



**TH PLANTATIONS BERHAD  
(12696-M)**

**BOARD CHARTER**

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## 1. INTRODUCTION

The Board of Directors' ("**the Board**") of TH Plantations Berhad ("**THP**" or "**the Company**") is responsible for the performance of THP and accountable to shareholders in performing their roles.

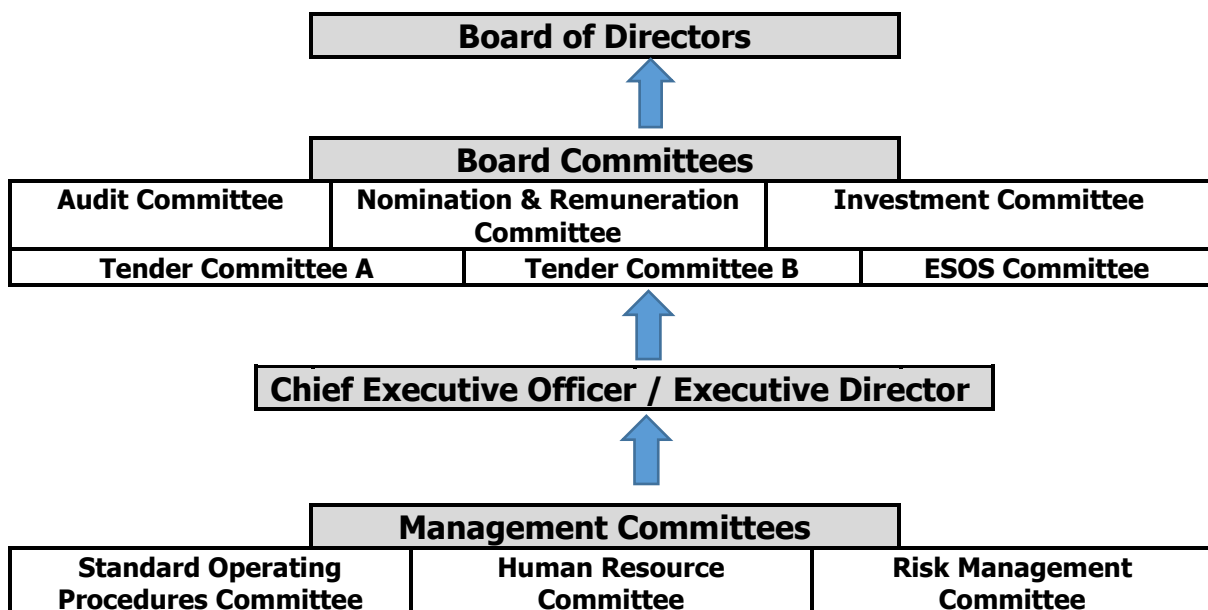
The adoption of good corporate governance is a fundamental part of the Board's responsibility to protect and enhance shareholders' value and the performance of THP and its subsidiaries ("THP Group"). Accordingly, the Board has formalised as part of the Company's corporate governance framework, the Board Charter.

## 2. OBJECTIVE

The Board Charter acts as a source of reference to the Board of its duties and responsibilities in setting the overall direction and control of the Company.

## 3. THE BOARD'S GOVERNANCE STRUCTURE

The Governance structure of the Board is as follows:





#### **4. THE ROLE OF THE BOARD**

##### **4.1 Duties And Responsibilities**

The duties and responsibilities of the Board, amongst others, include the following:-

- a. Reviewing and adopting strategic plans for the Company, primarily the five (5) year rolling strategic plan for THP Group.
- b. Overseeing the conduct of the Company's business to ensure that it is being properly managed. All operational matters are discussed during Board meetings, and expert advice or independent advice is sought where necessary.
- c. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.
- d. Implementing succession planning, including the appointment and recruitment of Senior Management team members.
- e. Developing and implementing an investor relations policy or shareholders' communications policy for the Company.
- f. 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.
- g. Reviewing the adequacy and the integrity of the financial and non-financial reporting of the Group.



