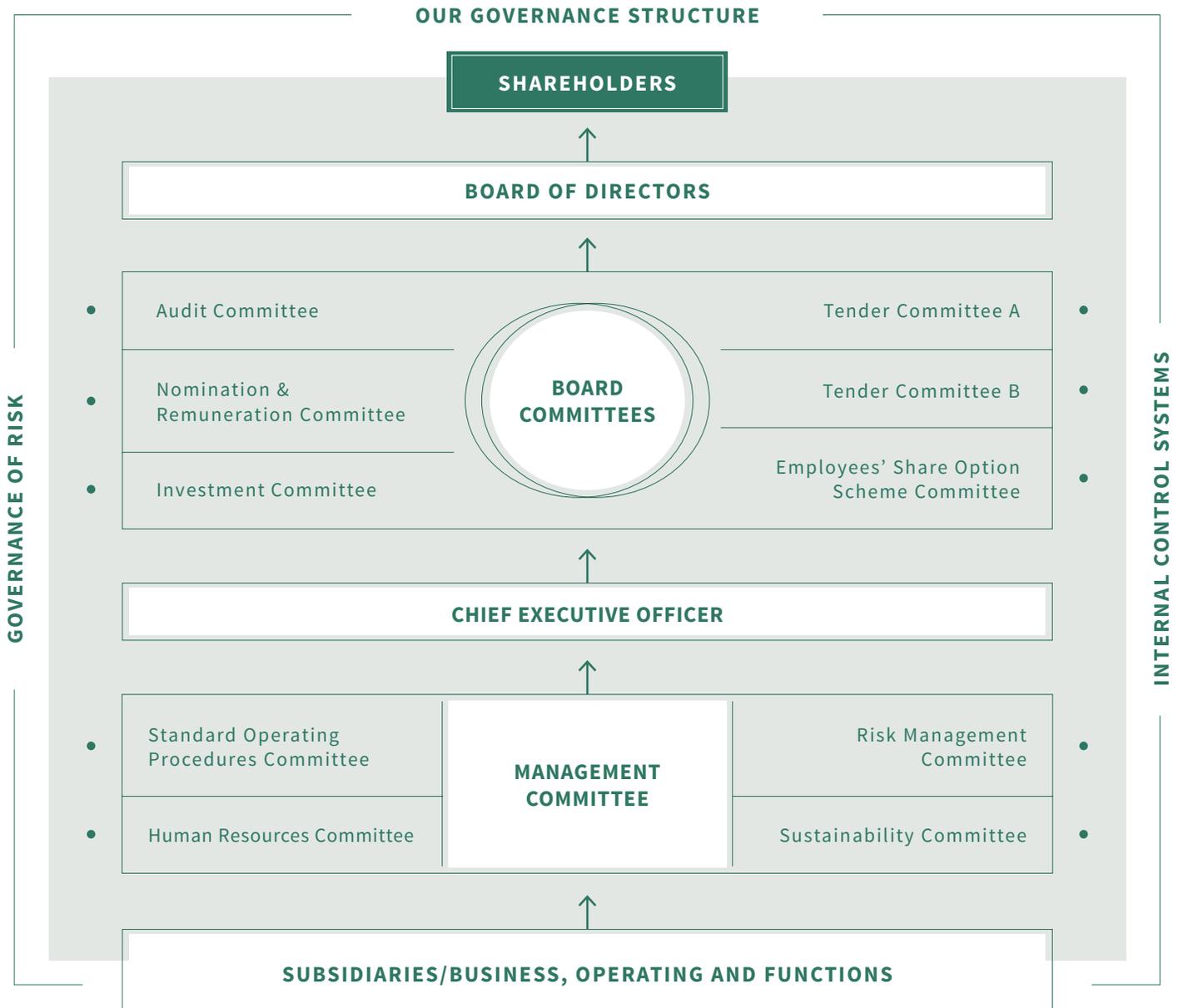


# CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS (“THE BOARD”) OF TH PLANTATIONS BERHAD (“THP” OR “THE COMPANY”) CONTINUED TO REMAIN COMMITTED IN ITS EFFORT TO IMPLEMENT 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”).

