

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

# INSIDE THIS SECTION

### Aligning with the Malaysian Code On Corporate Governance

We are narrating this year's report in the following way, based upon the principles set out in the Malaysian Code on Corporate Governance.

#### LEADERSHIP

The Board has clear lines of responsibility and is collectively responsible for the long-term success of the Group.

#### EFFECTIVENESS

We evaluate the balance of experience, skills, knowledge and independence of the Board to ensure we are effective.

#### ACCOUNTABILITY

Here, we present a fair, balanced and understandable assessment of the Group's position and prospects. Our decisions are discussed within the context of the risks involved.

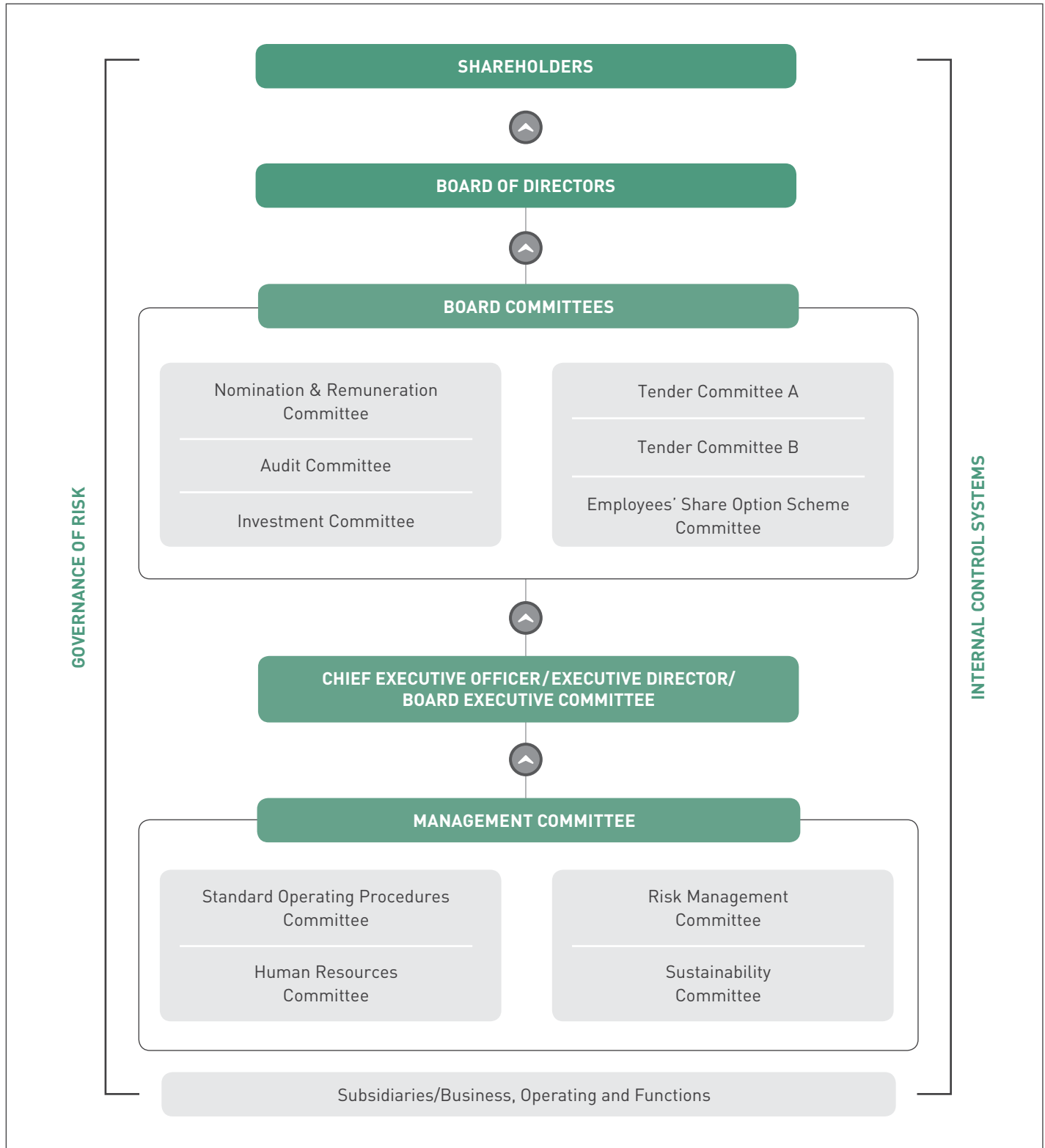
## RELATIONS WITH SHAREHOLDERS

The strength of our relationships with our shareholders are crucial for the successful execution of our strategy.

We remain committed in implementing the principles and best practices set out in the Malaysian Code on Corporate Governance ("the Code") and Bursa Malaysia Securities Berhad's main market listing requirements ("Listing Requirements"). This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report which is available online at [www.thplantations.my](http://www.thplantations.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP

### Our Governance Structure



## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP

### Role of the Board

The Board is responsible for the effective leadership of the Group. The Board's governance framework, which is summarised below, establishes a clear division of responsibilities on the Board. The diverse range of skills and leadership experience of the Non-Executive Directors enables them to monitor performance, provide constructive challenge and support the Executive Director. Biographical details of each of the Directors are set out on pages 38 to 44.

#### CHAIRMAN

**The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders.**

The role of the Chairman are as follows:

- i. Provides leadership to the Board
  - Plans Board meetings, agenda;
  - Ensures the Board receives proper information in timely manner;
  - Chairs all Board meetings;
  - Ensures that all Directors contribute and participate at Board meetings; and
  - Drives discussion toward consensus and to achieve closure on such discussions.
- ii. Chairs shareholder meetings;
- iii. Represents the Board to shareholders and be the spokesperson at the Annual General Meeting ("AGM"), in a way that supports the role of the CEO in reporting operational and public relations matters;
- iv. Ensures the integrity and effectiveness of the governance process; and
- v. Performs other responsibilities as assigned by the Board from time to time.

