

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9059
COMPANY NAME : TSH Resources Berhad
FINANCIAL YEAR : December 31, 2022

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 PERSUANT 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	:	Area of Focus	Key Matters considered by the Board
		Reviewing and adopting the Group's strategic plan	The Board is responsible for the Group's strategic plan with a view to maximising shareholder value and promoting sustainability. This includes review, comment and provide final approval of the Group's strategic plan prepared by management. In conjunction with this, the Board also reviews and approves long term budget, business plan and annual budget for the ensuing year and monitors management's implementation of and performance with respect to that agreed strategic plan.
		Overseeing the conduct of the Group's business	The Board carries out periodic review of the achievements by the various operating divisions against their respective operational targets to determine whether these divisions are properly managed.
		Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation	The Board maintains a sound system of internal control to safeguard shareholders' investment and the Company's assets. The Board through the Audit Committee reviews the effectiveness of the Enterprise Risk Management system within the Group

	measures	<p>and assures that material risks are identified and appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Group policies.</p> <p>Audit Committee ensures that policy to identify and evaluate the Company's and Group's risks is implemented and that controls in place are adequate and functioning properly to address the risks. In that relation, the Chief Financial Officer/ Head of Finance is required to complete questionnaires so as to provide the Audit Committee with information on the risk and control environment of the Group.</p> <p>Details of the Group's Enterprise Risk Management system are set out in the Statement on Risk Management and Internal Control disclosed in the Annual Report.</p>
	Succession planning	<p>The Board has entrusted the Nomination Committee with the responsibility for reviewing the Board's succession plans, proposing new nominees to the Board and recommending Directors to fill the seats on the Board Committees.</p> <p>The Board continues with its role to review and monitor the appointment and dismissal of senior management of the Company while the Group Managing Director is responsible for the senior management succession plan. The senior management succession plan involves building a talent-rich organisation by attracting and developing talented and skilled people who fit in the Company's culture and business strategy as well as identifying successors for senior management positions. All newly appointed senior management are required to undergo a management training programme called "One Approach"</p>

		before reporting to their assigned positions with the purpose of providing them the right framework in executing their work.
	Overseeing the development and implementation of a shareholder communications policy	<p>TSH values dialogue with shareholders and appreciates the keen interest of shareholders on the Group's performance.</p> <p>The Company has a Corporate Disclosure Policy and Procedures that outlines the policies and processes for communications with shareholders, analysts and investors to ensure that the communications are effective and comply with the applicable laws, rules and regulations.</p>
	Reviewing the adequacy and the integrity of the management information and internal control systems	The Board is responsible for the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. Details pertaining to the Company's internal control system and the review of its effectiveness are set out in the Statement on Risk Management and Internal Control of the Annual Report.
	Strategies Promoting Sustainability	The Board places great importance on corporate responsibility and business sustainability. The Company's activities on environment, social and governance for the year under review are disclosed in the Sustainability Report set out in the Annual Report.
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>Datuk Kelvin Tan Aik Pen is the Chairman of the Board. He plays a pivotal role in instilling the Company's commitment to uphold corporate governance.</p> <p>He oversees the orderly conduct and effectiveness of the Board by ensuring a cohesive working relationship between members of the Board. He is also responsible to ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis and encourage all Directors to play an active role in Board activities. He encourages open and frank deliberations by Directors at every Board meeting.</p> <p>He maintains a close professional relationship with the Group Managing Director and acts as mentor as required.</p> <p>The role of the Chairman is set out in the TSH Corporate Governance Guidelines. The Guidelines will be periodically reviewed by the Board to align with the Company's objectives, current laws and practices.</p> <p>Performance evaluation of the Chairman is conducted annually by the Nomination Committee. The Chairperson of the Nomination Committee shall then report the findings and/or recommendations to 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

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 positions of Chairman (Datuk Kelvin Tan Aik Pen), who is a Non-Executive Director and Group Managing Director (Dato' Aik Sim, Tan) are individually held by 2 persons to ensure a balance of power and authority.</p> <p>There is a clear distinction between the roles and responsibilities of the Chairman and Group Managing Director, which are set out in the TSH Corporate Governance Guidelines.</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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.

