

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5112  
**COMPANY NAME** : TH PLANTATIONS BERHAD (“THP” or “the Company”)  
**FINANCIAL YEAR** : December 31, 2017

### **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><b><u>Together with senior management, promote good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour;</u></b></p> <p>The Group has in place policies and procedures which promote a culture of good governance and ethical, prudent and professional behaviour. Such policies include the Code of Ethics for our Directors and our procedures on Whistleblowing.</p> <p><b><u>Review, challenge and decide on management's proposals for the company and monitor its implementation by management;</u></b></p> <p>The Board plays an active role in the development of the Group's strategic plans and direction. Yearly, together with the Groups Senior Managers and Heads of Division, the Board conducts dedicated sessions to discuss its long-term strategic objectives. These 'deep dive' sessions provide an opportunity for the Board to engage in robust discussions with members of the senior management to deliberate, challenge and approve the Group's strategic proposals.</p> <p><b><u>Ensure that the strategic plan of the company supports the long-term value creation and includes strategies on the economic, environmental and social considerations underpinning sustainability;</u></b></p> <p>At THP, sustainability is the collective responsibility of everyone across the organisation. In shaping the long-term growth of THP, the Company has taken a multi-stakeholder approach to balance growth with the environmental and social well-being of the communities in which we operate in. Our efforts in sustainability are firmly embedded in our strategies. It forms the third of our</p>

three Key Growth Nodes, recognised as 'Humanising our Operations' which focuses on realising our sustainability journey by making people's lives better.

**Supervise and assess management performance to determine whether the business is being properly managed;**

The Group's operations and performance are measured and tracked against a set of approved targets set in the Key Performance Indicators (KPIs) of Senior Management. KPIs are cascaded to all executive staff across the Group. At each Board meeting, the CEO presents a business overview which encompasses each divisional performance, key operational issues and industry updates.

**Ensure there is a sound framework for internal controls and risk management;**

There are two (2) committees at Board level that support the Board in its risk management and internal control responsibilities:

- Investment Committee (Formerly known as Investment, Risk and Compliance Committee) which is tasked with overseeing the Group's investments, risk management and compliance aspects of the Group;
- Audit Committee which is tasked with assessing the risks and internal control environment and overseeing financial reporting, including the internal and external auditors.

These committees are empowered by clearly established and approved terms of reference in the above mentioned responsibilities. Accordingly, the Board is committed to the development and maintenance of an effective risk management framework and internal control system to safeguard the shareholders' investments and the Group's assets.

The Board, however, is cognisant that there are inherent limitations in the risk management framework and internal control system as such systems are designed to manage rather than eliminate the risks identified to an acceptable level of risk appetite set and approved by the Board.

**Understand the principal risks of the company's business and recognise that business decisions involve the taking of appropriate risks;**

The Group has in place a Risk Management Framework ("RMC") which includes the process of risk identification, risk assessment, risk monitoring and reporting as outlined below.

Risk identification is a line management responsibility, whereby an employee endeavors to recognise and identify the risk arising from the Risk Owner who is accountable for all aspects of the risk including assessment, monitoring and reporting. The onus is on the RMC to assign the risk accountability to a suitable Risk Owner based on the individual's competence, authority, responsibility and available resources.

Risk assessment is the exercise of evaluating risk by considering estimates of both likelihood and impact in order to ascertain its relevance to the business and efficacy of current treatments. The Risk Owner is responsible for the assessment of risk exposure within the business operations which involve identifying the range of options for treating risk including accepting, mitigating, spreading, transferring, avoiding or monitoring the risk. Appropriate risk treatment plans are then prepared after assessing each option followed by implementation of those plans. Control plans are in place to ensure accountabilities in addition to meeting the required expectations and deadlines.

The risk management process serves as a monitoring and reporting tool for the management and the Group. Any material issues regarding risk management are to be reported and discussed at either management or Board level or both, depending on the significance of the risk.

The monitoring of the implementation and review of the risk management strategies and action plans are done as and when required by the management and the Board.