#### NON-EXECUTIVE DIRECTOR

**Non-Executive Directors act as a bridge between Management, shareholders and other stakeholders.**

They provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied. The Companies Act 2016, makes no distinction between Executive and Non-Executive Director in terms of the legal duties that are imposed on Directors. All directors, whether independent or not, are required to act in the best interest of THP and to exercise unfettered and independent judgement. The role of Independent Directors are as follows:

- i. Not to be involved in day to day operations of the Company or running of the business; and
- ii. Protects the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

#### CHIEF EXECUTIVE OFFICER/EXECUTIVE DIRECTOR

**CEO as an employee, involved in the day-to-day management of the Company and Group. He is invariably a member of the Company's Senior Management team. A CEO may also be an Executive Director.**

The role of the CEO/Executive Director are as follows:

- i. Develops and implements strategy, reflecting long-term objections and priorities established by the Board;
- ii. Assumes full accountability to the Board for all aspects of Company operations and performance;
- iii. Puts adequate operational plans and financial control systems in place;
- iv. Closely monitors operating and financial results in accordance with plans and budgets; and
- v. Represents the Company to major customers, employees, suppliers, and professional associations.

#### COMPANY SECRETARY

**The Company Secretary provides independent advice to the Board, ensures good information flow and advises the Board on relevant matters.**

The role of the Company Secretary are as follows:

- i. Works closely with the Chairman to raise all material compliance and governance issues;
- ii. Attend all Board, Board Committee and Subsidiary Board meetings;
- iii. Ensures accurate records of all meetings and that all decisions made are properly minuted; and
- iv. Facilitates the communication of key decisions and policies between the Board, Board Committees and Subsidiary Boards.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP

The key responsibilities of the members of the Board of Directors are set out below. The Board of Directors has a collective duty to promote the long-term success of the Group for its shareholders. The Board sets the strategic aims of the Group and provides leadership and guidance to Senior Management to ensure that the necessary resources are in place to achieve the agreed strategy. In determining the long-term strategy and objectives of the Group, the Board is mindful of its duties and responsibilities not just to shareholders but also to customers, employees and other stakeholders.

The Board reviews management and financial performance and monitors the delivery of strategy and the achievement of business objectives. At all times, the Board operates within a robust framework of internal controls and risk management. The Board also develops and promotes the collective vision of the Group's purpose, culture, values and behaviours.

Each Director brings different skills, experience and knowledge to the Company, with the Non-Executive Directors bringing additional independent thought and judgement. The roles of the Chairman and Chief Executive Officer are separate, with each having clearly defined duties and responsibilities which are set out in writing and approved by the Board.

**Reviewing and adopting strategic plans for the Company, primarily the five (5) year rolling strategic plan for THP Group.**

**Overseeing the conduct of the Company's business to ensure that it is being properly managed. Key operational matters are discussed during Board meetings, and expert advice or independent advice is sought where necessary.**

**Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.**

### MATTERS RESERVED FOR THE BOARD

The Board recognises that in order to ensure the long-term success of the Company, certain matters should be reserved for the consideration and decision of the Board alone. Other matters may be delegated by the Board to its Committees or Senior Management. In accordance with the Code, these decisions are formally recorded in the Board Charter under Matters Reserved to the Board. This Board Charter is reviewed annually to ensure that it remains appropriate and that there is an effective framework in place to support the Board's decision-making process. The Board Charter is available on the Company's website at [www.thplantations.my](http://www.thplantations.my).

**Implementing succession planning, including the appointment and recruitment of Senior Management team members.**

**Developing and implementing an investor relations policy or shareholders' communications policy for the Company.**

**Reviewing the adequacy and integrity of the Company's internal controls and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines.**

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP

### Board Committees

The Board has a number of committees to assist in discharging its responsibilities. The principal committees are the Nomination & Remuneration and Audit Committees. The responsibilities of these committees are set out in the individual Terms of Reference, which are available on the Company’s website at [www.thplantations.my](http://www.thplantations.my).

The roles and responsibilities of the Board Committees, along with the activities undertaken during the year, are outlined in each of their respective reports found on pages 58 to 65. The Company Secretary is the Secretary to the Board Committees and ensures that the Committees adhere to the highest standards of Corporate Governance and apply the provisions and principles of the Code.

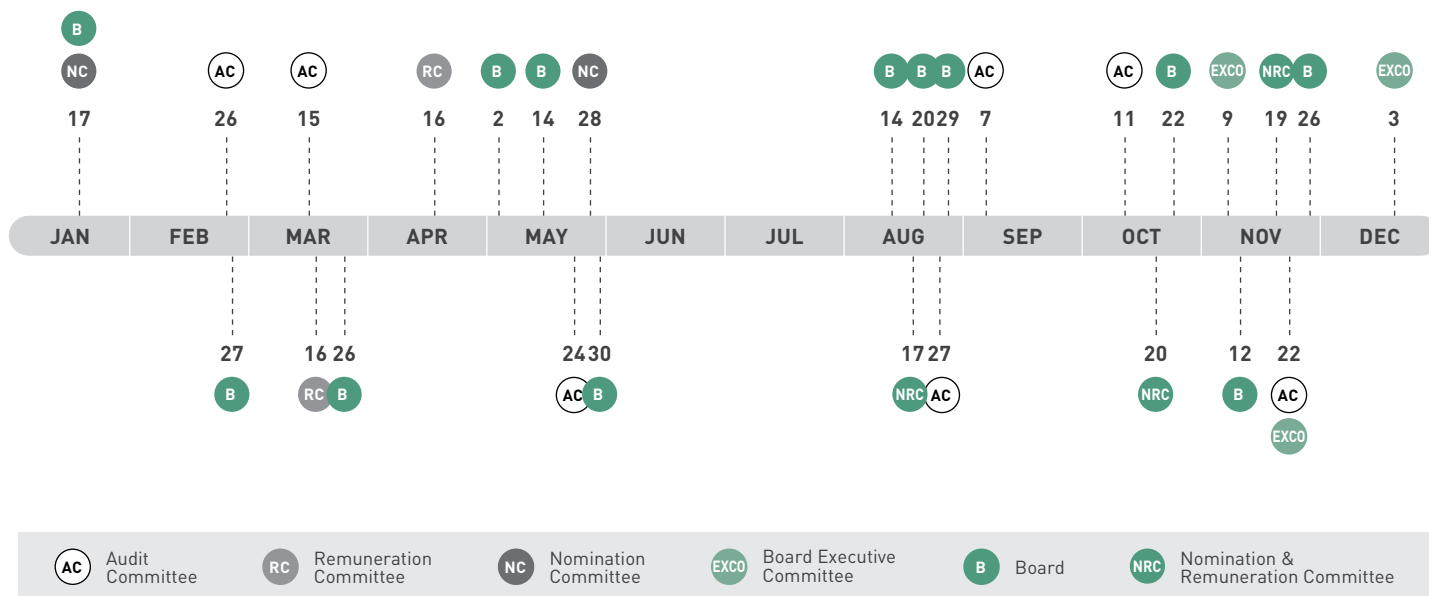
Only Committee members are entitled to attend meetings, however, other Board members may attend at any time if they choose to do so. Professional advisers and members of the senior management team attend Committee meetings when they are invited to do so.