Application	:	Applied	
Explanation on application of the practice	:	The Board Chairman, Datuk Kelvin Tan Aik Pen is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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

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>The Board is supported by a qualified Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Company Secretary, Ms Chow Yeen Lee has 27 years of experience in corporate secretarial practice. The role and functions of the Company Secretary are set out in the TSH Corporate Governance Guidelines. The following are some of the key significant role of the Company Secretary:</p> <ul style="list-style-type: none">• assisting with induction and professional development of Directors;• regularly updating the Board on new changes to the statutory and regulatory requirements and the resultant implications to the Company and the Board in discharging their duties and responsibilities;• notifying Directors and principal officers on the closed periods for dealing in the Company's securities;• advising and supporting the Chairman, the Board and the Board Committees to manage the day-to-day governance framework of the Company;• facilitating timely communication of decisions made or policies set by the Board to the Board Committees and senior management for action;• co-ordinating all Board and Board Committee meetings including agendas, board papers and communication with the stock exchange and other regulatory agencies as well as oversight on the overall secretarial functions of TSH Group, both in Malaysia and the region where the Group operates; and• ensuring minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstains from voting or deliberating on a particular matter.

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 1.6

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>All Directors are provided with an agenda and a set of Board papers containing information relevant to the business of the meeting, including information on financial, operational and corporate matters prior to Board meetings. Members of the Board Committees are also provided with the meeting agenda and relevant papers submitted by management to enable full deliberation on issues to be considered at the respective meetings. Minutes of the meetings of the Board and Committees are circulated to all Board members.</p> <p>For each meeting of the Board and Board Committees, the meeting papers are, to the extent feasible, provided/made available 5 working days prior to each meeting so that Directors have sufficient time to read and understand the information and obtain further information, clarification or explanation, where necessary.</p> <p>Minutes of meetings are circulated to all Board members within 10 working days after the meeting. The Directors may request for clarification or raise comments on the minutes. Confirmation of the minutes will be done at the next meeting whereby the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.</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 has adopted a Board Charter, which serves as a source of reference and primary induction literature, providing insights to prospective Board members and senior management. The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p> <p>Details of the Board Charter are available for reference on TSH's website.</p> <p>The Board Charter encompasses the following main areas:</p> <ul style="list-style-type: none"> • Board Size and Composition • Respective roles of Chairman, Group Managing Director, Executive Directors, Non-Executive Director(s) and Senior Independent Director • Board Committees that comprise Audit Committee, Nomination Committee & Remuneration Committee and their respective terms of reference • Responsibilities of the Board • Conduct of Board Meetings • Access to Information and Independent Advice • Time Commitment • Formal Schedule of Matters that are reserved for the Board's Deliberation and Decision Making • Directors' Code of Conduct and Ethics
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

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 Company has put in place a Code of Conduct and Ethics ("Code") which applies to all the Directors of the Company and its subsidiaries. The Code is available on the Company's website.</p> <p>The Board is ultimately responsible for the implementation of the Code. The Board has delegated to the Nomination Committee the responsibility to administer the Code. Directors who learn of or suspect that a violation of the Code has occurred or is likely to occur, must immediately report the violation to the Chairperson of the Nomination Committee, or to any other member of the Nomination Committee. In the case of issues regarding the Company's financial statements, financial reporting, accounting, auditing matters or internal accounting controls, it will be reported to the Chairman of the Audit Committee. If a Director is unsure whether a violation should be reported to the Nomination Committee or the Audit Committee, he or she is encouraged to report to both Committees. Directors who report violations or suspected violations in good faith will not be subject to retaliation of any kind. Reported violations will be treated confidentially to the extent possible.</p> <p>Alleged violations of the Code shall be investigated by the Nomination Committee and may result in discipline and other action at the discretion of the Board upon recommendation of the Nomination Committee, including where appropriate, removal from the Board. The Board is ultimately responsible for the investigation and resolution of all issues that may arise under the Code.</p> <p>TSH Employees' Code of Ethics guides the employee's conduct in the workplace, business conduct when dealing with external parties, key issues such as conflict of interests, bribery, confidentiality and privacy as well as protection and proper use of TSH's assets and resources. All employees are expected to observe and adhere to the highest standard of professional conduct and to maintain the Group's reputation for integrity and professionalism.</p>