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”).

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

### ROLE OF THE BOARD

The Board comprises individuals who are well experienced in their respective fields of enterprise. Their knowledge, background and judgments are invaluable in ensuring that THP Group achieves the highest standards of performance, accountability and ethical behaviour, as is expected of the Company by its stakeholders.

Under the Company's Constitution, the number of Directors shall not be less than two (2) and not more than twelve (12). As at the date of this Statement, there are six (6) members of the Board, whom three (3) are Independent Non-Executive Directors and the remaining three (3) are Non-Independent Non-Executive Directors. The profiles of each member of the Board are outlined in pages 34 to 39 of this Annual Report.

#### CHAIRMAN

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

The roles 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.

#### 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 roles 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.

#### 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 roles 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.

#### COMPANY SECRETARY

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

The roles 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

Taking into consideration the Company's present activities and size, the Board is of the view that the number and composition of the current Board are sufficient and well-balanced to ensure that its duties are carried out effectively and to provide assurance that no individual or small groups of individuals are allowed to dominate the Board's decision-making.

In discharging its duties, the Board is constantly mindful that the interests of THP Group's customers, investors and all other stakeholders are to be safeguarded.

The six (6) principal stewardship of the Board, among 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. Key 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.

In fulfilling this responsibility, the Board's functions are supported and reinforced through the various committees established at both the Board and the management levels. They are aided by the Internal Audit Department, which provides a strong check and balance as well as reasonable assurance on the adequacy of the Company's internal controls system, through regular meetings and discussions.

Details of the Internal Audit functions are further detailed in the Audit Committee Report as set out on pages 56 to 57 of this Annual Report.

At the same time, the Board also diligently sustains a dynamic and robust corporate climate, focused on strong ethical values.

To this end, active participation and structured dialogue involving key people at all levels are encouraged and conducted. Meanwhile, accessibility to information and transparency in all executive actions is consistently maintained. The corporate climate is also continuously fortified with value-centred programmes for team-building and active subscription to core values.

### SEPARATION OF POSITIONS OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman has never held the post of Chief Executive Officer of the Company. The division of responsibilities between the Chairman and the Chief Executive Officer 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 Chief Executive Officer are distinguishable and clearly defined.

### BOARD COMMITTEES

The Board has a number of committees to assist in discharging its duties effectively. The principal committees are the Audit Committee and the Nomination & Remuneration Committee. 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 55 to 57. The Company Secretary is the secretary to these committees and ensures that these committees adhere to the highest standards of Corporate Governance and apply the provisions and principles of the Code.

Professional advisers and members of the senior management team attend these committees meetings when they are invited to do so.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### BOARD MEETINGS

A total of eleven (11) board meetings were held in 2019 and all Directors have complied with the minimum fifty per centum (50%) attendance as required under the Listing Requirements.

Board meetings for the ensuing financial year are scheduled before the end of the current financial year to facilitate the planning of Board meetings by the Directors. Special Board Meetings are convened between the scheduled meetings to consider urgent proposals or matters that require urgent decisions or deliberation by the Board.

The Board is supplied with and assured of full and timely access to all relevant information to discharge its duties effectively. A set of Board papers is provided to each Board member in advance, at least seven (7) days, prior to every Board meeting. The Board papers

contain, among other things, information on THP Group's performance and major operational, financial and corporate issues.

All Board decisions are properly minuted. Minutes of each Board meeting are circulated to all Directors for their review prior to their confirmation, which is normally done at the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation as being a correct record of the Board's proceedings. All conclusions of the Board meetings are duly recorded and the minutes are kept by the Company Secretary.