## 4.2 Matters Reserved For The Board

The matters which are specifically reserved for the Board, amongst others:

### Board Structure

- a. Changes in the composition of the Board of THP i.e. appointment, resignation.
- b. Establishment of Board Committees, their members and the terms of reference as well as any changes relating thereto.
- c. Appointment and extension of contracts of CEO/Executive Director and the Group's Senior Management.
- d. Board Performance Evaluation.

### Remuneration Matters

- a. Recommendation of Directors' fees and any benefits for Non-Executive Directors, to be approved by the shareholders.
- b. Approval of remuneration packages, including service contracts for CEO/Executive Director and the Group's Senior Management and any other person the Board determines.
- c. Determination of size of bonus/incentive pools as part of the annual plan based on pre-determined business performance indicators and financial soundness of the Group.

### Company and Group Operation

- a. Review and approval of the Group's strategic plans.
- b. Approval of the Group Key Performance Indicators ("KPIs").
- c. Approval of investment or divestment in the Company and Group, business, property or undertaking.
- d. Approval of major changes in the activities of the Group.
- e. Corporate restructuring.



### Financial

- a. Approval of annual budget of the Group.
- b. Approval of capital expenditure and/or disposal of capital items sanctioned over and above delegated levels, i.e. the amount exceeds the threshold given to Management.
- c. Approval of financial statements i.e. quarterly reports, audited accounts (including announcement to Bursa Malaysia).
- d. Approval of interim dividend for payment and recommendation of final dividend or other distribution for shareholders' approval.
- e. Adoption of accounting policies in line with the Malaysian Financial Reporting Standards and any changes thereto.
- f. Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.
- g. Intercompany shareholder advances and loans.
- h. Opening and closing of bank accounts.
- i. Change in mode of operation of bank accounts including cheque signatories.
- j. Write-off of intercompany transactions or balance.

### Others

- a. Convening of AGMs / EGMs.
- b. Change of Registered Address.
- c. Appointment of proxy, corporate representative.
- d. Entering into any corporate guarantee and indemnity issued by the Company.
- e. Changes in the Company's Constitution.
- f. Publication and issuance of Annual Report (including reports and statements contained therein) and Circular to Shareholders.
- g. Settlement of litigation.
- h. Any other matters not falling within the power and authority of the shareholders, the CEO/Executive Director or delegated to the Board Committees.
- i. Ensuring Syariah compliance at all times.



## **5. BOARD SIZE, COMPOSITION AND TENURE**

- a. The number of THP director, as prescribed by the Company's Constitution shall not be less than three (3) or more than twelve (12). The Board consists of individual with relevant knowledge, skills and experience that provide diverse and independent views.
- b. The Board shall comprise of Executive and Non-Executive Directors with at least one-third (1/3) of the Board shall consist of Independent Non-Executive Directors.
- c. The tenure of office of Directors shall be as follows:
  - i. Pursuant to the Company's Constitution, all Directors shall retire at least once in each three (3) years but shall be eligible for re-election.
  - ii. In the case of the Executive Director, the following shall apply:
    - a. The tenure of the Executive Director is tied to his executive office;
    - b. Only the Executive Director will be engaged on a service contract. The tenure of the service contract and all extension will be determined by the Board with the recommendation of the Nomination Committee.
    - c. In the event of an Executive Director's service contract with the Company is terminated for whatever reason, the Director is expected to resign from the Board.
  - iii. In addition to item 5(c)(i) the tenure for an Independent Director to serve on the Board is nine (9) years on a cumulative basis.
  - iv. To determine the cumulative nine (9) years, the date when the Director was first appointed as an Independent Non-Executive Director shall be considered. An Independent Director, who has served the Company for nine (9) cumulative years, may continue to serve the Company in the capacity of a Non-Independent Director.