The Board may also set up separate committees to consider specific issues, when the need arises. Following to the resignation of the CEO, during the year, the Board exercised its mandate to set up a special Board Committee, the Board Executive Committee, which assumed the overall responsibilities of the CEO. This ensured the seamless progression of operations and the continued delivery of strategy.












### Board Meetings

The Board meets regularly in order to effectively discharge its duties. In 2018, there were 4 scheduled meetings and 8 additional unscheduled Board meetings. In addition to the formal Board meetings, the Board maintains an open dialogue throughout the year and contact by telephone occurs whenever necessary.

The Board’s annual timetable is discussed at least 12 months prior to its commencement to allow the Directors to plan their time accordingly. The Board agenda process ensures that the Board has the confidence that all items are scheduled at the most appropriate time of the year and there is sufficient time for discussion by the Board, allowing the Directors to discharge their duties effectively.



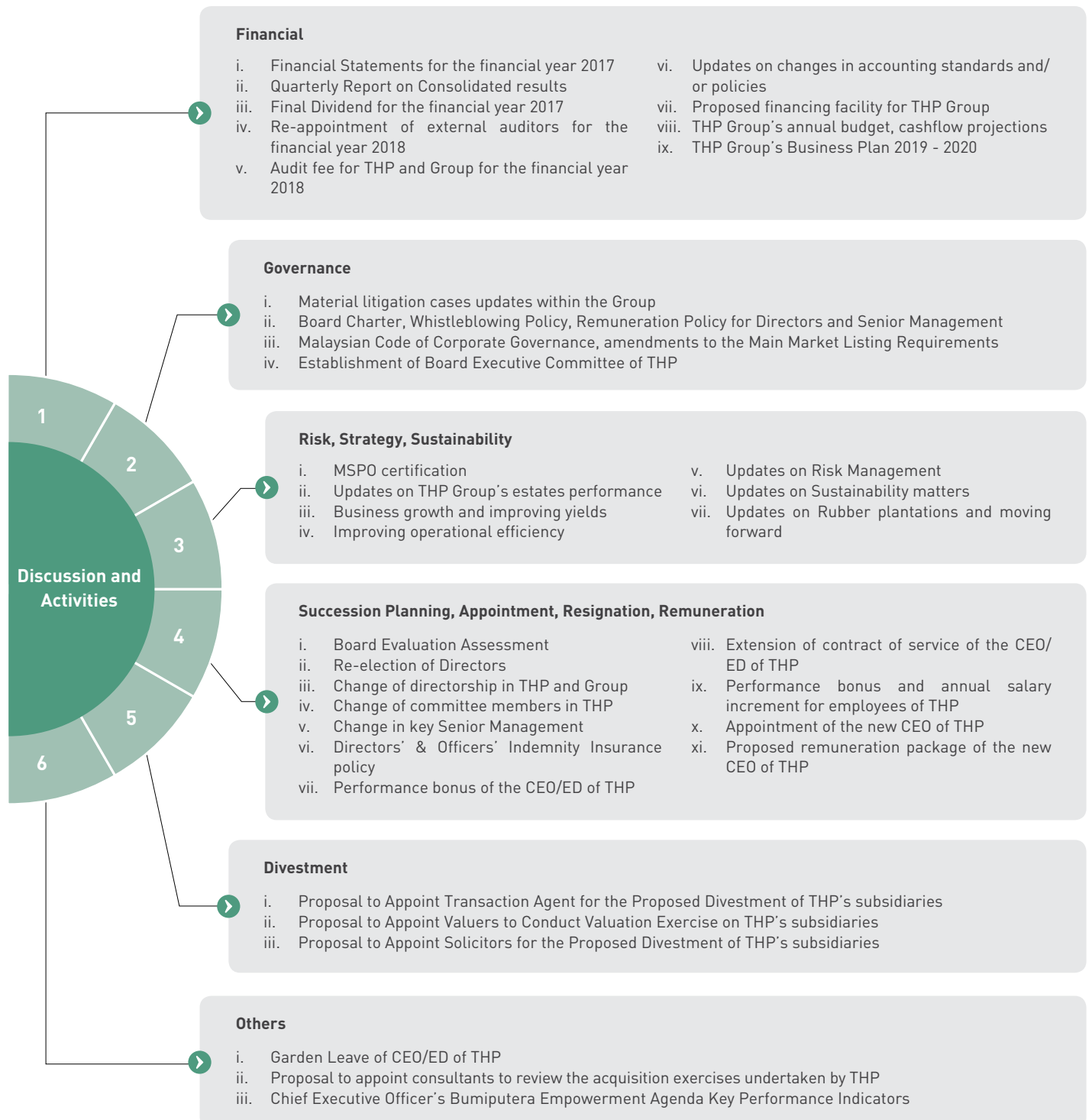
## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP

