

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5112
COMPANY NAME : TH PLANTATIONS BERHAD
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibilities for the overall governance and accountability towards the shareholders for the performance of the Company. The Board is committed to the pursuit of its objectives and goals with assurance that the high standards of corporate governance are being practiced within the Company.</p> <p>Amongst others, outlined below are the key responsibilities of the Board:</p> <ol style="list-style-type: none">1. Reviewing and adopting strategic plans for the Company, primarily the five (5) year rolling strategic plan for THP and its subsidiaries;2. Overseeing the conduct of the Company's business to ensure that it is being properly managed. Key operational matters are discussed during the annual3. Board meetings, and expert advice or independent advice is sought where necessary;4. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;5. Implementing succession planning, including the appointment and recruitment of Senior Management team members;6. Developing and implementing an investor relations policy or shareholders' communications policy for the Company;7. 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.

Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman carries out a leadership role in conducting the Board and its relations to shareholders and other stakeholders. The role of the Chairman is as follows:</p> <ul style="list-style-type: none"> i. Provides leadership to the Board <ul style="list-style-type: none"> - Plans Board meetings, agenda; - Ensures the Board receives proper information in a 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 is the spokesperson at the Annual General Meeting ("AGM"). Supports 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.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of THP is Tan Sri Abu Talib bin Othman and the CEO of THP is Muzmi bin Mohamed.</p> <p>Both have distinct roles and responsibilities. This is to ensure that there is a clear and proper balance of power and authority.</p> <p>Their roles are set out in the Board Charter and made available on THP's website at www.thplantations.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>THP have two (2) qualified Company Secretaries. Both are Licensed Company Secretaries by the Companies Commission of Malaysia.</p> <p>Their roles and responsibilities include:</p> <ul style="list-style-type: none">- To work closely with the Chairman to raise all material compliance and governance issues.- To attend all Board, Board Committees and Subsidiaries Board meetings.- To ensure accurate records of all meetings and that all decisions made are properly minuted.- To facilitate the communication of key decisions and policies between the Board, Board Committees and Subsidiaries Boards. <p>The Company Secretaries are kept informed of regulatory changes and developments in corporate governance and Main Market Listing Requirements through continual education and professional training.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied	
Explanation on application of the practice	:	<p>Relevant and material information is provided to the Board on average seven (7) calendar days prior to meetings to ensure the Directors have sufficient time to assess the proposals or information.</p> <p>In 2020, an average of seven (7) calendar days were recorded for distribution of Board papers save for Special Board Meetings for which a shorter time frame had been agreed with the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board formally adopts a Board Charter, which provides guidance to the Board in the fulfillment of its roles, duties and responsibilities.</p> <p>The Board Charter outlines the roles and responsibilities of the Board, the balance and composition of the Board, the Board's authorities, schedule of matters reserved for the Board, the establishment of the Board Committees, processes and procedures for convening Board meetings, compliance with ethical standards, Board's access to information, Director's Training and Code of Ethics.</p> <p>The Board Charter is available on THP's website at www.thplantations.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board ensures that the Group upholds high standards of ethics and corporate behavior. This pursuit is premised on the idea that a governing board is in a position of trust. The Board demands that the conduct of Directors is consistent with their duties and responsibilities to the Company and, indirectly, to the Shareholders.</p> <p>The Directors' Code of Conduct and Ethics is set out in the Board Charter and made available on THP's website at www.thplantations.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	<p>THP has in place a Whistleblowing Policy (“the Policy”) intended to enable employees and other persons to make disclosures about wrongdoings at any time to a designated person in THP without fear of reprisal so that problems can be identified and resolved quickly within THP.</p> <p>This Policy also ensures people exercise their rights (to make a disclosure) responsibly and sensibly when suspecting something amiss.</p> <p>The Policy is made available on THP's website at www.thplantations.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied															