- v. Should the Board decide to retain the Director as an Independent Director after the latter has served a cumulative term of nine (9) years, it shall make recommendations and provide strong justification to the shareholders and seek their approval at General Meeting. Such justification shall be made following an evaluation process of the Director's independence. This approval shall be sought on a yearly basis for Director in question.

## **6. ROLE OF CHAIRMAN, EXECUTIVE DIRECTOR, NON-EXECUTIVE DIRECTOR AND INDEPENDENT DIRECTOR**

- a. The division of responsibilities between the Chairman and the CEO is to ensure that there is a balance of power and authority between them, thus avoiding any unfettered power of decision-making in any one individual. Therefore, it is evident that the roles of the Chairman and the CEO are distinguishable and clearly defined.
- b. The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The roles of Chairman are as follows:
  - i. Provides leadership to the Board
    - Plans Board meetings, agenda;
    - Ensures 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. Representing the Board to shareholders and to be the spoke person at the Annual General Meeting ('AGM'), in a way that support the role of the CEO in reporting operational and public relations matters;





- iv. Ensuring the integrity and effectiveness of the governance process; and
  - v. Performing other responsibilities as assigned by the Board from time to time.
- b. Executive Director is, as employee, involved in the day-to day management of the Company and Group. He is invariably members of the Company's Senior Management team. A CEO may also be an Executive Director. The role of Executive Director/CEO are as follows:
- i. Develops and implements strategy, reflecting long-term objections and priorities established by Board;
  - ii. Assumes full accountability to Board for all aspects of Company operations and performance.
  - iii. Puts adequate operational plans and financial control systems in place;
  - iv. Closely monitors operating financial results in accordance with plans and budgets; and
  - v. Represents Company to major customers, employees, suppliers, and professional associations.
- c. Non-Executive Director 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 term of the legal duties that are imposed on Directors.
- d. 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 the Independent Directors are as follows:
- i. Not to be involved in day to day operations of the Company or running of the business;
  - ii. Protecting the interests of shareholders and making significant contributions to the Company's decision making by bringing in the quality of detached impartiality; and



- iii. Needed in areas where the interest of management, the Company and/or the shareholders diverge, such as audit and related party transactions.

## **7. ROLE OF MANAGEMENT**

The basic responsibility of the management is to have a truly effective management processes that support employee performance, development and success, whereby the Management need to get everyone involved. Having engaged and informed senior executives, managers and employees will ultimately result in higher participation rates and quality performance management. The Management need to clearly communicate to everyone, what they are responsible for as part of the Company's new performance management process. The Management consists of responsibilities of each stakeholder group: executive and leadership, managers and human resource.

In furtherance of its responsibilities, the Management amongst others:-

- a. Strategy development and target setting
  - i. Develops strategic direction and plan for the Company based on agreed direction and boundaries; and
  - ii. Coordinates the development of the business plan and budget across all departments.
- b. Performance management
  - i. Establishes corporate KPIs;
  - ii. Monitors KPIs monthly with departments, investigates variances and develops corrective actions if required; and
  - iii. Cascades KPIs throughout organisation.
- c. Human capital management
  - i. Develops and implements the Company's performance management system;



- ii. Evaluates leadership performance and potential of all executives; and
  - iii. Identifies the top talent pool and closely manages their performance and development plan.
- d. Risk management
  - i. Analyses and quantifies the Company's risks;
  - ii. Manages all risks within the boundaries set by the Board; and
  - iii. Instils risk culture throughout the organisation.
- e. Shareholders
  - i. Understands needs of shareholders, and communicates key decisions in transparent manner; and
  - ii. Ensures that all disclosures or any other regulatory or statutory requirements are fulfilled.
- f. Stakeholder management

Manages all stakeholder interests within boundaries agreed with the Board.