**Set the risks appetite within which the board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;**

The risk management process in THP requires management to identify business risks at strategic, operational and tactical levels and to assess these risks in terms of likelihood and magnitude of impact, as well as to identify and evaluate the adequacy of mechanisms in place to manage these risks. This process involves assessments at business unit level before being examined on a strategic perspective.

	<p><b><u>Ensure the company has in place procedures to enable effective communication with stakeholders;</u></b></p> <p>The Group has a sound Investor Relations programme which reaches out to the investing community and other stakeholders through continuous engagement and through the maintenance of a comprehensive informed website which is investor focused and feedback driven.</p> <p><b><u>Ensure that senior management has the necessary skills and experience and there are measures in place to provide the orderly succession of board and senior management; and</u></b></p> <p>Through the Nomination Committee, the Board implements and ensures effective and orderly succession planning is in place for both Directors and Senior Management of the Group. The Nomination Committee reviews the Group's Human Resource plan, which includes succession plans and bases their review of remuneration and hiring on competitive industry practices and meritocracy.</p> <p><b><u>Ensure the integrity of the company's financial and non-financial reporting</u></b></p> <p>The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the quality of the financial reporting. The Audit Committee reviews the quarterly financial reports which are presented by the Group CFO in the presence of the Group Internal Auditors and the CEO prior to recommending them for approval by the Board and issuance to Bursa Securities. The Directors have also provided assurance that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Tan Sri Dato' Sri Ab. Aziz bin Kasim is the Chairman of the Board.</p> <p>The Chairman carries out a leadership role in conducting the Board and its relations to shareholders and other stakeholders.</p> <p>The role of the Chairman are as follows:</p> <ul style="list-style-type: none"><li>i. Provides leadership to the Board<ul style="list-style-type: none"><li>- Plans Board meetings, agenda;</li><li>- Ensures Board receives proper information in timely manner;</li><li>- Chairs all Board meetings;</li><li>- Ensures that all Directors contribute and participate at Board meetings; and</li><li>- Drives discussion toward consensus and to achieve closure on such discussions.</li></ul></li><li>ii. Chairs shareholders' meetings.</li><li>iii. Represents the Board as spokesperson at the Annual General Meeting, in a way that supports the role of the CEO in reporting operational and public relations matters.</li><li>iv. Ensures the integrity and effectiveness of the governance process.</li><li>v. Performs other responsibilities as assigned by the Board from time to time.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of THP is Tan Sri Dato' Sri Ab. Aziz bin Kasim and the CEO of THP is Dato' Sri Zainal Azwar bin Zainal Aminuddin.</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 the Company's corporate website at <a href="http://www.thplantations.my">www.thplantations.my</a></p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>THP has 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"><li>- Work closely with the Chairman to raise all material compliance and governance issues.</li><li>- Attend all Board, Board Committee and Subsidiary Board meetings.</li><li>- Ensure accurate records of all meetings and that all decisions made are properly minuted.</li><li>- Facilitate the communication of key decisions and policies between the Board, Board Committees and Subsidiary Boards.</li></ul> <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>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Relevant and material information is provided to the Board on average five (5) calendar days prior to meetings to ensure the Directors have sufficient time to assess the proposals or information.</p> <p>In 2017, an average of five (5) 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>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board formally adopts a Board Charter, which provides guidance to the Board in the fulfilment 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 the Company's corporate website at <a href="http://www.thplantations.my">www.thplantations.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board ensures that the Group upholds high standards of ethics and corporate behaviour. 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 Shareholders.</p> <p>In the performance of the duties of a Director, a Director of THP is first and foremost held accountable in demonstrating the following three (3) major areas, namely:</p> <ul style="list-style-type: none"><li>a. Corporate Governance;</li><li>b. Relationship with Shareholders, Employees, Creditors and Customers; and</li><li>c. Social Responsibilities and the Environment.</li></ul> <p>The Directors' Code of Conduct and Ethics is set out in the Board Charter and made available on the Company's corporate website at <a href="http://www.thplantations.my">www.thplantations.my</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>THP has in place a Whistleblowing Policy (hereinafter referred to as "this 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 Whistleblowing Policy is made available on the Company's corporate website at <a href="http://www.thplantations.my">www.thplantations.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied															
<b>Explanation on application of the practice</b>	:	<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 judgment.</p> <p>Current board composition of THP are 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>1</td> <td>9</td> </tr> <tr> <td>Independent Non-Executive Director ("INEDs")</td> <td>6</td> <td>55</td> </tr> <tr> <td>Non Independent Non-Executive Director ("NINEDs")</td> <td>4</td> <td>36</td> </tr> <tr> <td><b>Total</b></td> <td><b>11</b></td> <td><b>100</b></td> </tr> </tbody> </table> <p>Based on the above composition, the majority of the Board of Directors of THP are independent.</p>	Designation	Number of Directors	Percentage %	Executive Director	1	9	Independent Non-Executive Director ("INEDs")	6	55	Non Independent Non-Executive Director ("NINEDs")	4	36	<b>Total</b>	<b>11</b>	<b>100</b>
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Executive Director	1	9															
Independent Non-Executive Director ("INEDs")	6	55															
Non Independent Non-Executive Director ("NINEDs")	4	36															
<b>Total</b>	<b>11</b>	<b>100</b>															
<b>Explanation for departure</b>	:																
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																	
<b>Measure</b>	:																
<b>Timeframe</b>	:																

