



**TH PLANTATIONS BERHAD**  
**(Registration No. 197201001069 (12696-M))**

**TERMS OF REFERENCE OF  
BOARD AUDIT, RISK & GOVERNANCE COMMITTEE**

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## 1. **INTRODUCTION**

The Committee has been established on 9 March 2006 as an Audit Committee.

The Audit Committee was renamed as the Audit & Risk Management Committee in December 2021 to recognise the importance of the risk oversight and management functions carried out by the Committee.

The name of the Committee has been changed to Board Audit & Risk Management Committee ("BARMC") on 29 May 2023.

Recognizing the importance of Integrity & Governance as an integral component of the Committee's responsibilities, a subsequent change was made in November 2023. The Committee's name was further revised to the Board Audit, Risk & Governance Committee, signifying its enhanced focus on Integrity & Governance matters alongside its existing Audit and Risk Management functions.

This Board Audit, Risk & Governance Committee's Term of Reference ("BARGC TOR") sets out the requirements of the Board of Directors of TH Plantations Berhad ("Board") for the establishment of the BARGC.

Unless otherwise stated, the following definitions apply throughout this BARGC TOR:

Board	:	refers to the Board of Directors of THP
CEO	:	Chief Executive Officer of THP
Group or THP Group	:	refers to THP and its subsidiaries
Management	:	refers to the Management of THP
BARGC or the Committee	:	refers to the Board Audit, Risk & Governance Committee
THP or the Company	:	refers to TH Plantations Berhad

This BARGC TOR is established pursuant to the MCGG and has been approved by the THP Board and is made available on the Company's corporate website.



## **2. COMPOSITION**

- 2.1 The members of the Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of at least three (3) members.
- 2.2 All members of the Committee shall be Non-Executive Directors, a majority of whom shall be Independent Directors.
- 2.3 An Alternate Director must not be appointed as a member of the Board Audit, Risk & Governance Committee.
- 2.4 In the event of any vacancies in the Committee resulting in the number of members reduced to below three (3), the Board shall, within three (3) months, appoint a new member to fill the vacancy.

## **3. MEMBERSHIP**

At least one (1) member of the Committee:

- a) Must be a member of the Malaysian Institute of Accountants; or
- b) If he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:
  - i) He/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
  - ii) He/she must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- c) Must have a degree/master/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting and finance; or
- d) Must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation;



- e) Possess such other requirements relating to financial-related qualifications or experiences as prescribed or approved by Bursa Malaysia Securities Berhad; or
- f) Any former audit engagement partner of the Company's external auditors is required to observed a cooling-off period of at least three (3) years before he/she could be appointed as a member of the Committee.

#### **4. CHAIRMAN**

The members of the Committee shall elect a Chairman from amongst their members who shall be an Independent Non-Executive Director.

#### **5. QUORUM**

The quorum of the Committee meeting shall not be less than two (2), the majority of whom shall be Independent Non-Executive Directors.

#### **6. MEETING**

The meeting frequency, attendance, notes and agenda:

- a) The Committee shall have at least four (4) meetings in a financial year and such additional meetings as the Chairman shall decide in order to fulfil its duties;
- b) The Committee meeting shall be chaired by the Chairman; or in his absence, another member who is an Independent Director nominated by the Board Audit, Risk & Governance Committee;
- c) The Company Secretary shall act as the secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meeting, together with the supporting explanatory documentation to members not less than five (5) days prior to each meeting;
- d) The Secretary of the Committee shall be entrusted to record the proceedings of the Committee meeting;



- e) The Committee may invite any Board member or any member of the senior management or any relevant employee within THP Group whom the Committee thinks fit to attend the Board Audit, Risk & Governance Committee meeting, to assist in resolving and clarifying matters raised in the risk and audit reports and/or to brief on their respective reports and findings; and
- f) The Committee shall report to the full Board from time to time, its recommendations for consideration and implementation and the final decision shall be the responsibility of the Board.

## **7. VOTING AND PROCEEDINGS OF MEETING**

- 7.1 The decision of the Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the issue in question, the Chairman shall not have a casting vote.
- 7.2 Circular Resolution signed by all the members shall be valid and effective as if it had been passed at the Board Audit, Risk & Governance Committee meeting.

## **8. MINUTES**

- 8.1 The Committee shall cause minutes to be duly recorded and entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- 8.2 Minutes of the Committee meeting will be made available to all Board members. The Chairman of the Board Audit, Risk & Governance Committee will provide written or verbal report of significant matters of each Audit & Risk Management Committee meeting at the next Board meeting or as may otherwise be required by the Board.



- 8.3 The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office of the Company, and shall be opened for inspection by any member of the Committee and the Board.

## **9. AUTHORITY**

The Committee is authorized by the Board, within the scope of its duties and responsibilities set out in the Terms of Reference, or as otherwise directed by the Board. The Committee shall have:

- a) The authority to review and investigate any matters within the Terms of Reference;
- b) The resources required to perform its duties;
- c) Full and unrestricted access to any information, records, properties and personnel of the Company;
- d) Direct communications channels with the external auditors, internal auditors, head of risk & compliance and head of integrity & governance;
- e) The right to obtain independent professional or other advice, and to invite any person with relevant experience and expertise to attend the Committee meeting, whenever deemed necessary.
- f) The right to convene meetings with the external auditors and/or internal auditors and/or head of risk & compliance and/or head of integrity & governance, excluding the attendance of other directors and/or employees of the Company, whenever deemed necessary.