## **8. BOARD COMMITTEES**

- a. The Board reserves the right to establish Committees from time to time in the discharge of its duties and responsibilities. The Board shall specify specific terms of reference in writing for such Committees formed to cover matters such as the purpose, composition and function of the Committee.
- b. A number of Board Committees with terms of reference have been established, namely the following:



i. **Audit Committee**

The functions and responsibilities of the Audit Committee shall include the following:

- a) To consider the appointment, resignation and dismissal of external auditors and make appropriate recommendations to the Board (including the audit fees);
- b) To review with the external auditors of the Company:
  - i) Their audit plan;
  - ii) Their audit report;
  - iii) Their management letter and management's response; and
  - iv) The assistance given by the employees of the Company and THP Group to the external auditors;
- c) To discuss problems and reservations arising from the interim and final audits, and any matter that the external auditors may wish to discuss (in the absence of management where necessary);
- d) To review the quarterly financial results and annual audited financial statements of THP Group before recommending the same for the Board's approval, focusing particularly on:
  - i) Compliance with accounting standards and any other legal requirements;
  - ii) The nature and impact of any changes in or implementation of accounting policies and practices;
  - iii) Significant and unusual issues and adjustments arising from the audit;
  - iv) The going concern assumption;
- e) To review and consider the adequacy of scope, functions, competencies and resources of the internal audit function and that it has the necessary authority to carry out its work;
- f) To review the internal audit programme, internal audit plan, the reports prepared by the internal audit department and to ensure that appropriate actions are taken on the recommendations made by the internal audit function;



- g) To review any appraisal or assessment of the performance of members of the internal audit function;
- h) To approve any appointment or termination of senior members of the internal audit function;
- i) To be informed of any resignation of internal audit staff members and provide an avenue for the resigning staff member to explain or submit his/her reasons for resignation;
- j) To review any related party transactions and conflict of interest situation that may arise within the Company or THP Group including any transactions, procedures or course of conduct that may raise questions on the integrity of the management;
- k) To consider the reports and major findings of any internal investigations and management's responses thereto;
- l) To verify the allocation of options (if any) under a share scheme for employees to ensure compliance with the allocation criteria determined by the Company's share option committee and in accordance with the by-laws of the relevant option scheme;
- m) To promptly report to Bursa Malaysia Securities Berhad, a matter reported to the Board of Directors by the Audit Committee which has not been satisfactorily resolved resulting in a breach of the Listing Requirements; and
- n) Such other functions or responsibilities as may be agreed to by the Committee and the Board.

Refer to the Audit Committee Terms of Reference for full details.



ii. **Nomination & Remuneration Committee**

The function and responsibilities of the Nomination & Remuneration Committee are as follows:

Nomination

- a. To review regularly the Board's structure, size and composition and make recommendations to the Board on any adjustments that are deemed necessary;
- b. To identify and propose to the Board suitable candidates to act as Directors of the Company;
- c. To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director;
- d. To consider and recommend to the Board, candidates for all directorships to be filled in the Company and its Group;
- e. To evaluate and recommend to the Board, Directors to fill the seats on the Board Committees;
- f. To consider, in making its recommendations, candidates for directorship who are proposed by the Chief Executive Officer and, within the bounds of practicability by any other senior executive or any Director or shareholder;
- g. To recommend to the Board for the continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation;
- h. To review the Board's mix of skills, experience and other qualities including core competencies which non-executive directors should bring to the Board on an annual basis;
- i. To orientate and educate new directors on the nature of the business, current issues within the Company, corporate strategies, expectations of the Company concerning inputs from directors and their general responsibilities;



- j. To review and recommend promotions, extensions of contracts, creation of new posts and all other related matters with regard to the senior management of the Company and its Group; and
- k. Such other functions as may be delegated by the Board from time to time.