Directors	Number of Meetings Attended	Percentage
<b>Datuk Seri Nurmalia binti Abd Rahim</b> Independent Non-Executive Director	12/12 	100
<b>Dato' Shari bin Haji Osman</b> Independent Non-Executive Director	12/12 	100
<b>Dato' Indera Dr. Md Yusop bin Omar</b> Independent Non-Executive Director	9/12 	75
<b>Mohd Adzahar bin Abdul Wahid</b> Independent Non-Executive Director	12/12 	100
<b>Nik Mohd Hasyudeen bin Yusoff</b> Independent Non-Executive Director (Appointed w.e.f. 20 August 2018)	3/5 	60
<b>Dato' Mohd Shukri bin Hussin</b> Independent Non-Executive Director (Appointed w.e.f. 20 August 2018 and resigned w.e.f. 14 March 2019)	4/5 	80
<b>Dato' Sri Zukri bin Samat</b> Chairman, Non Independent Non-Executive (Appointed w.e.f. 13 August 2018 and resigned w.e.f. 31 December 2018)	3/6 	50
<b>Tan Sri Dato Sri Ab. Aziz bin Kasim</b> Chairman, Independent Non-Executive (Retired on 14 May 2018)	0/5	0
<b>Tan Sri Dato' Sri Ismee bin Haji Ismail</b> Deputy Chairman, Non-Independent Non-Executive Director (Resigned w.e.f. 26 July 2018)	6/6 	100
<b>Datuk Seri Johan bin Abdullah</b> Non-Independent Non-Executive Director (Resigned w.e.f. 26 July 2018)	6/6 	100
<b>Dato' Sri Amran bin Mat Nor</b> Independent Non-Executive Director (Resigned w.e.f. 14 May 2018)	4/5 	80
<b>Datuk Abdul Shukur bin Haji Idrus</b> Non-Independent Non-Executive Director (Retired on 14 May 2018)	2/4 	50
<b>Kolonel Dato' Ab Jabar bin Mohamad Aris</b> Non-Independent Non-Executive Director (Retired on 14 May 2018)	3/4 	75
<b>Dato' Sri Zainal Azwar bin Zainal Aminuddin</b> Chief Executive Officer/Executive Director (Resigned w.e.f. 20 August 2018)	7/7 	100

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP

### Key Board Discussion and Activities

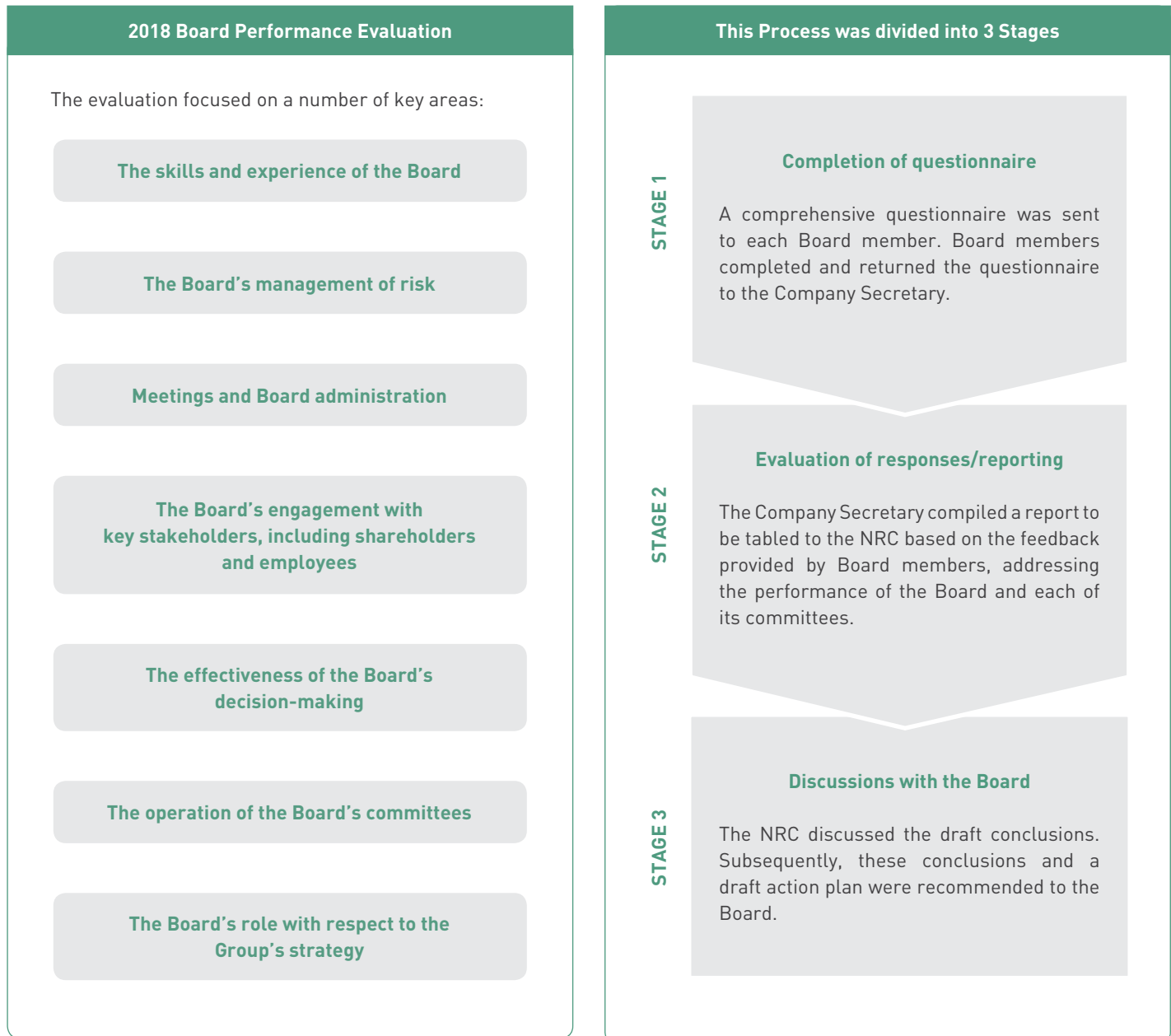
A summary of the Board's key discussions and activities during the year is set out in the following table:



## CORPORATE GOVERNANCE OVERVIEW STATEMENT EFFECTIVENESS

### Board Induction, Effectiveness and Training

The Board Effectiveness Review operates on an internal evaluation process carried out using a survey and questionnaire format. The process is detailed in the table below.



