



# OUR GOVERNANCE FRAMEWORK

## Corporate Governance Overview

### Chairman's Introduction



#### Dear Shareholders,

In this Corporate Governance Overview Statement, you will read about the part your Board of Directors has played during the year and our plans for the future.

**TAN SRI DATO' SRI AB. AZIZ BIN KASIM**

*Chairman, Independent Non-Executive Director*

The building blocks of any great company include ensuring there is a strong framework of company governance. This should never be done with a 'tick box' mindset; it needs to be engaged, thoughtful and effective. Boards need to take the lead to set a positive culture and to make sure that good governance forms a firm foundation for decision making throughout the company.

Our ambition for THP is one with excellence and growth in its DNA, but also where colleagues act with integrity and respect towards each other and keep each other safe. It is often said that the true test of integrity is that you do the right thing – even when no one is watching, and I can assure you that the Board gives a great deal of focus to corporate governance in its widest and deepest sense.

Another fundamental and vital building block is people. The Nomination Committee of the Board continues to work towards achieving an appropriate balance of experience, skills, knowledge and background in both the Boardroom and at senior leadership levels of the Group. We are mindful of the drive towards having at least 30% female representatives on Boards.

We support these endeavours but are also cognisant that any new appointments are not just based on diversity in gender, but also diversity in experience, skills and education, all underpinned through a system of meritocracy. We firmly believe that diversity improves our performance as it produces better, more varied and more valuable ideas.

During the year under review, we welcomed Colonel Dato' Ab Jabar bin Mohamad Aris and Datuk Abdul Shukur bin Haji Idrus to the Board as Non-Independent Non-Executive Directors. Additionally, Mohd Adzahar bin Abdul Wahid joins our Board as an Independent Non-Executive Director. I have no doubt that these new members to our Board will add value in experience and knowledge. I thank Dato' Sri Mohamad Norza bin Zakaria, who retired during the year under review, as well as Tan Sri Othman bin Mahmood and Dato' Azizan bin Abdul Rahman, who have moved on to pursue other interests. Their steadfast service to the Board will leave a strong legacy and be greatly felt.

As Chairman, I am responsible for leading an effective Board and I am pleased to report that your Board has been effective

during the year. Details of our appraisal process and the actions and improvements that we agreed to drive through 2017 are set out on page 80 of this Report. I want to take this opportunity to record my thanks to all members of the Board for their hard work and support throughout the year. I hope you find this report interesting and enlightening as it details the work that the Board and its Committees have carried out on your behalf during the year.



#### Malaysian Code on Corporate Governance 2017

This Corporate Governance Overview Statement takes guidance from the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"). A copy of the MCCG 2017 first published in 2017, can be found at [www.sc.com.my](http://www.sc.com.my). For the year ended 31 December 2017, and at the date of this report, we applied the main principles and generally complied with the provisions of the MCCG 2017.



*This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report, which is available online on our website, at [www.thplantations.my](http://www.thplantations.my).*



## Leadership

The Board is responsible for the effective leadership of the Group. The diverse range of skills and leadership experience of the Non-Executive Directors enable them to monitor the Group's performance, provide constructive challenges and support the Executive Director.

### Board Composition

As at 31st December 2017 the Board comprised the Chairman, an Executive Director and nine Non-Executive Directors.

#### During the year

- 8 May 2017**  
Dato' Sri Mohamad Norza bin Zakaria retired as an Independent Non-Executive Director
- 24 May 2017**  
Mohd Adzahar bin Abdul Wahid was appointed to the Board as an Independent Non-Executive Director
- 18 August 2017**  
Tan Sri Othman bin Mahmood resigned as a Non-Independent Non-Executive Director
- 1 September 2017**  
Dato' Azizan bin Abd Rahman resigned as a Non-Independent Non-Executive Director
- 18 September 2017**  
Datuk Abdul Shukur bin Haji Idrus joined the Board as a Non-Independent Non-Executive Director
- 30 November 2017**  
Kolonel Dato' Ab Jabar bin Mohamad Aris joined the Board as a Non-Independent Non-Executive Director

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 of the Board.

The diverse range of skills and leadership experience of the Non-Executive Directors enable them to monitor the Group's performance, provide constructive challenges and support the Executive Director. Biographical details of each of the Directors are set out on pages 56 to 66.



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## Corporate Governance Overview

### Key Responsibilities of the Board

The decisions which can only be made by the Board are clearly defined in the schedule of matters reserved for the Board. The full schedule of matters reserved for the Board is available on the Company's website at [www.thplantations.my](http://www.thplantations.my).

The matters requiring Board approval include, amongst others:



#### 1 Board Structure

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

#### 2 Remuneration Matters

- Recommendation of Directors' fees and any benefits for Non-Executive Directors, to be approved by the shareholders.
- Approval of remuneration packages, including service contracts for CEO/Executive Director and the Group's Senior Management and any other person the Board determines.
- 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.