**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.

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

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The tenure of Independent Directors of THP is nine (9) years as set out in its Board Charter, which can be accessed on the Company's corporate website at <a href="http://www.thplantations.my">www.thplantations.my</a>.</p> <p>To date, none of the Independent Directors of THP exceed 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.

<b>Application</b>	: Applied												
<b>Explanation on application of the practice</b>	<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 are crucial in ensuring the attainment of long-term value for THP's Shareholders.</p> <p>All candidates to the Board are tabled to the Nomination Committee of THP and later the Nomination Committee of THP will recommend the candidates for approval by the Board.</p> <p>During 2017, the following directors have been appointed to the Board of THP after taking into consideration the abovementioned criterias:</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th><th>Appointment Date</th></tr></thead><tbody><tr><td>Mohd Adzahar bin Abdul Wahid</td><td>Independent Non-Executive Director</td><td>24 May 2017</td></tr><tr><td>Datuk Abdul Shukur bin Haji Idrus</td><td>Non-Independent Non-Executive Director</td><td>18 September 2017</td></tr><tr><td>Kolonel Dato' Ab. Jabar bin Mohamad Aris</td><td>Non-Independent Non-Executive Director</td><td>30 November 2017</td></tr></tbody></table> <p>The Board has identified 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>In respect of the appointment of Senior Management, the same process will take place, i.e. the candidates are first tabled to the Nomination Committee of THP prior to the recommendation for approval by the Board of Directors of THP.</p>	Name	Designation	Appointment Date	Mohd Adzahar bin Abdul Wahid	Independent Non-Executive Director	24 May 2017	Datuk Abdul Shukur bin Haji Idrus	Non-Independent Non-Executive Director	18 September 2017	Kolonel Dato' Ab. Jabar bin Mohamad Aris	Non-Independent Non-Executive Director	30 November 2017
Name	Designation	Appointment Date											
Mohd Adzahar bin Abdul Wahid	Independent Non-Executive Director	24 May 2017											
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Kolonel Dato' Ab. Jabar bin Mohamad Aris	Non-Independent Non-Executive Director	30 November 2017											