The Senior Management are also invited to attend the Board meetings to supply additional details or clarification on matters tabled for the Board's consideration and/or approval. Independent advisors and professionals appointed by the Company in relation to the various corporate exercises

may also be invited to attend the meetings to provide explanation or clarification and advice for the benefit of the Directors.

The Chairman of the Audit Committee is to inform the Directors during Board meetings of any salient matters noted by the Audit Committee arising from audit findings that may require the Board's attention or direction.

In addition to matters relating to the Board's six (6) principal stewardship responsibilities, other specific topics tabled for the Board's deliberation include THP Group's key financial and operational results, THP Group's strategic and corporate initiatives, such as corporate plans and budget approvals, proposed acquisitions and disposals of material assets, major investments, as well as changes to THP Group's management and control structures, encompassing key policies, procedures and authority limits.

The Directors' attendance at Board meetings for the financial year ended 31 December 2019 is detailed below:

<p><b>TAN SRI ABU TALIB BIN OTHMAN</b> Non-Independent Non-Executive Director (Appointed w.e.f. 26 March 2019) <i>Attended 9 out of 9 meetings</i></p>  <p><b>100%</b></p>	<p><b>MOHD ADZAHAR BIN ABDUL WAHID</b> Independent Non-Executive Director <i>Attended 11 out of 11 meetings</i></p>  <p><b>100%</b></p>
<p><b>DATUK NIK MOHD HASYUDEEN BIN YUSOFF</b> Non-Independent Non-Executive Director (Re-designated from Independent Non-Executive Director to Non-Independent Non-Executive Director w.e.f. 1 September 2019) <i>Attended 10 out of 11 meetings</i></p>  <p><b>91%</b></p>	<p><b>DZUL EFFENDY BIN AHMAD HAYAN</b> Non-Independent Non-Executive Director (Appointed w.e.f. 27 March 2019) <i>Attended 7 out of 9 meetings</i></p>  <p><b>78%</b></p>
<p><b>DATO' SHARI BIN HAJI OSMAN</b> Independent Non-Executive Director <i>Attended 11 out of 11 meetings</i></p>  <p><b>100%</b></p>	<p><b>DATUK SERI NURMALA BINTI ABD RAHIM</b> Independent Non-Executive Director (Resigned w.e.f. 1 August 2019) <i>Attended 5 out of 6 meetings</i></p>  <p><b>83%</b></p>
<p><b>DATO' INDERA DR. MD YUSOP BIN OMAR</b> Independent Non-Executive Director <i>Attended 10 out of 11 meetings</i></p>  <p><b>91%</b></p>	<p><b>DATO' MOHD SHUKRI BIN HUSSIN</b> Independent Non-Executive Director (Resigned w.e.f. 14 March 2019) <i>Attended 1 out of 1 meeting</i></p>  <p><b>100%</b></p>

**CORPORATE GOVERNANCE  
OVERVIEW STATEMENT**

**KEY BOARD DISCUSSION AND ACTIVITIES**

A summary of the Board’s key discussions and activities during the year is set out below:



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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' Shari bin Haji Osman and Mohd Adzahar bin Abd Wahid are subject to retirement by rotation under the Company's Constitution, and being eligible, have offered themselves 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. However, no new Director has been appointed from the last AGM until the date of this Annual Report.

### ASSESSMENT OF INDEPENDENCE DIRECTORS

The presence of three (3) 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 interest, not only 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 three (3) 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.

### TENURE OF INDEPENDENT DIRECTORS

The tenure of service of Independent Non-Executive Directors will be nine (9) years.

### ACCESS TO MANAGEMENT AND COMPANY SECRETARY

In carrying out their duties, each Director has unrestricted access to all information in the Company and independent access to Senior Management for information and clarification in furtherance of its duties. In addition, they are also able to seek advice from the Company Secretary and whenever necessary, independent professional advice, all at the expense of THP Group.