When a new Director is appointed to the Board, they will undergo specific briefings on the THP Group with the objectives of providing an overview of the Company's vision and mission, nature of business, current issues and the long term targets of the Group.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT EFFECTIVENESS

Directors are also encouraged to continue to update their skills and knowledge and to ensure that they are aware of developments in market practice. During 2018, the Directors have attended the following training programmes:

Training Program Title	Organiser	Event Date
World Capital Market Forum	Securities Commission	6 and 7 February 2018
Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide	Bursa Malaysia	28 February 2018
Navigating the VUCA World – Prof Tan Sri Lee See-Yan	FIDE	1 March 2018
Capital Market Directors Programme Module 1, 2 & 3	SIDC	12 and 13 March 2018
How Innovation is Changing Leadership	SIDC	26 March 2018
PIDM-FIDE Annual Dialogue	FIDE	10 July 2018
Tricks of The Trade – The (Mis) Behaviour of Financial Markets	FIDE	18 July 2018
Emerging Risks, the Future Board and Return on Compliance	FIDE	19 July 2018
ACI Breakfast Roundtable 2018	KPMG	3 August 2018
Cyber Defensive Live Kuala Lumpur	FireEye	15 August 2018
Mandatory Accreditation Programme	ICLIF	3 and 4 September 2018
IT Security Talk by Cyber Security Malaysia	Bank Islam	21 September 2018
Global Islamic Finance Forum	AIBIM	3 and 4 October 2018
MIA International Forum	MIA	9 and 10 October 2018
Capital Market Directors Programme Module	SIDC	12 October 2018
Brunei Darussalam Islamic Capital Market Forum 2018	Centre of Islamic Banking, Finance and Management, Brunei	22 and 23 October 2018
Directors as Coach: An Executive Dialogue With Marshall Goldsmith	FIDE	30 October 2018



## CORPORATE GOVERNANCE OVERVIEW STATEMENT EFFECTIVENESS

The Committee's role and responsibilities are set out in the terms of reference which are available on the Company's website at: [www.thplantations.my](http://www.thplantations.my)

### Structure and Procedure of the Nomination & Remuneration Committee

The actual decision as to who shall be appointed to the Board shall be the responsibility of the Board after considering the recommendations made by the Committee.

The Chief Executive Officer/Executive Director does not participate in discussions pertaining to his own remuneration.

The determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman shall be a matter to be considered by the Board as a whole and thereafter to be put forth to the shareholders for approval.

The level of remuneration should be sufficient to attract and retain the Directors needed to steer the Company successfully. The level of remuneration should reflect the experience and responsibilities undertaken by the Non-Executive Directors concerned.

### Re-election of Directors

The re-election of Directors ensures that shareholders have a regular opportunity to re-assess the composition and the efficacy of the Board.

In accordance with the Company's Constitution, at least one third (1/3) of the Directors shall retire from office every year provided always that all Directors shall retire from office at least once in every three (3) years and shall be eligible for re-election in the Annual General Meeting ("AGM").

At this forthcoming AGM, Dato' Indera Dr. Md Yusop bin Omar is subject to retirement by rotation under the Company's Constitution, and being eligible, has offered himself for re-election.

The Company's Constitution also provide that newly-appointed directors shall hold office until the next AGM and shall then be eligible for re-election. The following Directors, who have been appointed during the year and prior to the cut off date of this Annual Report shall retire in accordance with Article 89 of the Constitution of the Company and being eligible, have offered themselves for re-election:

- i. Nik Mohd Hasyudeen bin Yusoff
- ii. Tan Sri Abu Talib bin Othman
- iii. Dzul Effendy bin Ahmad Hayan

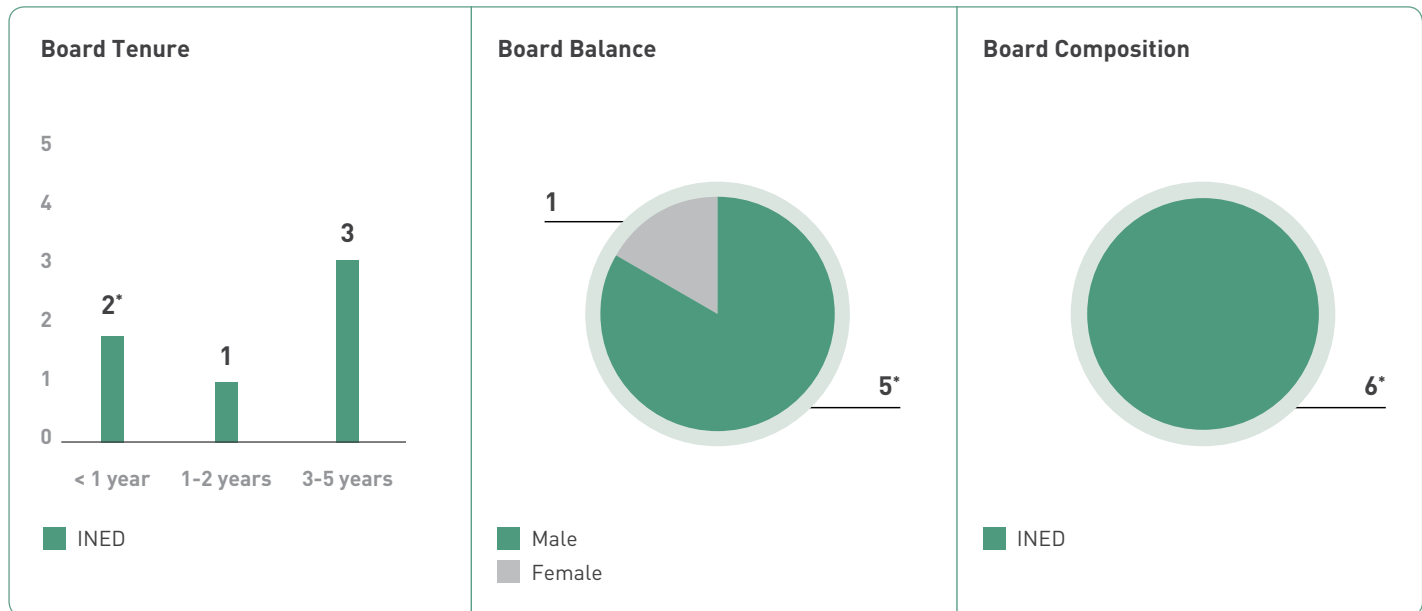
### Assessment of Independence of Independent Directors