Explanation on application of the practice	:	<p>The Board recognises the important contribution that Independent Directors make to good corporate governance. All Directors, whether independent or not, are required to act in the best interests of the Group and to exercise unfettered and independent judgement.</p> <p>The Board composition as at 31 December 2020 was as follows:</p> <table border="1"><thead><tr><th>Designation</th><th>Number of Directors</th><th>Percentage %</th></tr></thead><tbody><tr><td>Executive Director</td><td>Nil</td><td>Nil</td></tr><tr><td>Independent Non-Executive Director ("INEDs")</td><td>3</td><td>50</td></tr><tr><td>Non Independent Non-Executive Director ("NINEDs")</td><td>3</td><td>50</td></tr><tr><td>Total</td><td>6</td><td>100</td></tr></tbody></table> <p>Based on the above composition, three (3) members of the Board are independent and satisfy the following independent criteria:</p> <ol style="list-style-type: none">Independent from Management and free from any business or other relationship which could interfere with independent judgement or the ability to act in the best interests of the Company.Not involved in the day-to-day operations of the Company other than when collective Board approval is required. This mitigates the risk of undue influence from third parties and allows INEDs to exercise fair judgement.Declares their interest or any possible conflict on any matter tabled prior to the commencement of Board meetings. Directors are able to ascertain their involvement in any proposal as the papers are disseminated to them seven (7) days before each meeting. In the case of conflict of interest, Directors are required to recuse themselves and abstain from deliberation to allow unbiased and free discussion and decision making.	Designation	Number of Directors	Percentage %	Executive Director	Nil	Nil	Independent Non-Executive Director ("INEDs")	3	50	Non Independent Non-Executive Director ("NINEDs")	3	50	Total	6	100
Designation	Number of Directors	Percentage %															
Executive Director	Nil	Nil															
Independent Non-Executive Director ("INEDs")	3	50															
Non Independent Non-Executive Director ("NINEDs")	3	50															
Total	6	100															
Explanation for departure	:																

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 4.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The tenure of Independent Directors of THP is nine (9) years as set out in its Board Charter, which can be accessed on THP's website at www.thplantations.my.</p> <p>To date, none of the Independent Directors of THP have exceeded the cumulative limit of nine (9) years.</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board remains focused on enhancing the diversity of Directors' perspectives. Directors are chosen for their corporate leadership skills, experience and expertise. Diversity of experience in business as well as academic backgrounds are also considered. The right blend of skills and experience is crucial in ensuring the attainment of long-term value for THP's Shareholders.</p> <p>All candidates are tabled to the Nomination & Remuneration Committee and later the Nomination & Remuneration Committee will recommend the candidates for approval by the Board.</p> <p>The Board acknowledged the need to improve gender diversity and will continue efforts to seek female candidates to take up Board positions in order to reach at least 30 percent female representation on the Board.</p> <p>There was no appointment of any new Director for the financial year under review.</p> <p>In respect of the appointment of Senior Management, the same process will take place, i.e. the candidates are first tabled to the Nomination & Remuneration Committee prior to the recommendation for approval by the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board fully supports gender diversity and although formal policies are not in place, the Board practices diversity in every respect.	
		The Board considers diversity as a valuable component of any successful company, ensuring differing perspectives of culture, knowledge and experience are presented so as to observe all perspectives in any decision making process.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Although the Group does not utilise independent sources to identify suitably qualified candidates to the Board, it considers that its various networks within Lembaga Tabung Haji, existing Directors and Management of all related companies, provide a healthy pipeline of independently sourced candidates for consideration.</p> <p>Once sourced, each candidate is thoroughly assessed for their independence and nominations are only made once the Nomination & Remuneration Committee is comfortable with its selection, ensuring that all criteria set are fulfilled and that the nominated Director is able to bring the right balance of experience, knowledge and value to the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Nomination & Remuneration Committee of THP is Dato' Shari bin Haji Osman, an Independent Non-Executive Director of THP.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied	