	To tackle new challenges, TSH Employees' Code of Ethics had been expanded to include anti-bribery and anti-corruption, insider trading and money laundering provisions.	
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>As part of best practices in good corporate governance, a Whistle-Blowing Policy had been established by the Board since February 2010 that outlines the principles underpinning the policy and procedures. This policy was last reviewed by the Board in February 2021, and it will be reviewed as and when the need arises.</p> <p>The Whistle-Blowing Policy provides an avenue for stakeholders, which include employees, third party suppliers, contractors, agents, consultants, distributors, customers and such other business partners that have business dealings with the Group, to report genuine concerns about malpractices, unethical behaviour or misconduct within the Group without fear of reprisal. Save as required by law, the identity of the stakeholder will not be disclosed without prior consent.</p> <p>If any employee believes reasonably and in good faith that malpractice exists in the work place, the employee should report this immediately to the line manager. However, if for any reason the employee is reluctant to do so, then the employee should report the concerns to either the:</p> <ul style="list-style-type: none">• Group Managing Director;• Audit Committee Chairman; or• Company Secretary. <p>Stakeholders may raise their concern to the Senior Independent Non-Executive Director of the Company by submitting in a sealed envelope marked "Private and Confidential". Details of the whistle-blowing channel are available on the Company's website at www.tsh.com.my.</p> <p>Any concerns raised will be investigated and outcome of such investigation will be reported to the Board and appropriate action will be taken to resolve the issue.</p> <p>Details of the procedures as set out in the Whistle-Blowing Policy are made available on the Company's website for reference.</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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