#### 3 Company and Group Operation

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

#### 4 Financial

- Approval of annual budget of the Group.
- 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.
- Approval of financial statements i.e. quarterly reports, audited accounts (including announcements to Bursa Malaysia).
- Approval of interim dividend for payment and recommendation of final dividend or other distribution for shareholders' approval.
- Adoption of accounting policies in line with the Malaysian Financial Reporting Standards and any changes thereto.
- 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.
- Opening and closing of bank accounts.
- Change in mode of operation of bank accounts including cheque signatories.
- Write-off of intercompany transactions or balance.

#### 5 Others

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

The Board has delegated certain responsibilities to its committees. The terms of reference for each committee are available on the Company's website at [www.thplantations.my](http://www.thplantations.my). The principal activities of each of these committees during the year are set out in their respective reports in this Annual Report or can be found in our Board Charter which is also available online (and, where so required by applicable regulation, are incorporated by reference into this Corporate Governance Overview Statement).



**Governance Structure**

The Governance structure of the Board is as follows:



The Board ensure that the Chairman has never held the post of CEO of the Company. 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.



# OUR GOVERNANCE FRAMEWORK

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### 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 56 to 66.



#### 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.



#### Chief Executive Officer/ Executive Director

**CEO is, 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 Executive Director/CEO are as follows:

- i. Develops and implements strategy, reflecting long-term objectives 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 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;
- ii. Protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality; and
- iii. Important in areas where the interest of management, the Company and/or the shareholders diverge, such as audit and related party transactions.



#### 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. Working closely with the Chairman to raise all material compliance and governance issues;
- ii. Attending 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.



**Key Board discussions and activities**

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

**1 Financial**

- Financial Statements for the financial year 2016
- Quarterly Report on Consolidated results
- Final Dividend for the financial year 2016
- First Interim Dividend for the financial year 2017
- Re-appointment of external auditors for the financial year 2017
- Audit fee for THP and Group for the financial year 2017
- Updates on changes in accounting standards and/or policies
- Proposed financing facility for THP's subsidiary
- Annual budget for THP Group

**Governance 3**

- Material litigation cases updates within the Group
- Board Charter, Whistleblowing Policy, Remuneration Policy for Directors and Senior Management
- Updates on the Companies Act 2016, Malaysian Code of Corporate Governance 2017, amendments to the Main Market Listing Requirements

**2 Risk, Strategy, Sustainability**

- MSPO certification
- Updates on THP Group's estates performance
- Precision Water Management on Peat in THP Group of Estates
- Business growth and improving yields
- Improving operational efficiency
- Updates on Risk Management

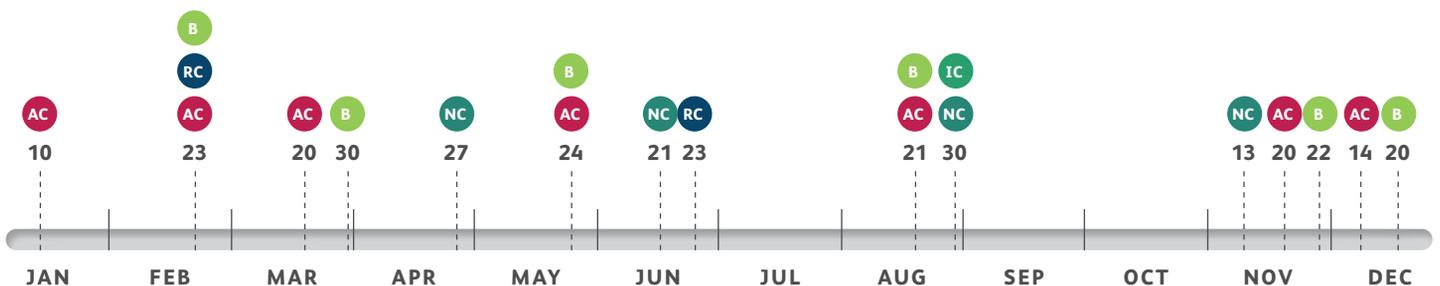
**Succession Planning, Appointment, Resignation, Remuneration 4**

- Board Evaluation Assessment
- Re-election of Directors
- Change of directorship in THP and Group
- Change of committee members in THP
- Extension of contract of service of the CEO/ED of THP
- Change in key Senior Management
- Directors' & Officers' Indemnity Insurance policy
- Performance bonus and remuneration package of the CEO/ED of THP
- Performance bonus and annual salary increment for employees of THP



**5 Divestment**

- Proposed disposal of Ladang Jati Keningau Sdn. Bhd.