The presence of five (5) Independent Non-Executive Directors, who neither engage in the day-to-day management of the Company, nor participate in any business dealings, or are involved in any other form of relationship with the Company, ensures that they remain free from any conflict of interest situation and facilitates the effective discharge of their roles and responsibilities as Independent Directors. They have fulfilled the criteria of independence as defined in the Listing Requirements.

Although all Directors shoulder equal responsibilities for THP Group's operations, the roles of these Independent Non-Executive Directors have proven to be particularly important in ensuring that all business strategies proposed by the Management are fully discussed and scrutinised, taking into account the long-term interests, not only of THP's shareholders, but also of its employees, customers, suppliers and other THP Group stakeholders.

The Board and the Nomination & Remuneration Committee assessed the independence of the five (5) Independent Non-Executive Directors based on the criteria prescribed under the Listing Requirements in which an Independent Director should be independent and free from any business or other relationship which could interfere with the exercise of independent judgement, or the ability to act in the best interest of the Company.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT EFFECTIVENESS



\* Inclusive of Dato' Mohd Shukri bin Hussin who was appointed w.e.f. 20 August 2018 and had resigned w.e.f. 14 March 2019

### Directors' Remuneration

The Board believes that the level of remuneration offered by THP Group is sufficient to attract and retain Directors of calibre and with sufficient experience and talent to contribute to the performance of the Company. Comparisons with similar positions within the industry and other major public listed companies are made in order to arrive at a fair remuneration rate. The aim of the remuneration policy and philosophy is to:

- i. Align with THP's strategic thrust and value drivers;
- ii. Attract and retain Directors of such calibre who are able to provide the necessary skills and experience, commensurating with the responsibilities for the effective management of THP Group; and
- iii. Support the philosophy of value-based management.

The policy and framework for the overall remuneration of the Directors are reviewed against market practices by the Committee, following which recommendation are submitted to the Board for approval.

The remuneration of the Executive Director includes salary and emoluments, bonus and benefits-in-kind.

In the case of Non-Executive Directors, the remuneration structure reflects the level of responsibilities undertaken and contributions made by them. Currently, the Non-Executive Directors are paid Directors' fees and attendance allowance for each Board/Committee meeting that they attend. In addition, the Non-Executive Directors are entitled to certain benefits-in-kind such as, medical coverage in Malaysia and personal accident insurance coverage. The Chairman of the Board, who is a Non-Executive Director, is entitled to a company car.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT EFFECTIVENESS

Details of remuneration (including benefits-in-kind) for each Director for the year ended 31 December 2018 are as follows:

	RM							Total
	*Fees		Salary	Bonus	Meeting Allowances	Other Emoluments	Benefits-in-kind	
	Company	Group						
<b>Non-Executive Directors</b>								
<b>Datuk Seri Nurmalia binti Abd Rahim</b>	96,000	64,500	-	-	25,000	-	-	<b>185,500</b>
<b>Dato' Shari bin Haji Osman</b>	96,000	11,500	-	-	26,000	-	-	<b>133,500</b>
<b>Dato' Indera Dr. Md Yusop bin Omar</b>	84,000	-	-	-	10,000	-	-	<b>94,000</b>
<b>Mohd Adzahar bin Abdul Wahid</b>	108,000	75,500	-	-	28,000	-	-	<b>211,500</b>
<b>Nik Mohd Hasyudeen bin Yusoff</b> (Appointed w.e.f. 20 August 2018)	32,000	-	-	-	11,000	-	-	<b>43,000</b>
<b>Dato' Mohd Shukri bin Hussin</b> (Appointed w.e.f. 20 August 2018 and resigned w.e.f. 14 March 2019)	-	-	-	-	11,000	-	-	<b>11,000</b>
<b>Dato' Sri Zukri bin Samat</b> (Appointed w.e.f. 13 August 2018 and resigned w.e.f. 31 December 2018)	56,000	-	-	-	3,000	-	-	<b>59,000</b>
<b>Tan Sri Dato' Sri Ab. Aziz bin Kasim</b> (Retired on 14 May 2018)	56,000	-	-	-	-	-	190,782	<b>246,782</b>
<b>Tan Sri Dato' Sri Ismee bin Haji Ismail</b> (Resigned w.e.f. 26 July 2018)	77,000	107,500	-	-	10,000	-	63,000	<b>257,500</b>
<b>Datuk Seri Johan bin Abdullah</b> (Resigned w.e.f. 26 July 2018)	49,000	-	-	-	9,000	-	-	<b>58,000</b>
<b>Dato' Sri Amran bin Mat Nor</b> (Resigned w.e.f. 14 May 2018)	32,000	4,000	-	-	7,000	-	-	<b>43,000</b>
<b>Datuk Abdul Shukur bin Haji Idrus</b> (Retired on 14 May 2018)	28,000	-	-	-	3,000	-	-	<b>31,000</b>
<b>Kolonel Dato' Ab Jabar bin Mohamad Aris</b> (Retired on 14 May 2018)	28,000	-	-	-	4,000	-	-	<b>32,000</b>
<b>Executive Director</b>								
<b>Dato' Sri Zainal Azwar bin Zainal Aminuddin</b> (Resigned w.e.f. 20 August 2018)	56,000	125,000	725,527	316,800	8,000	174,992	4,800	<b>1,411,119</b>
<b>TOTAL</b>	<b>798,000</b>	<b>388,000</b>	<b>725,527</b>	<b>316,800</b>	<b>155,000</b>	<b>174,992</b>	<b>258,582</b>	<b>2,816,901</b>

Note: \* Fees include those disbursed for being a member of Board Committees.