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

**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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	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 angles in any decision making process.
		Currently, there remains one female Director on the Board with plans to increase this number through natural attrition, with selection based on meritocracy, relevant experience and knowledge.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<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 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>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	During the year under review, Datuk Seri Nurmala binti Abd Rahim, an Independent Non-Executive Director of THP, assumed the chairmanship of the Nomination Committee.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	During the year under review, the Board held its Board Evaluation Assessment ("BEA").  Details of the appraisal process and actions are set out on page 80 of the Annual Report 2017.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board approved the Remuneration Policy &amp; Procedures For Directors And Senior as recommended by the Remuneration Committee detailing the framework for the Directors' remuneration, as well as the remuneration and terms of service of the Executive Director and Senior Management. 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 calibre and integrity with the appropriate qualifications, skills and experience needed to run the Group's operations effectively.</p> <p>The Remuneration Policy &amp; Procedures For Directors And Senior Management of THP is made available on the Company's corporate website at <a href="http://www.thplantations.my">www.thplantations.my</a>.</p>
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board has a Remuneration Committee which consists of three (3) members, comprising wholly Non-Executive Directors.</p> <p>The Remuneration Committee meets at least once a year or at any other time deemed necessary by the Chairman of the Committee. The quorum for a meeting of the Committee is two (2) members.</p> <p>The roles and responsibilities of the Remuneration Committee are as follows:</p> <ul style="list-style-type: none"><li>• 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;</li><li>• To recommend to the Board the allowance and benefits of Non-Executive Directors;</li><li>• To recommend to the Board the seating allowance of Directors and Committee members;</li><li>• To recommend to the Board any review on the Company's Scheme of Service whenever deemed necessary and appropriate; and</li><li>• 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.</li></ul> <p>The Terms of Reference of the Remuneration Committee is made available on the Company's corporate website at <a href="http://www.thplantations.my">www.thplantations.my</a>.</p>

	<p>During 2017, the Remuneration Committee held two (2) meetings, the details of which are as follows:</p> <table border="1" data-bbox="571 376 1390 548"> <thead> <tr> <th data-bbox="571 376 1102 443">Name</th> <th data-bbox="1102 376 1390 443">Number of Meetings Attended</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 443 1102 477">Tan Sri Dato' Sri Ab Aziz bin Kasim</td> <td data-bbox="1102 443 1390 477">1/2</td> </tr> <tr> <td data-bbox="571 477 1102 510">Tan Sri Dato' Sri Ismee bin Haji Ismail</td> <td data-bbox="1102 477 1390 510">2/2</td> </tr> <tr> <td data-bbox="571 510 1102 548">Dato' Shari bin Haji Osman</td> <td data-bbox="1102 510 1390 548">2/2</td> </tr> </tbody> </table> <p>The key matters reviewed, considered and recommended to the Board included the performance bonus for the CEO/ED of THP, the performance bonus and annual salary increment for the employees of THP and the remuneration package of the CEO/ED of THP.</p>		Name	Number of Meetings Attended	Tan Sri Dato' Sri Ab Aziz bin Kasim	1/2	Tan Sri Dato' Sri Ismee bin Haji Ismail	2/2	Dato' Shari bin Haji Osman	2/2
Name	Number of Meetings Attended									
Tan Sri Dato' Sri Ab Aziz bin Kasim	1/2									
Tan Sri Dato' Sri Ismee bin Haji Ismail	2/2									
Dato' Shari bin Haji Osman	2/2									
<p><b>Explanation for departure</b> :</p>										
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>										
<p><b>Measure</b> :</p>										
<p><b>Timeframe</b> :</p>										