AC Audit Committee    RC Remuneration Committee    NC Nomination Committee    IC Investment Committee    B Board

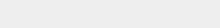
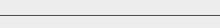
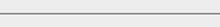
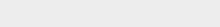


## OUR GOVERNANCE FRAMEWORK

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#### Board meeting attendance

Board meetings are typically held at the registered office of THP. The number of Board meetings attended by each Director during the 2017 financial year is as follows:

Directors	Years of Service	Attendance Summary	
		Number of Meetings Attended	%
<b>Tan Sri Dato' Sri Ab. Aziz bin Kasim</b> <i>Chairman, Independent Non-Executive Director</i>	3		 50
<b>Tan Sri Dato' Sri Ismee bin Haji Ismail</b> <i>Deputy Chairman, Non-Independent Non-Executive Director</i>	11		 100
<b>Datuk Seri Johan bin Abdullah</b> <i>Non-Independent Non-Executive Director</i>	2		 50
<b>Mohd Adzahar bin Abdul Wahid</b> <i>Independent Non-Executive Director</i> <i>(Appointed w.e.f. 24 May 2017)</i>	-		 100
<b>Datuk Seri Nurmala binti Abd Rahim</b> <i>Independent Non-Executive Director</i>	3		 84
<b>Dato' Sri Amran bin Mat Nor</b> <i>Independent Non-Executive Director</i>	6		 84
<b>Datuk Abdul Shukur bin Haji Idrus</b> <i>Non-Independent Non-Executive Director</i> <i>(Appointed w.e.f. 18 September 2017)</i>	-		 100
<b>Dato' Shari bin Haji Osman</b> <i>Independent Non-Executive Director</i>	2		 100
<b>Dato' Dr. Md Yusop bin Omar</b> <i>Independent Non-Executive Director</i>	2		 100
<b>Kolonel Dato' Ab Jabar bin Mohamad Aris</b> <i>Non-Independent Non-Executive Director</i> <i>(Appointed w.e.f. 30 November 2017)</i>	-		 100
<b>Dato' Sri Zainal Azwar bin Zainal Aminuddin</b> <i>Chief Executive Officer/Executive Director</i>	8		 100
<b>Tan Sri Othman bin Mahmood</b> <i>Non-Independent Non-Executive Director</i> <i>(Resigned w.e.f. 18 August 2017)</i>	2		 67
<b>Dato' Sri Mohamad Norza bin Zakaria</b> <i>Independent Non-Executive Director</i> <i>(Retired on 8 May 2017)</i>	3		 100
<b>Dato' Azizan bin Abd Rahman</b> <i>Non-Independent Non-Executive Director</i> <i>(Resigned w.e.f. 1 September 2017)</i>	12		 100



## Effectiveness

Our Board is of the opinion that the provisions in the Companies Act 2016 and the Listing Requirements are sufficient to ensure adequate commitment by the Directors to perform their duties; and that each Director is able to commit sufficient time to the Company without it being formally regulated.

### Fostering Commitment

Our Board is of the opinion that the provisions in the Companies Act 2016 and the Listing Requirements are sufficient to ensure adequate commitment by the Directors to perform their duties; and that each Director is able to commit sufficient time to the Company without it being formally regulated.

This is evidenced by the attendance of Directors and time spent at Board and Committee meetings. A high level of flexibility has been demonstrated with Board members being able to accommodate the Company according to its needs.

A total of six (6) board meetings were held in 2017 and all Directors have complied with the minimum fifty per centum (50%) attendance as required under Paragraph 15.05(3) of 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 five (5) 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.

### Induction and Development

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 targets of the Group. In addition, visits to the Company's estates and mills are also conducted whenever necessary.

The Chairman is responsible for ensuring that each Director receives an induction on joining the Board and receives the training he or she requires, tailored to his/her specific requirements.



## OUR GOVERNANCE FRAMEWORK

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Induction briefings and updates on the industry, as well as THP's aspirations, business targets and group performance, were organised for the newly appointed Directors.

During the year under review, the following Directors went through an induction programme:

- Mohd Adzahar bin Abdul Wahid
- Datuk Abdul Shukur bin Haji Idrus
- Kolonel Dato' Ab Jabar bin Mohamad Aris

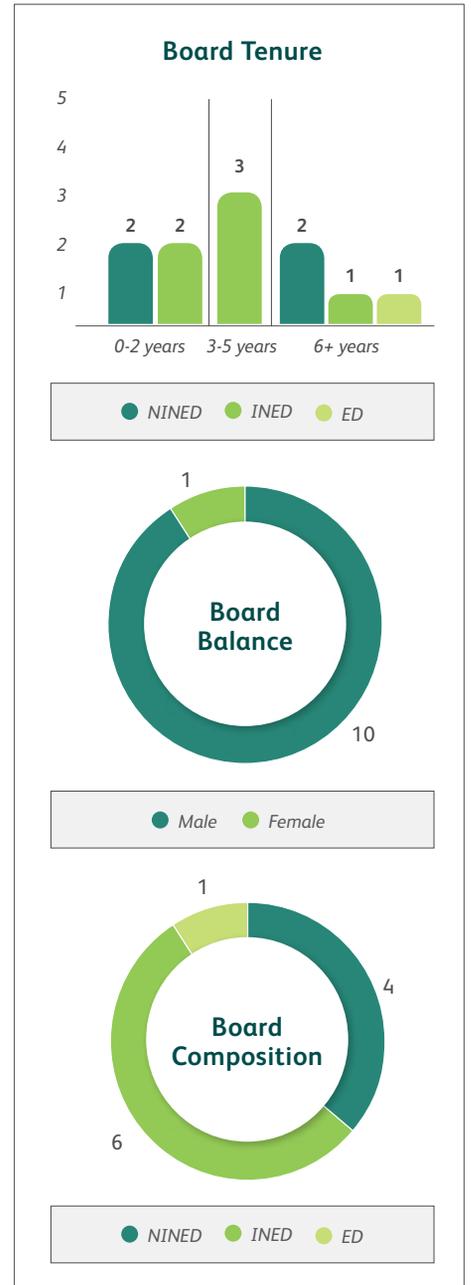
Directors are also encouraged to continue to update their skills and knowledge and to ensure that they are aware of developments in market practice. A programme of courses is made available to the Directors, who are encouraged to attend courses which they consider to be of relevance to their roles.