Explanation on application of the practice	:	During the year under review, the Board held its Board Effectiveness Assessment. Details of the appraisal process and actions are set out on page 54 and 55 of the Annual Report 2020.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is mindful of the need to ensure the remuneration package for Directors are competitive to attract and retain Directors and Senior Management of good caliber and integrity with the appropriate qualifications, skills and experience needed to run the Group's operations effectively.</p> <p>The Remuneration Policy & Procedures For Directors and Senior Management of THP is made available on THP's website at www.thplantations.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Nomination & Remuneration Committee which consists of three (3) members, comprising of wholly Non-Executive Directors. The Nomination & Remuneration Committee of THP 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.</p> <p>The Terms of Reference of the Nomination & Remuneration Committee are available on THP's website at www.thplantations.my.</p> <p>Please refer to page 52 and 53 of the Annual Report 2020 for details of the Nomination & Remuneration Committee Report for the year under review.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	THP has been disclosing in detail, on a named basis, the remuneration of THP's individual directors which includes fees at Company and Group level, meeting allowance, salary, bonus, other emoluments and benefits in-kind such as medical and insurance coverage. Details of remuneration (including benefits-in-kind) for each Directors are disclosed on page 55 and 56 of the Annual Report 2020.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is of the view that such disclosure would be a detriment to the Group given the highly competitive nature of the industry. Disclosure could result in poaching of performing management and unnecessary increases in remuneration costs for under-performing staff.</p> <p>As an alternative to the recommended practice, the Board has opted to disclose the Remuneration Policy & Procedures for Directors and Senior Management which is made available on THP's website at www.thplantations.my.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	<p>As at 31 December 2020, the members of the Audit Committee of THP comprises three (3) Independent Non-Executive Directors with mixed backgrounds in the accounting and finance, plantations industry and public administration.</p> <p>The Chairman of the Audit Committee is a Chartered Accountant by profession. He is a Fellow of the Association of Chartered Certified Accountants ("ACCA") (UK), a member of the Malaysian Institute of Accountants ("MIA"), a member of the Financial Planning Association of Malaysia ("FPAM") and a member of the Harvard Business School Alumni Club of Malaysia. He has vast experience in the areas of accounting, auditing, finance and corporate services.</p> <p>The Chairman of the Audit Committee is not the Chairman of the Board, so as not to impair the objectivity of the Board's view on the Audit Committee's findings and recommendations. The composition and activities of the Audit Committee are detailed in the Audit Committee Report as disclosed on pages 57 and 59 of the Annual Report 2020.</p> <p>The Audit Committees met 6 times during the financial year 2020. Senior Management was invited and joined the meetings together with the Head of Internal Audit. Representatives from external auditors and other Head of Departments were also invited where ever appropriate.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The Terms of Reference of the Audit Committee have stated a provision whereby any former key audit partner(s) is required to observe a two (2) years cooling-off period before being appointed as a member of the Audit Committee. To date, none of the members of the Audit Committee is a former key audit partner.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>In practice, the assessment on the suitability, objectivity and independence of the external auditor is conducted annually in the Audit Committee meeting. This is as per the Audit Committee's Terms of Reference under its functions and responsibilities, among others are:-</p> <ul style="list-style-type: none">i. To consider the appointment, resignation and dismissal of external auditors and make appropriate recommendations to the Board including the audit fees;ii. To review external audit scope, audit plan, audit reports and management letter;iii. To discuss issues arising from the interim and final audit and any other matters that external auditors may wish to discuss, in the absence of management where necessary. <p>During the financial year 2020, the Audit Committee performed a review on their conduct and considered the appointment and remuneration of external auditor. The Audit Committee also performs a review and approves external auditor's scope of work and audit plan, results of the audit reports and management letter.</p> <p>Any significant findings from this external auditor's report will be presented and deliberated in the Audit Committee meeting with the presence of Senior Management, Head of Internal Audit and other personnel where appropriate.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>All members of the Audit Committee of THP are Independent Non-Executive Directors. During the financial year 2020, the members of the Audit Committee are as follows:-</p> <p>Chairman: Mohd Adzahar bin Abdul Wahid* <i>Independent Non-Executive Director</i></p> <p>Members:</p> <ol style="list-style-type: none">1. Dato' Shari bin Haji Osman <i>Independent Non-Executive Director</i>2. Dato' Indera Dr. Md Yusop bin Omar <i>Independent Non-Executive Director</i> <p>* <i>Member of the Malaysian Institute of Accountants (MIA)</i></p>

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application :	Applied								