Number of Directors whose remuneration falls within the following bands:

Ranges of Remuneration	Number of Directors	
	Executive Director	Non-Executive Directors
Less than RM50,000	-	5
RM50,001 to RM100,000	-	3
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	-	1
RM200,001 to RM250,000	-	2
RM250,001 to RM300,000	-	1
RM1,400,000 to RM1,450,000	1	-

## CORPORATE GOVERNANCE OVERVIEW STATEMENT ACCOUNTABILITY

### Financial Reporting

The Board aims to present to shareholders, investors and regulatory authorities, a clear, balanced and comprehensive assessment of THP Group's financial performance and prospects. This assessment is primarily provided in quarterly financial reports, audited financial statements, annual reports as well as through material disclosures made in accordance with the Listing Requirements.

The Audit Committee assists the Board in scrutinising the information for disclosure to ensure accuracy, adequacy, transparency and compliance with the appropriate accounting standards and the financial statements give true and fair view of THP Group's financial position.

### Relationship with the External Auditors

The Company has always maintained a professional and transparent relationship with the External Auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

The Audit Committee met the External Auditors twice without the presence of Management to discuss issues arising out of audit and any matters that the External Auditors may wish to discuss.

The External Auditors are consistently reviewed by the Audit Committee. The review process covers the assessment of the independence of the External Auditors and the evaluation of their performance, quality of work, non-audit services provided and timeliness of services deliverables.

The External Auditors can also be engaged to perform non-audit services provided such services do not impair either in fact or appearance, the auditors objectivity or independence.

The role of the Audit Committee in relation to the External Auditors is described in the Audit Committee Report from pages 64 to 65 of this Annual Report.

### Internal Controls

In recognising the importance of risk management and internal controls, the Board has through the Risk Management Committee, established a risk management framework which is designed to provide consistency in the management of risks across THP Group.

Details of the Company's risk management framework and internal control system are set out in the Statement on Risk Management and Internal Control from pages 67 to 71 of this Annual Report.

### Internal Audit Function

The Internal Audit Department ("IAD") carries out the internal audit function which is currently led by Head of Internal Audit of THP Group.

The IAD function is to provide the Board, through the Audit Committee, with independent assurance with regards to the effectiveness of the risk management, internal control and governance processes of the Group.

Details of the IAD are set out in the Audit Committee Report from pages 64 to 65 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT ACCOUNTABILITY

### EXCO BOARD EXECUTIVE COMMITTEE REPORT

On 1 November 2018, the Board approved the establishment of a temporary Board committee to be named as the Board Executive Committee of THP ("EXCO") for the purpose of performing the duties, responsibilities and functions of the CEO of THP until a new CEO is appointed. The EXCO had ceased on 22 February 2019.

#### Members and Attendance

##### Dato' Mohd Shukri bin Hussin

Chairman, Independent Non-Executive Director



3/3

##### Mohd Adzahar bin Abd Wahid

Member, Independent Non-Executive Director



3/3

##### Nik Mohd Hasyudeen bin Yusoff

Member, Independent Non-Executive Director



3/3

■ Number of Meetings Attended

#### Summary of Activities

- 1 Reviewing and recommending to the Board the Terms of Reference of the Board Executive Committee of THP
- 2 Reviewing and recommending to the Board the Business Plan of THP Group
- 3 Reviewing and recommending to the Board the CEO's Bumiputera Empowerment Agenda Key Performance Indicators
- 4 Reviewing and recommending to the Board the Proposed Budget 2019 of THP Group
- 5 Reviewing and recommending to the Board the Valuation Exercise of THP's Subsidiaries for Rationalisation Plan
- 6 Assessing and recommending to the Board the Proposal to Appoint the Transaction Agent for the Rationalisation Plan of THP Group
- 7 Reviewing and recommending to the Board on the renewal of Policy Insurance: Directors & Officers Liability for year 2019
- 8 Assessing and approving the proposals and/or contract works within the authority limit of the CEO of THP

## CORPORATE GOVERNANCE OVERVIEW STATEMENT ACCOUNTABILITY

AC

### AUDIT COMMITTEE REPORT

#### Members and Attendance

**Mohd Adzahar bin Abdul Wahid**

Chairman, Independent Non-Executive Director

 7/7

**Datuk Seri Nurmalina binti Abd Rahim**

Member, Independent Non-Executive Director

 6/7

**Dato' Shari bin Haji Osman**

Member, Independent Non-Executive Director

 7/7

**Dato' Mohd Shukri bin Hussin**

Member, Independent Non-Executive Director

(Appointed w.e.f. 20 August 2018 and resigned w.e.f. 14 March 2019)

 4/4

**Nik Mohd Hasyudeen bin Yusoff**

Member, Independent Non-Executive Director

(Appointed w.e.f. 20 August 2018)

 4/4

**Dato' Sri Amran bin Mat Nor**

Member, Independent Non-Executive Director

(Resigned w.e.f. 14 May 2018)

 2/2



The Committee's roles and responsibilities are set out in the terms of reference which are available on the Company's website at [www.thplantations.my](http://www.thplantations.my).

#### Meetings

Management is invited to brief the Committee on the Group's financial performance and relevant corporate matters as well as to address any enquiries raised by the Committee. The IAD attended all Committee meetings and presented the internal audit findings to the Committee and also presented the internal audit plan and activities. The external auditors were also invited to attend the Committee meetings to present their reports on the audited financial statement.

All issues discussed and deliberated during the Committee meetings were minuted by the Company Secretary. Any matters of significant concern raised by the internal and external auditors were duly conveyed by the Committee to the Board.