The Board is not only provided with quantitative information but also those which are qualitative in nature as they are pertinent and are of substantial necessity to enable the Board to deal with matters that are tabled at the meetings effectively. These include current updates of the THP Group's performance as well as information on external factors that may influence its business.

The Company Secretary are responsible to provide clear and professional advice to the Board on all governance matters and assist the Board on the implementation of an effective corporate governance system. Apart from advising the Board on governance and regulatory matters, the Company Secretary also organise and attend all Board meetings and ensure that all Directors receive timely, clear and concise information in advance prior to the scheduled meetings.

### 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 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 and insurance coverage.

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

Details of remuneration (including benefits-in-kind) of each Director for the year ended 31 December 2019 are as follows:

	RM						
	Annual Fees			Salary & Bonus	Meeting Allowances	Benefits- in-kind	Total
	Board	Board Committees	Subsidiaries				
<b>Tan Sri Abu Talib bin Othman</b> <i>(Appointed w.e.f 26 March 2019)</i>	114,000	-	60,000	-	10,000	2,950	186,950
<b>Datuk Nik Mohd Hasyudeen bin Yusoff</b>	52,000	8,000	-	-	24,000	-	84,000
<b>Dato' Shari bin Haji Osman</b>	72,000	12,000	18,000	-	37,000	11,931	150,931
<b>Dato' Indera Dr. Md Yusop bin Omar</b>	72,000	1,000	5,000	-	12,000	18,453	108,453
<b>Mohd Adzahar bin Abdul Wahid</b>	72,000	24,000	108,000	-	31,000	3,004	238,004
<b>Dzul Effendy bin Ahmad Hayan</b> <i>(Appointed w.e.f. 27 March 2019)</i>	-	-	-	-	13,000	-	13,000
<b>Datuk Seri Nurmalia binti Abd Rahim</b> <i>(Resigned w.e.f. 1 August 2019)</i>	47,000	7,000	59,500	-	19,000	-	132,500
<b>Dato' Mohd Shukri bin Hussin</b> <i>(Resigned w.e.f. 14 March 2019)</i>	-	-	-	-	5,000	-	5,000
<b>TOTAL</b>	<b>429,000</b>	<b>52,000</b>	<b>250,500</b>	<b>-</b>	<b>151,000</b>	<b>36,338</b>	<b>918,838</b>

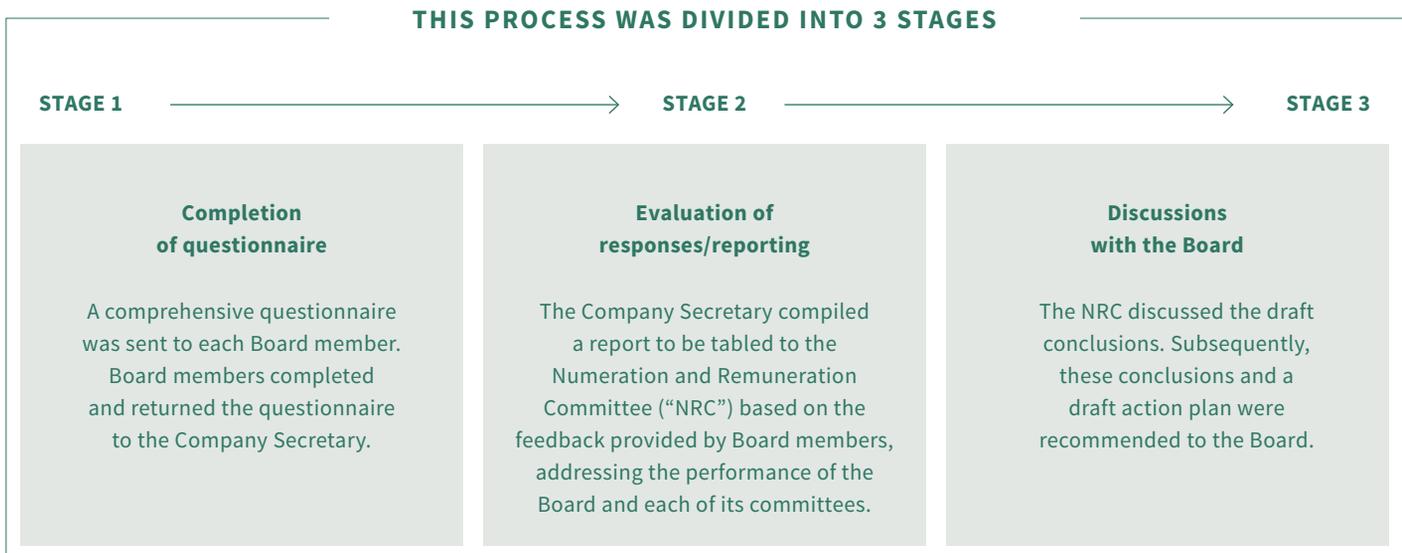
Number of Directors whose remuneration falls within the following bands:

Ranges of Remuneration	Number of Directors
Less than RM50,000	2
RM50,001 to RM100,000	1
RM100,001 to RM150,000	2
RM150,001 to RM200,000	2
RM200,001 to RM250,000	1

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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.

In compliance with the Listing Requirements, the Company regularly assesses the training needs of its Directors to ensure that they are well-equipped with the requisite knowledge and competencies to contribute effectively to the role of the Board.

In addition, the Directors are also encouraged to continue attending various training programmes that are relevant to further enhance their knowledge and expertise in discharging their responsibilities.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

For the financial year ended 31 December 2019, the Directors attended conferences, seminars and training programmes, including those listed below:

Director	Training/Seminar	Organiser	Event Date
<b>Tan Sri Abu Talib bin Othman</b>	Directors' Conference 2019	BIMB Holdings Berhad	29 October 2019
<b>Datuk Nik Mohd Hasyudeen bin Yusoff</b>	Power Talk by Mark Reid on Revisiting the Misconception of Board	Institute of Corporate Directors Malaysia	13 March 2019
	Islamic Finance for Board of Directors	ISRA Consultancy Sdn. Bhd.	10 – 11 July 2019
	Regional Conference on Climate Change: Climate Change Risk and Opportunities: Respond, Not React	Bank Negara Malaysia	25 September 2019
	ESG Investment Conference	BIMB Investment Berhad	17 October 2019
	Property Investment Forum	<b>TH</b>	21 October 2019
	Directors' Conference 2019	BIMB Holdings Berhad	29 October 2019
	PNB Corporate Summit 2019	Perbadanan Nasional Berhad	30 October 2019
	Sustainable and Responsible Investment Roadmap (SRI Roadmap)	Securities Commission Malaysia	26 November 2019
	2019 <b>TH</b> Nominee Directors Training Programme	<b>TH</b>	3 December 2019
	Kuala Lumpur Summit 2019	Prime Minister Office	19 December 2019
<b>Dato' Shari bin Haji Osman</b>	Directors' Conference 2019	BIMB Holdings Berhad	29 October 2019
<b>Dato' Indera Dr. Md Yusop bin Omar</b>	Directors' Conference 2019	BIMB Holdings Berhad	29 October 2019
<b>Mohd Adzahar bin Abdul Wahid</b>	Share Buy-Back Linking Listing Requirements, Companies Act 2016, Insider Trading Laws and Code on Take-Overs & Mergers 2016	Malaysian Institute of Accountants	18 September 2019
	MIA International Accountants' Conference 2019	Malaysian Institute of Accountants	22 – 23 October 2019
	Directors' Conference 2019	BIMB Holdings Berhad	29 October 2019
<b>Dzul Effendy bin Ahmad Hayan</b>	Seminar on Workforce Data Analysis	<b>TH</b>	7 March 2019
	Seminar on Data Protection Act	<b>TH</b>	2 May 2019
	Mandatory Accreditation Programme	ICLIF	23 July 2019
	Property Investment Forum	<b>TH</b>	21 October 2019
	2019 <b>TH</b> Nominee Directors Training Programme	<b>TH</b>	3 December 2019

All Directors have successfully completed the Mandatory Accreditation Programme (“MAP”) prescribed by Bursa Malaysia Securities Berhad. The Listing Requirements require newly appointed directors of public listed companies to attend the MAP within four (4) months after their appointment.