Explanation on application of the practice :	<p>The Audit Committee members collectively possess a wide range of necessary skills to discharge their duties.</p> <p>The Chairman of the Audit Committee is a Chartered Accountant by profession. He is also a Fellow of ACCA (UK), a member of the MIA, a member of the FPAM and a member of the Harvard Business School Alumni of Malaysia. He has a vast of experience in the areas of accounting, auditing, finance and corporate services. While the other two (2) members of the Audit Committees have a vast experience and knowledge in plantations industry and public service.</p> <p>The relevant qualification and experience of each member of the Audit Committee are disclosed on pages 38 to 40 of the Annual Report 2020.</p> <p>The members of the Audit Committee have undertaken continuous professional development and during the financial year 2020, members attended training relevant to their role as per listed below:-</p> <table border="1"> <thead> <tr> <th>Training Program Title</th> <th>Date</th> <th>Organiser</th> </tr> </thead> <tbody> <tr> <td>Fraud Risks Management Online Workshop</td> <td>25 November 2020</td> <td>PwC Malaysia</td> </tr> </tbody> </table>			Training Program Title	Date	Organiser	Fraud Risks Management Online Workshop	25 November 2020	PwC Malaysia
Training Program Title	Date	Organiser							
Fraud Risks Management Online Workshop	25 November 2020	PwC Malaysia							
Explanation for departure :									
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>									

Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibilities and the importance of establishing an effective risk management and internal control framework. The intention of having such framework is to provide the Board with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed. To support the Board, two (2) committees have been given the responsibility:-</p> <ul style="list-style-type: none"> i. The Investment Committee, tasked with overseeing the Group's investment evaluation, procedures, process and activities; and ii. The Audit Committee, tasked with overseeing the Group's financial performance and corporate affairs and reviewing the risk management and internal control framework. The committee is supported by the Group's Risk Management Committee, Internal Audit Department and external auditor. <p>The Board also recognises that such framework evolves through time process and that it is designed to manage and reduce the risks to acceptable levels, rather than to eliminate entirely. Thus, the implementation of the framework should only provide reasonable and not absolute assurance against the occurrence of any material misstatement or loss.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The risk management framework of the Group involves three (3) basic processes which are the risk identification, risk assessment and risk monitoring and reporting. It is a continuous cycle of processes that ensure continuous improvement on the adequacy and effectiveness of the risk management framework and its implementation.</p> <p>The internal control system has been designed to reflect the risk profiles established in the risk management framework. The system is formulated mainly based on the industry best practices and relevant rules and regulations to properly mitigate and manage the risks according to the risk appetite set by Management and the Board. This system is continuously reviewed, monitored and updated to reflect current and future business needs and requirements.</p> <p>The key elements on the internal control system are:-</p> <ol style="list-style-type: none"> 1) Board oversight function; 2) Corporate structure and authority; 3) Policies and procedures in place; 4) Performance review and monitoring activities; 5) Human capital management; and 6) Tender and procurement management. <p>The more comprehensive features of the Group's risk management and internal control framework, and its adequacy and effectiveness are elaborated further in the Statement of Risk Management and Internal Control on pages 61 to 65 of the Annual Report 2020.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board made a decision that the responsibility to oversee the Group's risk management framework and policies is placed under the purview of the Audit Committee, effective November 2017.</p> <p>During the year 2020, THP maintained a small number of directors at six (6) members, in order to achieve the best balance between cost and efficiency without compromising its effectiveness.</p> <p>Given the current number of Board members available to the Company, the Board maintained that the Group's risk management framework and policies remains under the purview of the Audit Committee.</p> <p>The Audit Committee has 3 members and all are Independent Non-Executive Directors.</p>

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The existence of Internal Audit Department (“IAD”) is to provide the Board, through the Audit Committee, with independent assurance in regards to the effectiveness of risk management, internal control and governance of the Group. Its primary function is to support and assist in discharging the duties and responsibilities of the Audit Committee.</p> <p>IAD is governed by an Internal Audit Charter and it is independent from the operational and financial activities of the Group. They maintained their proficiency and due professional care and having their audit plans, activities and reports reviewed and approved by the Audit Committee.</p> <p>The Audit Committee has the authority to review and approve IAD’s scope of work, performance and budgets. It also has the authority in appointment and remove the internal audit personnel.