#### Remuneration

- a. To recommend to the Board the remuneration framework for Executive Director as well as the remuneration package for each Executive Director (if applicable), based on the Company's Scheme of Service;
- b. To recommend to the Board the allowance and benefits of Non- Executive Directors;
- c. To recommend to the Board the seating allowance of the Directors and Committee members;
- d. To recommend to the Board any review on the Company's Scheme of Service, whenever deemed necessary and appropriate; and
- e. To recommend to the Board the remuneration framework and the remuneration package, allowances, bonus etc. for senior management personnel based on the Company's Scheme of Service.

Refer to the Nomination & Remuneration Committee Terms of Reference for full details.

#### iv. **Investment Committee**

The function and responsibilities of the Investment Committee are as follows:

- a) To assist the Board of Directors on matters related to investments for the growth of the Company.



- b) To provide guidance for the Executive Director and his management team to prepare and recommend a strategy for the business based on team-work through the formal hierarchy of management.
- c) To consider proposals from line management regarding capital expenditure related to investments or disposals. The proposals will be placed on a shortlist based on considerations regarding financing through internally generated funds, or fundraising.
- d) To provide guidance on the strategy of the business related to growth as well as investments related to human capital.
- e) To provide guidance to line management that will include upgrading of practices including process improvements and use of new technology. Proposals may include recommendations for diversifying the Company's business including for any downstream activities.
- f) To ensure that all investment proposals are prepared by applying steps and processes to be specified by the Committee with timely presentations to the Board.

Refer to the Investment Committee Terms of Reference for full details.





v. **Tender Committees**

The primary duties and responsibilities of Tender Committees shall include the following:

- a) To record all tenders called, including the nature of the procurement contract, budget provisions, number of tenders received, value of successful tenders, name of successful tenderers and, in the event that the successful tender was not the lowest, reasons for selection;
- b) To ensure that the procurement process complies with the relevant procurement ethics, policies and requirements;
- c) To consider, evaluate and approve or recommend awards which are beneficial to THP Group, taking into consideration various price factors, usage of products and services, quantity, duration of service and other relevant factors; and
- d) To waive the requirement for the calling of formal tender for particular acquisitions, at the discretion of the Committee.

The policy and procedures of tender for THP and Group are set out in the *Peraturan Pembelian, Tender dan Kontrak* dated 14 January 2003.

vi. **Employees' Share Option Scheme ("ESOS") Committee**

The ESOS Committee is established primarily:

- a) To administer the ESOS in accordance with the By-Laws of the ESOS and in such manner as it shall in its discretion deem fit and within such powers and duties as are conferred upon it by the Board.
- b) To review and amend, at any time and from time to time, any provisions of the By-Laws, provided that the amendments are not prejudicial to the eligible employees and with the prior approval of the shareholders of the Company. Such modifications/variations shall be subject to



the approval of the Board and the relevant regulatory authorities.

Refer to the ESOS Committee Terms of Reference for full details.

## **9. BOARD MEETINGS**

- a. Board Meetings shall be conducted at least on a quarterly basis i.e. four (4) times per year and special meetings will be called as necessary.
- b. The Agenda of the Board Meeting to be approved by the Chairman.
- c. The Company Secretary shall in advance prepare and distribute to all Directors a timetable for the meetings for the year.
- d. The Board papers is provided to each Board member in advance, at least five (5) days, or a shorter period where unavoidable, prior to every Board meeting.
- e. Directors shall use their best endeavour to attend Board meetings. Directors who are unable to attend a meeting shall advise the Chairman and/or the CEO and/or the Company Secretary earlier.
- f. The Chairman of the Board or, in his absence, the Deputy Chairman shall preside at all meetings.
- g. Senior Management of the Company may be invited to attend the Board meetings for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.
- h. The Company Secretary is responsible for the integrity of the Board documents, including Minutes of Board Meetings. The Board shall ensure that the Minutes are properly minuted of the matters discussed at a Board meeting and contain brief reference to relevant Board papers tabled plus any official resolutions passed by Directors. All decisions of the Board will be recorded in the Minutes.
- i. A complete set of Board paper of the Company is held by the Company Secretary for a period of at least seven (7) years.