Programme Title
A Private Event: An Evening with Sir Michael Barber
KWAP CONNECTS 2017: Networking & Corporate Luncheon
TH Transformation Workshop – Roland Berger
Fintech Training Session
In House Programme for Directors to update on Malaysian Code of Corporate Governance 2017 and the Main Market Listing Requirements of Bursa Malaysia
Corporate Governance: Obligations of Directors from the Listing Requirements Perspective
In House Training on The Companies Act 2016
Palm Oil Economic Review
13 <sup>th</sup> National Seminar: 100 years of Palm Oil
International Palm Oil Congress
MIA International Accountants Conference 2017
Securities Commission: Malaysia's Conversation with Audit Committee
Sesi Pemukiman GLC dan Kementerian Kewangan

### Information and Support

The Board is provided with regular and timely information on the Group's operational and financial performance, together with reports on trading, the markets, health and safety and other matters.

The Company Secretary is the secretary to the Board and each of its committees. Prior to each Board or committee meeting, the Company Secretary ensures that the relevant papers are distributed, five working days in advance of the meeting. All Directors have access to the Company Secretary and may take independent professional advice at the expense of the Company.





### 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 AGM.

The following Directors, who retire by rotation in accordance with Article 84 of the Constitution of the Company and being eligible, have offered themselves for re-election:

- Tan Sri Dato' Sri Ismee bin Haji Ismail
- Datuk Seri Nurmala binti Abd Rahim

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, shall retire in accordance with Article 89 of the Constitution of the Company and being eligible, have offered themselves for re-election:

- Mohd Adzahar bin Abdul Wahid
- Datuk Abdul Shukur bin Haji Idrus
- Kolonel Dato' Ab Jabar bin Mohamad Aris

### 2017 Board Performance Evaluation

The 2017 evaluation was led by the Chairman, with the assistance of the Nomination Committee. The evaluation focused on a number of key areas:

The skills and experience of the Board

Meetings and Board administration

The effectiveness of the Board's decision-making

The Board's role with respect to the Group's strategy

The Board's management of risk

The Board's engagement with key stakeholders, including shareholders and employees

The operation of the Board's committees

### This Process was divided into 3 Stages

#### Stage 1



Completion of questionnaire

A comprehensive questionnaire was sent to each Board member. Board members completed and returned the questionnaire to the Company Secretary.

#### Stage 2



Evaluation of responses/ reporting

The Company Secretary compiled a report to be tabled to the Nomination Committee based on the feedback provided by Board members, addressing the performance of the Board and each of its committees.

#### Stage 3



Discussions with the Chairman and then the Board

The Nomination Committee and the Chairman discussed the draft conclusions. Subsequently, these conclusions and a draft action plan were discussed by the Board.



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#### Nomination Committee



**Datuk Seri Nurmala Binti Abd Rahim**

*Chairman,  
Independent Non-Executive Director*



The members of the Nomination Committee are as follows:

Members	Number of Meetings Attended
<b>Datuk Seri Nurmala Binti Abd Rahim</b> <i>Chairman, Independent Non-Executive Director</i> <i>(Redesignated from Member to Chairman w.e.f. 1 September 2017)</i>	4/4
<b>Datuk Seri Johan bin Abdullah</b> <i>Member, Non-Independent Non-Executive Director</i> <i>(Appointed w.e.f. 1 September 2017)</i>	1/1
<b>Mohd Adzahar bin Abdul Wahid</b> <i>Member, Independent Non-Executive Director</i> <i>(Appointed w.e.f. 1 September 2017)</i>	1/1
<b>Dato' Azizan bin Abd Rahman</b> <i>Chairman, Non-Independent Non-Executive Director</i> <i>(Resigned w.e.f. 1 September 2017)</i>	3/3
<b>Dato' Sri Mohamad Norza bin Zakaria</b> <i>Member, Independent Non-Executive Director</i> <i>(Retired on 8 May 2017)</i>	N/A

The Nomination Committee shall consist of at least three (3) members and shall be appointed by the Board from among the Directors of the Company, comprising exclusively Non-Executive Directors, a majority of whom are independent.