#### Summary of Activities

- (a) Reviewed quarterly financial and operational reports, interim financial results, interim financial report to Bursa Securities and the annual audited financial statements prior to submission to the Board for approval;
- (b) Reviewed the Risk Management Report 2018 as presented by the Chairman of the Management's Risk Management Committee ("RMC");
- (c) Reviewed and evaluated the proposals from external consultants in relation to the review of the acquisition exercises undertaken by THP, prior to the recommendation to the Board for approval;
- (d) Reviewed and evaluated the performance of the subsidiaries of THP, including the non-performing, as presented by the Management;
- (e) Reviewed and approved the external auditors' scope of work and audit plan;
- (f) Reviewed with the external auditors, on the compliance of the Company's and THP Group's annual financial statements to the Listing Requirements and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board;
- (g) Reviewed with the external auditors, on the results of their audit;
- (h) Reviewed the conduct, and considered the remuneration and re-appointment of the external auditors;
- (i) Held independent meetings (without the presence of the Management) with the external auditors on significant findings during the course of their audit;
- (j) Reviewed and approved the internal audit scope of work and audit plan;
- (k) Reviewed the internal audit findings and reported to the Board on relevant matters deliberated in the Committee meetings;



## CORPORATE GOVERNANCE OVERVIEW STATEMENT ACCOUNTABILITY

- (l) Held independent meetings (without the presence of the Management) with the internal auditors on significant findings during the course of their audit;
- (m) Performed periodic review on the system of internal controls that is in place and being observed; and
- (n) Reviewed the transactions of related party entered by the Company and THP Group to ensure that such transactions are undertaken on an arm's length basis on normal commercial terms which are not detrimental to the interests of the minority shareholders of the Company, and to ensure that the related internal control procedures are both sufficient and effective.

### INTERNAL AUDIT FUNCTION AND ACTIVITIES

The internal audit function of THP Group is performed in-house and is independent from the main activities and operations of THP Group's operating units. The IAD reports directly to the Committee and its primary function is to assist in discharging the Committee's duties and responsibilities. It is the role of the IAD to provide the Committee with periodic, independent and objective reports on the state of risks management and internal controls of THP Group's operations and the extent of compliance to the established policies, procedures and relevant statutory requirements.

During the financial year under review, the IAD has:

**A** Conducted 41 audits and 1 follow-up on various operating units based on the annually approved internal audit plan and management request

**B** Reviewed and evaluated the adequacy and application of financial and operational controls and continuously promoted the importance of effective internal controls throughout THP Group

**C** Reviewed and evaluated the operating units' compliance to the established policies, procedures and relevant statutory requirements

**D** Presented the findings and recommendations in the form of audit report for Management's actions and to the Committee for further deliberation

**E** Performed follow-ups on the status of the findings and recommendations applied as carried out by the Management

**F** Collaborated with the external auditors to ensure sufficient coverage in the audit scope and avoid duplication wherever possible

**G** Undertaken special assignments as and when requested by the Committee and/or Management and reported the results to the Committee and/or Management

The cost incurred for the internal audit function for the financial year under review was approximately RM1.56 million.

This Audit Committee Report was approved by the Board of Directors of THP on 9 April 2019.

### Corporate Disclosure

The Company observes the Corporate Disclosure Guide issued by Bursa Securities as well as the disclosure requirements of the Listing Requirements. The Company also acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public.

Meetings and briefings are held periodically with investors, research analysts, bankers and the media to explain THP Group's latest performance results, current developments and future direction. While these forms of communications are important, the Company takes full cognisance of its responsibility not to disclose price-sensitive information.

### Leveraging on Information Technology for Effective Dissemination of Information

The Company maintains a corporate website at [www.thplantations.my](http://www.thplantations.my) which provides all other public corporate and financial information, such as THP Group's quarterly announcements of its financial results, announcements and disclosures made pursuant to disclosures required by the Listing Requirements and other corporate information on THP Group. Shareholders and the public can also direct their queries through the email contacts provided in the corporate website.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT ACCOUNTABILITY

### Encouraging Shareholder Participation At General Meetings

The Annual General Meeting is a useful forum for shareholders to engage directly with the Board.

The Board encourages shareholders' participation at THP's Annual General Meeting. During the Annual General Meeting, shareholders are at liberty to raise questions or seek clarification from the Board and Senior Management, on the items listed on the agenda of the general meeting.

A comprehensive and concise review of THP Group's performance as well as the value created for shareholders is also presented by the Chief Executive Officer/Executive Director of THP during the Annual General Meeting. The presentation is supported by visual and graphical presentation of key financial figures and key operational highlights to facilitate shareholders' understanding and analyses of the Company's performance.

### Poll Voting at General Meetings

The Company conducts its Annual General Meetings by poll instead of voting by show of hands as practised previously pursuant to the Listing Requirements. The Board will consider using the most feasible voting method for polling to facilitate shareholders' voting process by taking into account its practicability, efficiency and reliability.

### Investor Relation

The Board adopts an Investor Relation Policy ("IR Policy") to enable appropriate communication with all stakeholders. In the said IR Policy, the authorised spokespersons will guide and steer communications to be made by THP's Senior Management and employees. This is to avoid contradictions and differing views on certain issues and ensure that only clear and precise information is given to the media and the market.

### Directors' Responsibility Statement in the Preparation of Audited Financial Statements

The Board of Directors is required under Paragraph 15.26(a) of the Listing Requirements to issue a statement explaining its responsibilities in the preparation of the audited financial statements. The Directors are required by the Companies Act, 2016 to prepare audited financial statements for each financial year which provide a true and fair view of the state of affairs of THP Group at the end of the financial year and of the profit and loss of the Company and the Group for the financial year under review. In preparing these audited financial statements, the Directors have:

Used appropriate accounting policies and consistently applied them

Made judgments and estimates that are reasonable and prudent

Stated whether applicable approved accounting standards have been followed, subject to any material departures disclosed and explained in the audited financial statements

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of THP Group and to enable them to ensure that the financial statements comply with the Companies Act, 2016 alongside applicable approved accounting standards in Malaysia.

The Directors are also responsible for taking such steps that are necessary to safeguard the assets of THP Group and to prevent fraud and other irregularities.

This Statement on Corporate Governance is made in accordance with the Resolution of the Board of Directors dated 9 April 2019.