**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	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, salary, bonus, other emoluments and benefits in-kind.  Details of remuneration (including benefits-in-kind) for each Director are disclosed on page 85 of the Annual Report 2017.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is of the view that such disclosure would be a detriment to the Group given the highly competitive nature of the industry. Such circumstances could result in poaching of performing management and unnecessary increases in remuneration costs for under-performing staff.	
		As an alternative to the recommended practice, the Board has opted to disclose the remuneration framework for Senior Management and other employees of the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee comprises of four (4) Independent Non-Executive Directors, with mixed background and expertise such as in the financial and business service, plantation industry and public administration.</p> <p>The Chairman of Audit Committee himself is a financial expert with a business acumen who has vast experience in the areas of accounting, auditing, finance and corporate services and is associated with various professional associations such as being a fellow member of ACCA (UK) and a member of MIA.</p> <p>The Chairman of the Audit Committee is not the Chairman of the Board of Directors, so as not to impair the objectivity of the Board's view of the Audit Committee's findings and recommendations. The composition and the activities of the Audit Committee are disclosed in the Audit Committee Report on pages 87 to 91 of the Annual Report 2017.</p> <p>The Audit Committees met seven (7) times in the financial year 2017. All Senior Management were also invited to the meeting together with the Head of Internal Audit, representative from external auditors and other Heads of Department where appropriate.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	During the year under review, the Terms of Reference of the Audit Committee were amended to include a provision whereby former key audit partners need to observe a two (2) year cooling off period before being appointed as a member of the Audit Committee.  To date, no member of the Audit Committee is a former key audit partner.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 provided in the Audit Committee's Terms of Reference, among others:-</p> <ol style="list-style-type: none"> <li>i. To consider the appointment, resignation and dismissal of external auditors and make appropriate recommendations to the Board including the audit fees;</li> <li>ii. To review external audit scope, audit plan, audit reports and management letter;</li> <li>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.</li> </ol> <p>During the financial year 2017, the Audit Committee had performed a review on the appointment and remuneration of external auditors, including its audit scope, plan, reports and management letter. All significant findings during the course of audit had been presented by external auditors in the Audit Committee meetings, which were discussed and deliberated by the Audit Committee with the presence of Senior Management, Head of Internal Audit and other personnel where appropriate.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>All members of the Audit Committee of THP are comprised solely of Independent Non-Executive Directors.</p> <p>The members of the Audit Committee of THP during the financial year 2017 are as follows:-</p> <ul style="list-style-type: none"><li>i. Datuk Seri Mohamad Norza bin Zakaria <i>Chairman, Independent Non-Executive Director</i> (Retired on 8 May 2017)</li><li>ii. Encik Mohd Adzahar bin Abdul Wahid <i>Chairman, Independent Non-Executive Director</i> (Appointed on 24 May 2017)</li><li>iii. Datuk Seri Nurmala binti Abd Rahim <i>Member, Independent Non-Executive Director</i></li><li>iv. Dato' Sri Amran bin Mat Nor <i>Member, Independent Non-Executive Director</i></li><li>v. Dato' Shari bin Haji Osman <i>Member, Independent Non-Executive Director</i></li></ul>

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Collectively, members of the Audit Committee of THP possess a wide range of necessary skills to discharge their duties.</p> <p>The Chairman of the Audit Committee is an expert in financial matters and has vast experience, skills and knowledge in finance and he is currently associated to the ACCA (UK) as a fellow member and also a member of MIA.</p> <p>The rest of the members of the Audit Committee have vast working experience and are expert in the plantation industry, commodities and public administration. These mixed experience and expertise of the members had helped the board to understand better the palm oil industry operations and transactions.</p> <p>Most members of the Audit Committee have attended training for their continuous professional development, among others:-</p> <ol style="list-style-type: none"><li>i. MIA International Accountants Conference 2017;</li><li>ii. Securities Commission: Conversation with Audit Committee;</li><li>iii. In House Training on The Companies Act 2016; and</li><li>iv. Corporate Governance: Obligations of the Directors from the Listing Requirements Perspective.</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