### 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

### 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.

### GENERAL MEETINGS

The Company's "AGM" is a useful forum for shareholders to engage directly with the Board.

The Company conducts its AGM by e-polling 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. THP appoints a poll administrator to handle the polling process and Independent Scrutineers to verify the results of the poll.

Chairman on the Board chaired the 45<sup>th</sup> AGM of the Company held on 27 June 2019 in an orderly manner and allowed the shareholders or proxies to speak at the meeting. All Directors were present at the 45<sup>th</sup> AGM to respond to the questions raised by the shareholders or proxies.

At the 45<sup>th</sup> AGM, the Chief Executive Officer presented the Company's operational and financial performance for the financial under review as well as the Company's strategic recovery plan. 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.

The Chairman provided fair opportunity and time to all shareholders and proxies in exercising their rights to raise questions or seek clarification from the Board and Senior Management, on the items listed on the agenda of the general meeting.

The proceedings at the 45<sup>th</sup> AGM were recorded in the minutes of meeting which is made available in the Company's corporate website.

### INVESTOR RELATION

The Board has in place an Investor Relations Policy to ensure continual and appropriate communication with all stakeholders. As part of the Investor Relations Policy, an authorised spokesperson will guide and steer communications made by THP's Senior Management and employees. This allows for clear alignment of messaging and establishes accurate and precise information is given to the media and the market.

### DIRECTORS' RESPONSIBILITY STATEMENT IN THE PREPARATION OF AUDITED FINANCIAL STATEMENTS

The Board is required under 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; and
- 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 was approved by the Board on 2 June 2020.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### NRC

### NOMINATION & REMUNERATION COMMITTEE REPORT

To terms of reference of the Nomination & Remuneration Committee are available on the Company's website at [www.thplantations.my](http://www.thplantations.my).

The members of the Nomination & Remuneration Committee are as follows:

#### DATO' SHARI BIN HAJI OSMAN

Chairman, Independent Non-Executive Director  
(Re-designated from Member to Chairman w.e.f.  
26 November 2019)

Attended 7 out of 7 Nomination & Remuneration  
Committee meetings



#### MOHD ADZAHAR BIN ABDUL WAHID

Member, Independent Non-Executive Director

Attended 7 out of 7 Nomination & Remuneration  
Committee meetings



#### DZUL EFFENDY BIN AHMAD HAYAN

Member, Non-Independent Non-Executive Director  
(Appointed w.e.f. 26 November 2019)

NOT APPLICABLE

#### DATUK SERI NURMALA BINTI ABD RAHIM

Chairman, Independent Non-Executive Director  
(Resigned w.e.f. 1 August 2019)

Attended 4 out of 4 Nomination & Remuneration  
Committee meetings



#### DATUK NIK MOHD HASYUDEEN BIN YUSOFF

Member, Non-Independent Non-Executive Director  
(Resigned w.e.f. 26 November 2019)

Attended 4 out of 7 Nomination & Remuneration  
Committee meetings



The Nomination & Remuneration Committee meets at least once a year or at any other time deemed necessary by the Chairman of the Committee. The quorum for a meeting of the Committee is two (2) members.