The Committee shall meet 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.

**The functions and responsibilities of the Nomination Committee are as follows:**

- To regularly review the Board's structure, size and composition and make recommendations to the Board on any adjustments deemed necessary;
- To identify and propose to the Board suitable candidates as Directors of the Company;
- To assess the performance of the Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of individual Directors, including Independent Non-Executive Directors as well as the Chief Executive Officer, and to identify areas for improvement;



- To consider and recommend to the Board, candidates to fill directorship vacancies in the Company and THP Group;
- To evaluate and recommend to the Board, Directors to fill seats in the Board Committees;
- To consider, in making its recommendations, candidates proposed by the Chief Executive Officer for directorship and within the bounds of practicability, by any other senior executives or any Director or shareholder;
- To recommend to the Board, the continuation of service of the Executive Director(s) and Director(s) who are due for retirement by rotation;
- To review on an annual basis, the Board's mix of skills, experience and other qualities including core competencies;
- 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;
- Such other functions as may be delegated by the Board from time to time; and
- To review and recommend promotions, extension of contracts, creation of new posts and all other human resource related matters in relation to key Management personnel of the Company and its Group i.e. the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, Head of Human Resource and Head of Marketing.

#### Work Done in 2017

- 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 namely, Mohd Adzahar bin Abdul Wahid as an Independent Non-Executive Director of THP, Datuk Abdul Shukur bin Haji Idrus as a Non-Independent Non Executive Director of THP and Kolonel Dato' Ab Jabar bin Mohamad Aris also as a Non-Independent Non Executive Director of THP;
- Reviewing and recommending to the Board on the extension of contract of service of Dato' Sri Zainal Azwar bin Zainal Aminuddin as the Chief Executive Officer/Executive Director of THP;
- Assessing and recommending to the Board on the change of directorship in THP Group; and
- Assessing and considering the proposed change of key management personnel.



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Remuneration Committee



**Tan Sri Dato' Sri Ab. Aziz bin Kasim**  
*Chairman, Independent Non-Executive Director*



The members of the Remuneration Committee are as follows:

Members	Number of Meetings Attended
<b>Tan Sri Dato' Sri Ab. Aziz bin Kasim</b> <i>Chairman, Independent Non-Executive Director</i>	1/2
<b>Tan Sri Dato' Sri Ismee bin Haji Ismail</b> <i>Member, Non-Independent Non-Executive Director</i>	2/2
<b>Dato' Shari bin Haji Osman</b> <i>Member, Independent Non-Executive Director</i>	2/2

The Remuneration Committee shall consist of at least three (3) members and shall be appointed by the Board from among the Directors of the Company, comprising wholly or mainly Non-Executive Directors.

The Committee shall meet 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.

**The functions and responsibilities of the Remuneration Committee are as follows:**

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



**The structure and procedures of the Remuneration Committee are as follows:**

- The remuneration of Directors shall be the ultimate responsibility of the Board after considering the recommendations made by the Committee.
- The 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. In the case of Executive Directors, the components of the remuneration should be structured so as to link rewards to corporate and individual performance. The level of remuneration should reflect the experience and responsibilities undertaken by the Non-Executive Directors concerned.

**Work Done in 2017**

- Reviewing, considering and recommending to the Board the performance bonus for the CEO/ED of THP;
- Reviewing, considering and recommending to the Board the remuneration package of the CEO/ED of THP; and
- Reviewing, considering and recommending to the Board the performance bonus and annual salary increment for employees of THP.

**Director's Remuneration**

Our remuneration policy ensures that the remuneration mix is market competitive and equitable. The aim of the remuneration policy and philosophy is to:

- Align with our strategic thrusts and value drivers;
- 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
- Support the philosophy of value-based management.

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

The remuneration of the Executive Director includes salary and emoluments, bonus and benefits-in-kind. The Executive Director is also eligible to participate in the Company's Employees Share Option Scheme ("THP ESOS") that came into effect on 8 May 2009 and expired on 7 May 2017.

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. Non-Executive Directors, however, do not participate in THP's ESOS.



## OUR GOVERNANCE FRAMEWORK

### Corporate Governance Overview

#### Remuneration Committee

Details of remuneration (including benefits-in-kind) for each Director for the year ended 31 December 2017 are as follows:

	RM'000							Total
	*Fees		Salary	Bonus	Other Emoluments	Benefit-in-kind		
	Company	Group						
<b>Non-Executive Directors</b>								
Tan Sri Dato' Sri Ab. Aziz bin Kasim	168	-	-	-	-	31		199
Tan Sri Dato' Sri Ismee bin Haji Ismail	132	81	-	-	-	36		249
Datuk Seri Johan bin Abdullah	84	-	-	-	-	-		84
Datuk Seri Nurmala binti Abd Rahim	96	12	-	-	-	-		108
Dato' Sri Amran bin Mat Nor	96	12	-	-	-	-		108
Dato' Shari bin Haji Osman	96	-	-	-	-	-		96
Dato' Dr. Md Yusop bin Omar	84	-	-	-	-	-		84
Mohd Adzahar bin Abdul Wahid <i>(Appointed w.e.f. 24 May 2017)</i>	63	-	-	-	-	-		63
Datuk Abdul Shukur bin Haji Idrus <i>(Appointed w.e.f. 18 September 2017)</i>	21	-	-	-	-	-		21
Kolonel Dato' Ab Jabar bin Mohamad Aris <i>(Appointed w.e.f. 30 November 2017)</i>	7	-	-	-	-	-		7
Tan Sri Othman bin Mahmood <i>(Resigned w.e.f. 16 August 2017)</i>	56	-	-	-	-	-		56
Dato' Sri Mohamad Norza bin Zakaria <i>(Retired on 8 May 2017)</i>	36	-	-	-	-	-		36
Dato' Azizan bin Abd Rahman <i>(Resigned w.e.f. 1 September 2017)</i>	56	15	-	-	-	-		71
<b>Executive Director</b>								
Dato' Sri Zainal Azwar bin Zainal Aminuddin	84	153	1,045	576	272	7		2,137
<b>TOTAL</b>	<b>1,079</b>	<b>273</b>	<b>1,045</b>	<b>576</b>	<b>272</b>	<b>74</b>		<b>3,319</b>

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

Number of Directors whose remuneration falls within the following bands:

	Number of Directors
Less than RM50,000	3
RM50,000 to RM100,000	6
RM100,001 to RM150,000	2
RM150,001 to RM200,000	1
RM200,001 to RM250,000	1
RM2,100,001 to RM2,150,000	1



## Accountability

The Board is responsible for the Group's systems of risk management and internal control, including those established to identify, assess, manage and monitor risk. These systems are designed to mitigate, but cannot completely eliminate, the risks faced by the Group.

### Risk Management and Internal Controls

The Board is responsible for the Group's systems of risk management and internal control, including those established to identify, assess, manage and monitor risk. These systems are designed to mitigate, but cannot completely eliminate, the risks faced by the Group. The Board has delegated responsibility for overseeing the implementation of these systems to both the Investment Committee ("IC") and the Audit Committee ("AC").

The Head of Internal Audit reports to the IC on strategic risk issues and has oversight of the Group's risk management framework. Working with the Head of Internal Audit, management is responsible for the identification and evaluation of the risks that apply to the Group's business and operations, together with the design and implementation of controls which are designed to manage those risks.

Risk registers are prepared at business unit, divisional and Group levels. Those registers identify internal and external factors and risks, including those relating to contract delivery, tender pricing, the Group's IT

systems and its funding requirements. These risks, and the controls designed to mitigate them, are continuously monitored.

The principal aspects of the Group's systems of risk management and internal control also include:

- The Risk Management Committee ("RMC"), which reviews risks arising during tenders for new contracts;
- The Group's standing orders that set out delegated authorities within which the Group operates. These are supplemented by standing orders which apply at divisional and business unit levels; and
- A number of Group-wide committees which ensure that key risks are managed appropriately. These include the Safety, Health and Environment Committee and committees which focus on the management of IT risks relating to the Group.

To support this structure, the Group has a 'whistleblowing' policy which enables employees to raise concerns in confidence. A summary of how the Group identifies and manages risk is set out on page 95 to 99.

### Quality of Financial Reporting

The Group has clear policies and procedures to ensure the conformity, reliability and accuracy of financial reporting, including the process for preparing the Group's interim and annual financial statements.

The Group recruits suitably qualified and experienced finance professionals who have responsibility for the financial reporting process. Duties are segregated, with clear lines of accountability and delegations of authority. The Group's financial reporting policies and procedures cover financial planning and reporting, preparation of financial information and the monitoring and control of capital expenditure. The Group's financial statements preparation process includes reviews at business unit, divisional and Group levels.

### Effectiveness Review

The MCCG 2017 requires the Board, at least annually, to conduct a review of the Group's systems of risk management and internal control. The steps taken by the RMC, on behalf of the Board, in reviewing these systems are described under 'Statement on Risk Management and Internal Control on page 95 to 99.



## OUR GOVERNANCE FRAMEWORK

### Corporate Governance Overview

#### Audit Committee



**Mohd Adzahar bin Abdul Wahid\***  
Chairman, Independent Non-Executive Director



The members of the Audit Committee during the financial year under review are as follows:

Members	Number of Meetings Attended
<b>Mohd Adzahar bin Abdul Wahid*</b> Chairman, Independent Non-Executive Director (Appointed to the Audit Committee on 24 May 2017)	3/3
<b>Datuk Seri Nurmala binti Abd Rahim</b> Member, Independent Non-Executive Director	6/7
<b>Dato' Sri Amran bin Mat Nor</b> Member, Independent Non-Executive Director	6/7
<b>Dato' Shari bin Haji Osman</b> Member, Independent Non-Executive Director	7/7
<b>Datuk Seri Mohamad Norza bin Zakaria*</b> Chairman, Independent Non-Executive Director (Retired from the Audit Committee on 8 May 2017)	3/3

\* A member of the Malaysian Institute of Accountants (MIA)

#### Terms of Reference

The Audit Committee's Terms of Reference, referred to by the Committee in performing its duties and responsibilities, are as follows:

##### 1. Composition

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members.