<b>Timeframe</b>	:		
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### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises its responsibilities and the importance of sound risk management practices and internal control framework to safeguard all business interests of the Group. The Board has established procedures in implementing these procedures which are subject to regular review and intends to provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.</p> <p>There are two (2) committees that support the Board in establishing an effective risk management and internal control framework:-</p> <ul style="list-style-type: none"><li>i. Investment, Risk and Compliance Committee, tasked with overseeing the Group's risk management policies and practices; and</li><li>ii. Audit Committee, tasked with reviewing and evaluating the effectiveness of the risks and internal control framework through management and financial reports.</li></ul> <p>The Board also recognises that such a system is a concerted and continuing process, designed to manage and reduce, rather than eliminate, the risks identified to acceptable levels. Therefore, the system of risk management and internal control implemented can only provide reasonable and not absolute assurance against the occurrence of any material misstatement or loss.</p> <p>However, the Board made the decision to change the name of the Investment, Risk and Compliance Committee to Investment Committee, while risk management will fall under the purview of the Audit Committee effective from November 2017.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The key features of the Company's risk management and internal control framework, which covers their adequacy and effectiveness are disclosed under the Statement of Risk Management & Internal Control on pages 95 to 99 of the Annual Report 2017.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	<p>Risk management is placed under the Investment, Risk and Compliance Committee.</p> <p>The members of the Investment, Risk and Compliance Committee during the financial year 2017 are as follows:-</p> <ul style="list-style-type: none"><li>i. Dato' Azizan bin Abd Rahman <i>Chairman, Non-Independent Non-Executive Director</i> (Resigned on 1 September 2017)</li><li>ii. Tan Sri Dato' Sri Ismee bin Haji Ismail <i>Chairman, Non-Independent Non-Executive Director</i> (Redesignated from member to Chairman on 1 September 2017)</li><li>iii. Datuk Seri Mohamad Norza bin Zakaria <i>Member, Independent Non-Executive Director</i> (Retired on 8 May 2017)</li><li>iv. Dato' Shari bin Haji Osman <i>Member, Independent Non-Executive Director</i></li><li>v. Encik Mohd Adzahar bin Abdul Wahid <i>Member, Independent Non-Executive Director</i> (Appointed on 1 September 2017)</li></ul> <p>During the financial year 2017, the Committee has met once which was on 30 August 2017.</p> <p>However, the Board made the decision to change the name of the Investment, Risk and Compliance Committee to Investment Committee, while risk management will fall under the purview of the Audit Committee effective November 2017.</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 function is governed by Internal Audit Charter and it is independent from the main activities and operations of the Group's operating units. They maintained their proficiency and due professional care by having their plans and reports directly under the purview of the Audit Committee.</p> <p>In addition, the Audit Committee decides on the appointment and removal, scope of work, performance evaluation and budget for the internal audit function. The Audit Committee is satisfied that the Head of IAD has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively. Further, the internal audit has sufficient resources and is able to access information to enable it to carry out its role effectively.</p> <p>All personnel assigned to undertake internal audit have the necessary skill, experience and resources to carry out their functions effectively and all of them are members of the Institute of Internal Auditors Malaysia ("IIAM").</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b> :	Applied																																								
<b>Explanation on application of the practice</b> :	<p>All internal audit personnel are free from any relationships or conflicts of interest except one (1) personnel whose father is the Mill Advisor in Engineering Department. In managing the independence and objectivity of internal audit, such personnel will not be included in audit engagement with the Engineering Department and Palm Oil Mills.</p> <p>Currently, the internal audit department has 11 personnel consisting of one (1) Assistant General Manager (Head of Department), two (2) Managers, six (6) Senior Executives, one (1) Executive and one (1) Clerical Staff.</p> <p>The following are the names and qualifications of persons responsible for internal audit function (all are members of the IIAM except the clerical staff):-</p>																																								
	<table border="1"><thead><tr><th>No</th><th>Name</th><th>Position</th><th>Qualification</th></tr></thead><tbody><tr><td>1</td><td>Megat Rizal Ezzudin b. Abd Maulud</td><td>Assistant General Manager (Head of Department)</td><td>ACCA, Degree (Accounting), Member of MIA</td></tr><tr><td>2</td><td>Khairizal b. Ab Karim</td><td>Manager</td><td>Degree (Management)</td></tr><tr><td>3</td><td>Mohd Badli Shah b. Mohd Said</td><td>Manager</td><td>MBA, Degree (Accounting &amp; Business)</td></tr><tr><td>4</td><td>Norazhar b. Mohd Sharif</td><td>Senior Executive</td><td>Diploma (Accounting)</td></tr><tr><td>5</td><td>Azmi b. Muhamad</td><td>Senior Executive</td><td>Diploma (Accounting)</td></tr><tr><td>6</td><td>Mohd Irwan b. Mohd Hashim</td><td>Senior Executive</td><td>Degree (Economics)</td></tr><tr><td>7</td><td>Nurul Faizal b. Mohd Dan</td><td>Senior Executive</td><td>Degree (Accounting)</td></tr><tr><td>8</td><td>Mohd Izzuwan b. Mohd Natzri</td><td>Senior Executive</td><td>Degree (Accounting)</td></tr><tr><td>9</td><td>Mohd Hidayat b. Mohd Hussein</td><td>Senior Executive</td><td>Diploma (Accounting)</td></tr></tbody></table>	No	Name	Position	Qualification	1	Megat Rizal Ezzudin b. Abd Maulud	Assistant General Manager (Head of Department)	ACCA, Degree (Accounting), Member of MIA	2	Khairizal b. Ab Karim	Manager	Degree (Management)	3	Mohd Badli Shah b. Mohd Said	Manager	MBA, Degree (Accounting & Business)	4	Norazhar b. Mohd Sharif	Senior Executive	Diploma (Accounting)	5	Azmi b. Muhamad	Senior Executive	Diploma (Accounting)	6	Mohd Irwan b. Mohd Hashim	Senior Executive	Degree (Economics)	7	Nurul Faizal b. Mohd Dan	Senior Executive	Degree (Accounting)	8	Mohd Izzuwan b. Mohd Natzri	Senior Executive	Degree (Accounting)	9	Mohd Hidayat b. Mohd Hussein	Senior Executive	Diploma (Accounting)
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	10	Alifée Nazlie b. Adnan	Executive	Diploma (Mechanical Engineering)
	11	Siti Mohaini bt. Hamat	General Clerk	SPM
	Internal audit's functions, scopes and plans are annually reviewed and approved by the Audit Committee. In 2013, the IAD had gone through Quality Assurance Review conducted by the IIAM to ensure the internal audit function is carried out in accordance with a recognised framework.			
<b>Explanation :</b> for departure				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure :</b>				
<b>Timeframe :</b>				