## **10. ACCESS TO MANAGEMENT AND COMPANY SECRETARY**

- a. All Directors have unrestricted access to all information in the Company and independent access to Senior Management for information and clarification in furtherance of their duties.
- b. All Directors have access to seek advice from the Company Secretary.

## **11. BOARD AND BOARD COMMITTEE EVALUATION**

- a. The Board with the assistance of the Nomination Committee shall annually evaluate its own performance and extent to which the Board has met the requirements of its Board Charter, including the assessment of the Board as a whole, Board Committees and individual Directors.
- b. The Board assesses the independence of the Directors annually by taking into consideration their disclosed interests and having regard to the criteria for assessing the independence of Directors through the assessment of Independent Directors.
- c. The Board evaluation shall be facilitated by a professional independent party, as and when the Board deems necessary, in order to achieve a greater objectivity to the assessment by providing an unbiased perspective on a Director's performance and contribution.

## **12. DIRECTORS' TRAINING**

- a. All newly-appointed Directors will undergo specific briefings on THP Group with the objective of providing an overview of the Company's vision and mission, nature of business, current issues and the long-term target of the Group.
- b. All newly-appointed Directors (who is appointed for the first time as a director of a Public Listed Company) is required to undergo the Mandatory Accreditation Programme ("MAP") as prescribed by the Bursa Malaysia.



- c. On continuing basis, Directors are expected to attend a minimum of one (1) seminars/workshops/conferences a year to keep them abreast and equipped with the requisite knowledge and competencies to contribute effectively to the role of the Board.
- d. The cost of MAP and trainings shall be borne by the Company.

### **13. DIRECTORS' CODE OF ETHICS**

The Board of THP shall ensure that the Group upholds high standards of ethics and corporate behaviour. A governing board is in a position of trust. The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders.

In the performance of the duties of a Director, a Director of THP is first and foremost held accountable in demonstrating the following:

- a. Corporate Governance
  - i. a clear understanding of the aims and purpose, capabilities and capacity of the Company;
  - ii. devote time and effort to attend meetings and to know what is required of the Board and each of its Directors, and to discharge those functions;
  - iii. ensure at all times that the Company is properly managed and effectively controlled;
  - iv. stay abreast of the affairs of the Company and be kept informed of the Company's compliance with the relevant legislation and contractual requirements;
  - v. insist on being kept informed on all matters of importance to the Company in order to be effective in corporate management;
  - vi. limit directorship of Companies to a number in which the Director can best devote time and effectiveness; each Director is his own judge of his/her abilities and how best to manage his/her time effectively in the Company in which the Director holds directorship;



- vii. have access to the advice and services of the Company Secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with;
  - viii. at all times exercise the Directors' powers for the purposes they were conferred, for the benefit and prosperity of the Company;
  - ix. disclose immediately all contractual interests whether directly or indirectly with the Company;
  - x. neither divert to any business opportunity that the Company is pursuing to the Directors' own advantage, nor may the Director use confidential information obtained by reason of his/her office for his/her own advantage or that of others;
  - xi. at all times act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his/her duties; and
  - xii. be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company is at stake.
- b. Relationship with Shareholders, Employees, Creditors and Customers
- i. be conscious of the interest of shareholders, employees, creditors and customers of the Company;
  - ii. at all times promote professionalism and improve the competency of management and employees; and
  - iii. ensure adequate safety measures and provide proper protection to workers and employees at the workplace.
- c. Social Responsibilities and the Environment
- i. adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
  - ii. ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities; and



- iii. ensure that the activities and the operations of the Company do not harm the interests and well-being of society at large and assist in the fight against inflation.

#### **14. REVIEW OF BOARD CHARTER**

The Board will review the Board Charter every two (2) years and make necessary amendments to ensure that it remains consistent with the Board's objectives, the needs of the Company, applicable laws and practices.