All members of the Audit Committee shall be Non-Executive Directors, a majority of whom shall be Independent Directors.

An Alternate Director must not be appointed as a member of the Audit Committee.

In the event of any vacancies in the Audit 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.

##### 2. Membership

At least one (1) member of the Audit Committee:

- Must be a member of the Malaysian Institute of Accountants; or
- If he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:



- i) He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
  - ii) He 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 or finance; or
  - d) Must have at least seven (7) years' experience as chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
  - e) Possess such other requirements relating to financial-related qualifications or experience as prescribed or approved by Bursa Malaysia Securities Berhad.
  - f) Any former key audit engagement partner of the company's external auditors is required to observe a cooling-off period of at least 2 years before he or she could be appointed as a member of the 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 Audit Committee Meeting, to assist in resolving and clarifying matters raised in the audit report 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 recommendation for consideration and implementation and the final decision shall be the responsibility of the Board.

### 3. Chairman

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

### 4. Quorum

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

### 5. Meeting

- 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 Audit Committee;

### 6. Voting and Proceedings of Meeting

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.

Circular Resolutions signed by all the members shall be valid and effective as if it had been passed at the Audit Committee meeting.

### 7. Minutes

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.



## OUR GOVERNANCE FRAMEWORK

### Corporate Governance Overview

#### Audit Committee

Minutes of the Committee Meeting will be made available to all Board members. The Chairman of the Audit Committee will provide written or verbal report of significant matters of each Audit Committee meeting at the next Board meeting or as may otherwise be required by the Board.

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 the inspection of any member of the Committee and the Board.

#### 8. Authority

The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference or as otherwise directed by the Board. The Audit Committee shall have:

- a) The authority to investigate any matter within its terms of reference;
- b) The resources required to perform its duties;
- c) Full and unrestricted access to any information, records, properties and personnel of THP Group;
- d) Direct communication channels with the external auditors and internal auditors;
- 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; and
- f) The right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

#### 9. Functions and Responsibilities

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 AC 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.

#### 10. Review of the AC Charter

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

#### 11. Review of the AC

The Board of Directors shall review and assess the term of office and performance of the AC and each of its members at least once every three (3) years.

#### Attendance

The Management was also invited to brief the AC on the Group's financial performance and relevant corporate matters as well as to address any enquiries raised by the AC. The Management of Internal Audit Department 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.

#### Work Done During 2017

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 application of corporate governance principles and the extent of THP Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance in conjunction with the preparation of the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control;
- c) Reviewed and approved the external auditors' scope of work and audit plan;
- d) 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);
- e) Reviewed with the external auditors, on the results of the audit and the management letter including Management's responses on matters highlighted in the report;
- f) Reviewed the conduct, and considered the remuneration and re-appointment of the external auditors;
- g) Held independent meetings (without the presence of the Management) with the external auditors on significant findings during the course of their audit;



## OUR GOVERNANCE FRAMEWORK

### Corporate Governance Overview

#### Audit Committee

- h) Reviewed the Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control prior to their inclusion in the Annual Report 2017;
- i) Reviewed and approved the internal audit function, scope of work and audit plan;
- j) Reviewed the internal audit findings and reported to the Board on relevant matters deliberated in the Audit Committee meetings;
- k) Held independent meetings (without the presence of the Management) with the internal auditors on significant findings during the course of their audit;
- l) Performed periodic review on the system of internal controls that is in place and being observed; and
- m) 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 Internal Audit Department 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 Internal Audit Department 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 Internal Audit Department has:

- a) Conducted 43 audits, 2 special 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 Audit 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 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 RM1.37 million.

This Audit Committee Report was approved by the Board of Directors of THP on 26 March 2018.

Investment Committee



**Tan Sri Dato' Sri Ismee bin Haji Ismail**  
*Chairman, Non-Independent Non-Executive Director*



The members of the Investment Committee are as follows:

Members	Number of Meetings Attended
<b>Tan Sri Dato' Sri Ismee bin Haji Ismail</b> <i>Chairman, Non-Independent Non-Executive Director</i> <i>(Redesignated from member to Chairman w.e.f. 1 September 2017)</i>	1/1
<b>Dato' Shari bin Haji Osman</b> <i>Member, Independent Non-Executive Director</i>	1/1
<b>Mohd Adzahar bin Abdul Wahid</b> <i>Member, Independent Non-Executive Director</i> <i>(Appointed w.e.f. 1 September 2017)</i>	N/A
<b>Dato' Azizan bin Abd Rahman</b> <i>Chairman, Non-Independent Non-Executive Director</i> <i>(Resigned w.e.f. 1 September 2017)</i>	1/1
<b>Dato' Sri Mohamad Norza bin Zakaria</b> <i>Member, Independent Non-Executive Director</i> <i>(Retired on 8 May 2017)</i>	N/A

The Investment Committee shall consist of not less than three (3) members, comprising exclusively of Non-Executive Directors. Their term of office will be for a duration of two (2) years or as decided by the Board.