**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 the Company's corporate website at <a href="http://www.thplantations.my">www.thplantations.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>This Practice is not applicable to THP as we are not considered as a large company.</p> <p>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 23 to 54 of the Annual Report 2017.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The 44<sup>th</sup> Annual General Meeting of THP ("44<sup>th</sup> AGM") will be held on 14 May 2018. The notice of the said 44<sup>th</sup> AGM has been issued to the shareholders of the Company on 20 April 2018 i.e. more than 21 days before the 44<sup>th</sup> AGM. The issuance of the notice fulfilled the Main Market Listing Requirements of Bursa Malaysia, which requires at least 21 days before the meeting.</p> <p>Following the recommendation of the MCCG 2017, the notice for a Annual General Meeting of THP will be changed from 21 days to 28 days.</p> <p>It will be implemented upon adopting the new Constitution of THP which will be tabled to shareholders of the Company at the Annual General Meeting in year 2019.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The presence of the directors give opportunities to the shareholders of THP to engage with them and raise questions and concerns directly to the Directors. All Directors of THP attended the General Meetings of the Company.</p> <p>However, at the 2017 Annual General Meeting of THP, the Chairman of the Audit Committee at that time i.e. Dato' Sri Mohamad Norza bin Zakaria he was absent as he was not seeking for re-election as a Director of THP pursuant to Article 84 of the Constitution of the Company. He retired as an Independent Non-Executive Director of the Company at the conclusion of that 2017 Annual General Meeting of THP.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Annual General Meetings of the THP Group are held in central locations, where public transport is easily accessible and where ample parking is made available. Shareholders are encouraged to fill out proxy forms should they not be able to attend personally.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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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