</p> <p>The Audit Committee is satisfied that the Head of IAD has the relevant qualification, experience, knowledge and skill to discharge his functions effectively and the IAD has sufficient resources to carry out its function effectively and independently.</p> <p>All personnel in the IAD have the necessary experience, knowledge and skills to perform their function effectively and independently and all of them are members of The Institute of Internal Auditors Malaysia (IIAM).</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The IAD is independent of the Group's business operations. It has a mandate set out in its Internal Audit Charter approved by The Audit Committee. Their responsibility is to carry out audit work in accordance with the guidelines of the IIAM and the annual strategic audit planning approved by the Audit Committee.</p> <p>The IAD emphasizes independency and objectivity and remains free from interference by any elements within the Group. It has no direct operational responsibility or authority over any of the activities audited.</p> <p>All IAD personnel are free from any relationships or conflicts of interest, except one (1) personnel which has family ties with the Group's Mill Adviser in the Engineering Department. In maintaining the independency and objectivity of the internal audit function, that personnel will not be included in any audit engagement relating to the Engineering Department and palm oil mills.</p> <p>The IAD is headed by En. Mohd Badli Shah bin Mohd Said who has over 14 years of working experience in internal audit and risk management. He holds a Bachelor Degree with Honours in Accounting & Business from the University of Sunderland, United Kingdom and a Master in Business Administration from the University of Malaya. He is also a member of IIAM.</p> <p>There are 8 executives and 1 clerical staff supporting the Head of IAD, all of whom are qualified and possess the required skills, expertise, knowledge and experience. All executives are members of the IIAM.</p> <p>The IAD activities are carried out according to the annual strategic audit planning approved by the Audit Committee and audit manual requirements. The department went through a Quality Assurance Review in 2013 conducted by the IIAM to ensure that the internal audit function is in accordance with a recognised IIAM framework.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of an effective communication channel between itself, 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.</p> <p>The timely release of financial results on a quarterly basis provides the investors with an up-to-date view of the Group's performance and operations. The release of the quarterly financial results to Bursa Securities is accompanied by a press release.</p> <p>Shareholders are welcome to raise queries by contacting the Company at any time throughout the year and need not wait for the AGM for such an opportunity.</p> <p>The contact information is available on THP's website at www.thplantations.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	This Practice is not applicable to THP as we are not considered a large company.	
		However, in reflecting its value creation process and principles, THP has committed itself to sustainability reporting. The Company's approach to sustainability reporting is detailed in its Sustainability Statement which is disclosed on pages 12 to 35 of the Annual Report 2020.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	Notice of the 46 th AGM of THP was issued more than 28 days prior to the meeting i.e. notice of the 46 th AGM was issued on 30 June 2020 and the 46 th AGM was held on 3 August 2020. In view of the COVID-19 pandemic and as part of safety measures, the 46 th AGM was held on a fully virtual basis via live streaming from the Broadcast Venue at Dewan Perkasa, Level 34, Platinum East Tower, No. 9 Persiaran KLCC, 500 Kuala Lumpur and through the Remote Participation and Voting (“RPV”) facilities.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>At the 46th AGM, all Directors of THP, CEO, Company Secretary, external auditors and the independent valuers were physically present at the Broadcast Venue. The Board Committees, Management of THP were present remotely via RPV at the said 46th AGM.</p> <p>Shareholders of THP were allowed to submit question(s) to the Company via email to info@thplantations.com prior to the 46th AGM. While at the 46th AGM, shareholders of THP may submit question(s) (typed texts) to the messaging window via RPV facilities during the live streaming.</p> <p>The Chairman and the CEO responded to all the relevant questions submitted by the shareholders of THP on every resolution tabled at the AGM before putting them for voting.</p> <p>The minutes of 46th AGM including the key matters discussed was published on THP's website at www.thplantations.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied
Explanation on application of the practice	:	<p>The 46th AGM was held on a fully virtual basis via a live streaming from the broadcast venue at Dewan Perkasa, Level 34, Platinum East Tower, No. 9 Persiaran KLCC, 50088, Kuala Lumpur and through the RPV facilities.</p> <p>The RPV facilities allowed the shareholders of THP to attend, speak (in the form of real time submission of typed texts) and vote at the 46th AGM remotely at the comfort of their home.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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