The Committee will meet as required to review all activities and progress of the recommendations and shall provide a briefing at each Board meeting. The quorum for the Committee shall be at least two (2) members.

**Roles and responsibilities**

- To assist the Board of Directors on matters related to investments for the growth of the Company;
- To provide guidance for the Executive Director and his Management team to prepare and recommend a strategy for the business based on teamwork through the formal hierarchy of management;
- 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;
- To provide guidance on the strategy of the business related to growth as well as investments related to human capital;
- To provide guidance to line management that will include upgrading of practices including process improvements and the use of new technology. Proposals may include recommendations for diversifying the Company's business including those for any downstream activities; and
- 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.

**Work Done During 2017**

- The Board made the decision to change the name of the Committee from Investment, Risk & Compliance Committee to the Investment Committee. This was in view of streamlining and recognising efficiencies across all Committees; and
- Considered the proposal for the disposal of Ladang Jati Keningau Sdn Bhd by TH Ladang (Sabah & Sarawak) Sdn Bhd, a wholly owned subsidiary of THP.



## Relations With Shareholders

The Board acknowledges the importance of an effective communication channel between itself and stakeholders, institutional investors and the investing public at large to provide a clear picture of the Group's performance and position.

### Shareholders and Investors

The Board acknowledges the importance of an effective communication channel between itself and stakeholders, institutional investors and the investing public at large to provide a clear picture of the Group's performance and position. THP is committed to maintaining high standards in the dissemination of relevant and material information on the Group in order to maintain effective, comprehensive, timely and continuing disclosure of information.

Formal channels to account to shareholders and stakeholders are:

#### Annual Report

THP's Annual Report contains invaluable information on the Company for shareholders specifically and the public in general. As a key channel of communication between the Group and its stakeholders, it contains a comprehensive report on the Group's direction and financial performance, providing disclosure beyond the requirements of the Listing Requirements in promoting better governance.

A summary of the Annual Report is published in printed form and posted to shareholders together with a CD-ROM. An electronic version of the full Annual Report is also available on the Company's website for download on both IOS and Android.

The complete printed version of the Annual Report is provided to shareholders upon request. Details on the form of request for printed copy are provided in the corporate and financial summary of the annual report. Our Share Registrar will ensure that the printed copy reaches shareholders within four (4) days of requests being received.

#### Annual General Meetings ("AGM")

Another significant avenue of communication and dialogue with shareholders is THP's general meetings, in particular the AGMs. During the AGM, the CEO presents a comprehensive review of the Group's performance and value created for shareholders as well as current developments of the Group. This review is supported by a visual and graphic presentation of the key points and financial figures.

Upon commencement of the general meeting, the Chairman will explain the rules, that will govern the meeting.

At the AGM, shareholders have encouragingly taken the opportunity to raise questions on the agenda items of the AGM. Appropriate answers and/or clarification are provided by the Board members, Committee chairman or Senior Management. A media conference is also held immediately after the AGM at which the Chairman, CEO, Chief Financial Officer and relevant Senior Management are present to clarify and explain issues raised by the media.

#### Investor Relations (“IR”)

A sound IR programme is vital in managing the interests of shareholders, stakeholders and investors in the Company. Continuous engagement is maintained with the investing community through a planned IR programme managed by the IR department under the patronage of the CEO. Shareholders and market observers are also welcomed to raise queries at any time.

All communication with the capital market is under the scope of our IR Policy, guaranteeing timely and high quality disclosure of information to shareholders and investors to enable them to form proper judgements and appraisals of the Group in making informed investment decisions.

Communication and feedback from investors can also be directed to:



**Assistant General Manager  
(Sustainability and Investor Relations)**

**Aizzura Ab Rahim**  
**Contact No. :** 03 2603 4852  
**Email :** info@thplantations.com

#### Instilling Sustainability

The Board strongly views sustainability as a combination of both long-term economic value creation with a holistic approach to environmental stewardship, social responsibility and corporate governance.

The Group takes a proactive approach to sustainability through incorporation of sustainable practices into its operations, engaging with society via its corporate responsibility initiatives, consistent review and improves its governance structures as well as taking actions to reduce its environmental footprint. An overview of the Group’s activities and initiatives for the year 2017 are detailed in the Sustainability Statement which forms part of this Annual Report.

#### 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; 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 Corporate Governance Overview Statement was approved by the Board of Directors of THP on 26 March 2018.