## **10. FUNCTION AND RESPONSIBILITIES**

The functions and responsibilities of the Board Audit, Risk & Governance Committee shall include the following:

### External Audit

- a) To review and consider the appointment, resignation and dismissal of external auditors and make appropriate recommendations to the Board (including audit fees);
- b) To review with the external auditors of the Company relating to:
  - i) Their audit plan;
  - ii) Their audit report;
  - iii) Their management letter and management's responses; and
  - iv) The assistance given by the employees of the Company to the external auditors;
- c) To discuss issues and reservations arising from the interim and final audits, and any other matters that the external auditors may wish to discuss (in the absence of the Company's management, where necessary);
- d) To review the quarterly financial results and annual audited financial statements of the Company before recommending the same for the Board's approval, 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, transactions and adjustments arising from the audit;
  - iv) The going concern assumption.

### Internal Audit

- a) To review and consider the adequacy of the scope, functions, competencies and resources of the internal audit function and that it has necessary authority to carry out its work;





- b) To review the internal audit programme, internal audit plan and internal audit reports, and ensure the appropriate actions are taken on the recommendations of the internal audit function;
- c) To review any appraisal or assessment of the performance of members of the internal audit function;
- d) To review and approve any appointment or termination of senior members of the internal audit function;
- e) 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.

#### Risk & Compliance Management

- a) To approve the Company's Risk and Compliance Framework which shall commensurate with the nature, size and complexity of the Company's business activities;
- b) To recommend to the Board, the Company's risk appetite statement and risk tolerance levels (the risk appetite and risk tolerance must be reviewed on an annual basis)
- c) To approve the Company's risk indicator and risk tolerance levels and ensure that the Company's risk management control is adequate to support risk taking;
- d) To approve compliance charter and compliance review plan;
- e) To review the Company's risk profile that is consistent with its business strategy and risk appetite;
- f) To ensure significant risks outside tolerable ranges are responded to with appropriate and timely mitigation actions;
- g) To promote awareness and sound risk management culture with the Company;
- h) To ensure risk management and compliance department is equipped with adequate system, infrastructure, resources and manpower to effectively identify and manage risk associated with the Company's business activities;
- i) To review and assess the performance of the Company's Head of Risk & Compliance and members of the Department;
- j) To approve any appointment or removal of the senior members of risk & compliance management function.



### Integrity and Governance

- a) To advise the Board on matters pertaining to integrity and governance to ensure that Company's business operations comply with law, internal regulations, ethics, and integrity.
- b) To advise the Company on any changes in appropriate practices, systems and procedures to reduce the likelihood of corruption, malpractices and misuse of power.
- d) To ensure risk issues regarding corruption, malpractices, misuse of power and governance in Company's management and administration are under control.
- e) To formalise and maintain a set of ethical standards of behaviour expected of the Company through the Code of Ethics & Conduct (CEC) and implement its policies and procedures.
- f) To assess and review the effectiveness of CEC and recommend to the Board changes as necessary.
- g) To review reports on violations of the CEC.
- h) To ensure a checks and balance mechanism is in place.
- i) To review and recommend to the Board the appropriate whistleblowing policies and procedures for THP Group from time to time.
- j) To review, direct and make decisions on THP's whistleblowing information about violations of Code of Ethics and Conduct, criminal, corruption, malpractice and misuse of power.
- k) To oversee the investigation process including whistleblowing and any remedial actions initiated by the Committee and/or Board.
- l) To review and assess the performance of the Company's Head of Integrity & Governance and members of the Department.
- m) To approve any appointment or removal of the senior members of Integrity & Governance management function.

### Others

- a) To review any related party transactions and conflict of interest situation that may arise within the Company including any transactions, procedures or course of conduct that may raise questions on the integrity of the management;



- b) To consider the reports and major findings of any internal investigations and management's responses thereto;
- c) To verify the allocation of options (if any) under 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;
- d) To promptly report to Bursa Malaysia Securities Berhad, a matter reported to the Board of Directors by the Board Audit, Risk & Governance Committee which has not been satisfactory resolved resulting in a breach of the Listing Requirements; and
- e) Such other functions or responsibilities as may be agreed to by the Committee and the Board.

**11. REVIEW OF THE BOARD AUDIT & RISK MANAGEMENT COMMITTEE CHARTER**

The Board Audit, Risk & Governance Committee shall review and assess the adequacy of the Board Audit, Risk & Governance Committee Charter at least once a year. The Committee shall recommend any amendments to the Board for approval, whenever deemed necessary and appropriate.

**12. REVIEW OF THE BOARD AUDIT, RISK & GOVERNANCE COMMITTEE**

The Board of Directors shall review and assess the term of office and performance of the Board Audit, Risk & Governance Committee and each of its members at least once every three (3) years.

**13. REVIEW OF TERMS OF REFERENCE**

The BARGC TOR shall be reviewed periodically, as and when required, especially when there are changes to the MCCG, or at least once every two (2) years. All amendments to the BARGC TOR shall be approved by the Committee prior to obtaining further approval from the Board.