During FYE 2019, NRC performed a number of key activities summarised amongst others as below:

- Assessing and recommending to the Board, the continuation of service of the Directors who are seeking re-election at the AGM.
- Reviewing and assessing the annual performance and effectiveness of the Board.
- Assessing and recommending to the Board on the appointment of new directors of THP.
- Recommending to the Board on the appointment of an additional member of the Nomination & Remuneration Committee.
- Assessing, considering and recommending to the Board on the appointment of the new Plantation Director of THP and its remuneration package.
- Assessing, considering and recommending to the Board on the appointment of the new Chief Financial Officer of THP and its remuneration package.
- Reviewing and recommending to the Board on the composition of the Board of Directors of the subsidiaries of THP.
- Reviewing and recommending to the Board on the proposal to revise the method of computing the acting allowance.
- Reviewing and recommending to the Board on the proposal to revise the maximum salary scale of the THP employees.
- Reviewing and recommending to the Board on the proposal to revise THP Employees' Benefits and Privileges.

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### AC AUDIT COMMITTEE REPORT

The terms of reference of the Audit Committee are available on the Company's website at [www.thplantations.my](http://www.thplantations.my).

The members of the Audit Committee are as follows:

<p><b>MOHD ADZAHAR BIN ABDUL WAHID</b> Chairman, Independent Non-Executive Director <i>Attended 10 out of 10 Audit Committee meetings</i></p>	100%
<p><b>DATO' SHARI BIN HAJI OSMAN</b> Member, Independent Non-Executive Director <i>Attended 10 out of 10 Audit Committee meetings</i></p>	100%
<p><b>DATO' INDERA DR. MD YUSOP BIN OMAR</b> Member, Independent Non-Executive Director (Appointed to the Audit Committee on 26 November 2019) <i>Attended 1 out of 1 Audit Committee meetings</i></p>	100%
<p><b>DATUK NIK MOHD HASYUDEEN BIN YUSOFF</b> Member, Non-Independent Non-Executive Director (Resigned from the Audit Committee on 26 November 2019) <i>Attended 7 out of 9 Audit Committee meetings</i></p>	78%
<p><b>DATO' MOHD SHUKRI BIN HUSSIN</b> Member, Independent Non-Executive Director (Resigned from the Audit Committee on 14 March 2019) <i>Attended 2 out of 2 Audit Committee meetings</i></p>	100%
<p><b>DATUK SERI NURMALA BINTI ABD RAHIM</b> Member, Independent Non-Executive Director (Resigned from the Audit Committee on 1 August 2019) <i>Attended 6 out of 7 Audit Committee meetings</i></p>	86%

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### SUMMARY OF ACTIVITIES

During the financial year under review, the AC has carried out its duties and responsibilities in accordance with its terms of reference. The main activities undertaken by the AC during this period were as follows:

- 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 2019 as presented by the Chairman of the Management's Risk Management Committee ("RMC");
- c) Reviewed and evaluated the performance of the subsidiaries of THP, including non-performing, as presented by Management;
- d) Reviewed and approved the external auditors' scope of work and audit plan;
- e) Reviewed with the external auditors, on the compliance of the Company's and THP Group's annual financial statements to Bursa Securities' Listing Requirements and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board (MASB);
- f) Reviewed with the external auditors, on the results of their audit;
- g) Reviewed the conduct, and considered the remuneration and re-appointment of the external auditors;
- h) Held independent meetings (without the presence of Management) with the external auditors on significant findings during the course of their audit;
- i) Reviewed with the external consultants on the findings of their review of the acquisition exercises undertaken by THP and reported to the Board on relevant matters deliberated in the AC meetings;
- 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 AC meetings;
- l) Held independent meetings (without the presence of 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 AC and its primary function is to assist in discharging the AC's duties and responsibilities. It is the role of the IAD to provide the AC 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 33 audits and 4 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 AC 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; and
- g) Undertaken special assignments as and when requested by the AC and/or Management and reported the results to the AC and/or Management.

The cost incurred for the internal audit function for the financial year under review was approximately

**RM1.14 Million**

This Audit Committee Report was approved by the Board on 2 June 2020.