informed decision.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company will endeavour to be ready to adopt integrated reporting based on a globally recognised framework if it is made mandatory in the future.	
Timeframe	:	Others	Within 3 years or any prescribed period when integrated reporting is made mandatory.

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	:	<p>For the 2018 AGM scheduled to be held on 24 May 2018, UMW dispatched the notice on 25 April 2018 giving a 28-day notice before the AGM, well in advance of the 21-day requirement under CA 2016 and MMLR. This allows shareholders to make necessary arrangements to attend and participate in person or by appointing representatives or proxies in his stead.</p> <p>UMW also dispatches an Administrative Guide along with the notice of the AGM which provides additional information to the shareholders regarding the details of the AGM, eligibility to attend the AGM, registration procedures and polling administration, appointment of a proxy and information as to who may count as a proxy.</p> <p>In addition, the AGM notice also provided shareholders with detailed explanations for each resolution proposed to enable the shareholders to make informed decisions in exercising their voting rights at AGM.</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

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	:	<p>The Company regards its general meetings, particularly its AGMs, as the principal forum for direct interaction and dialogue among shareholders, the Board and management. The AGMs provide an important avenue for effective communication with shareholders and for receiving constructive feedback particularly on matters concerning shareholders' interests.</p> <p>The Company held an Extraordinary General Meeting (EGM) on 4 May 2017 to seek shareholders' approval on the proposed distribution of the Company's ordinary shares in UMW Oil & Gas Corporation Berhad and the proposed capital reduction of the Company. The Company's advisers Maybank Investment Bank Berhad, Kadir Andri & Partners and external auditors, EY, were also available at the EGM to answer questions or clarify queries from shareholders relating to the subject matter tabled.</p> <p>A press conference was held after the EGM, where the Group Chairman and PGCEO as well as the advisers attended the briefing with media on the corporate exercise.</p> <p>At the 35th AGM held on 25 May 2017, all Directors who are also Chairman of AC, NRC and RMC were present in person to engage directly with the shareholders.</p> <p>The Group's senior management were also present and available to answer queries or issues raised by the shareholders relating to the operations of the Company.</p> <p>The proceedings of the 35th AGM commenced with a presentation by the PGCEO on the Company's operations and financial performance for the preceding financial year, followed by the Company's responses to questions raised by shareholders and the Minority Shareholder Watchdog Group. These answers were posted to the Company's website for the benefit of other shareholders who were not present at the AGM.</p> <p>A press conference is held after each general meeting where the Group Chairman and PGCEO as well as MC members advised the media on resolutions passed by shareholders, and briefed the media on the operations, performance and financial results of the Group for the year</p>

	<p>under review. They will also clarify issues and answer questions posed by the media to keep shareholders and the public updated on the progress of the Group's core businesses.</p> <p>In addition, shareholders can also submit any additional questions they might have via an enquiry box placed at the venue of the AGM so that these can be responded to in writing after the meeting.</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

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	:	<p>The Company is supportive of any technology that can facilitate voting in absentia and remote shareholders' participation at general meetings. However, the technology/facility to support voting in absentia was not available at previous AGMs of the Company.</p> <p>The Company, at its 35th AGM, adopted electronic poll voting (e-voting) for all resolutions proposed. This was conducted in accordance with Paragraph 8.29A of MMLR. UMW appointed Securities Services (Holdings) Sdn. Bhd. as Poll Administrator to conduct the polling process and Commercial Quest Sdn Bhd as Scrutineers to verify the poll results at the 35th AGM.</p> <p>The Share Registrar issued personalised passcode slips to shareholders upon registration to attend the AGM. The polling process for the resolutions was conducted only upon completion of the deliberation of all items transacted at the AGM. The e-voting tutorial video on the e-voting process was played at the AGM prior to the commencement of the e-voting. The shareholders or proxies were directed to the e-voting counters to cast their votes with his or her personalised passcodes issued earlier.</p> <p>The Company held its 35th AGM on 25 May 2017 at UMW Auditorium, No. 3, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan. The venue was easily accessible and it was already familiar to the shareholders of the Company since the AGMs have been held at the same venue over many years.</p> <p>The Company has always conducted its general meetings at one (1) venue only. However the Company will be seeking the shareholders' approval on the proposed new Constitution, which among others, will allow general meetings to be convened at more than one (1) venue in future using any technology or device that enables shareholders to participate and to exercise their rights to speak and vote at the meeting</p>

	<p>at different venues in accordance with Section 327(1) and (2) of CA 2016.</p> <p>The Company will consider all factors, including cost, appropriate framework and processes, as well as communication to shareholders, for implementation in future.</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 Company is supportive of any technology that can facilitate voting in absentia or remote participation at general meetings but the implementation would be based on a thorough evaluation process, which includes scrutiny of cost, IT platform and security aspects.</p>
<p>Timeframe</p>	<p>:</p>	<p>Others</p>

**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.