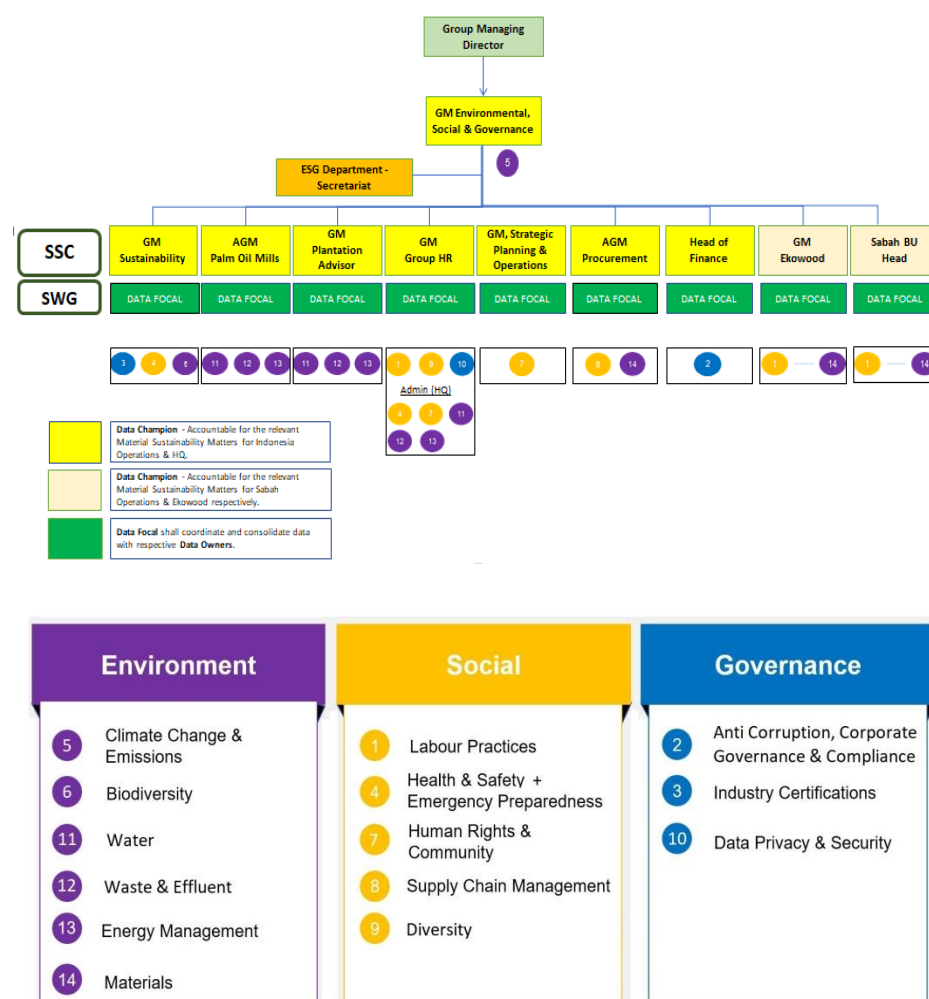
The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application :	Applied
Explanation on application of the practice :	<p>A robust governance structure is critical for managing all sustainability-related matters in TSH Resources Berhad, as it spans across multiple business units (BUs) and departments. The Company has formed the Environmental, Social & Governance (ESG) team as a core group strategy team, led by the General Manager, ESG. An enhanced governance structure was approved by the Board on 23 November 2022, in the pursuit to drive a more progressive agenda on ESG for the Group, as below:</p> <div><div><div>Board of Directors</div><div>Sustainability Steering Committee (SSC)</div><div>Sustainability Working Group (SWG)</div></div><div><ul style="list-style-type: none">• Leads the Company in its overall sustainability strategy• Provides oversight on all sustainability and climate-related risk and opportunities• Endorses the Company's sustainability initiatives• Reviews and approves sustainability policies and disclosures<ul style="list-style-type: none">• Leads the implementation of sustainability initiatives at management level, and monitors progress• Develops and executes material sustainability matters and sustainability-related policies for the Company• Reports to the Board on progress of sustainability initiatives• Advises the Board on key sustainability issues<ul style="list-style-type: none">• Implements sustainability initiatives at operational level• Collects regular performance data on key sustainability issues for performance benchmarking and sustainability disclosures• Proposes relevant sustainability initiatives to the Committee</div></div>

The SSC consisting of senior management and chaired by the Group MD, will be actively driving the Sustainability initiatives across the business units. The SSC and SWG are as per the chart below:



Explanation for departure :

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :

Timeframe :

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	Previous year’s achievement related to key sustainability initiatives are recorded as below, and is part of our public disclosure.

<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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group continues to progress its green agenda addressing climate related risks and opportunities in line with Bursa and TCFD aspirations for public-listed companies. The Group is actively maintaining and pursuing (where applicable) its RSPO/MSPO/ISPO certifications which also address similar risks and opportunities.</p> <p>TSH Group recognises that climate change is a current and growing issue and acknowledges the importance of taking proactive corporate actions towards reducing its contribution. In 2022, the Group has completed charting its carbon footprint for FY2019 – FY2021 in a more elaborate manner which includes Scope 1, Scope 2 and partial Scope 3 using GHG Protocol Corporate Accounting and Reporting Standard. The effort was continued for FY2022 and also moving forward which will enable us to determine our baseline year, and track our decarbonisation efforts consistently.</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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>Performance evaluation of the Board and the senior management included the performance of the Board and senior management in identification of risks, including sustainability risks, and the management of those risks which could have a significant impact on the Company and wider Group.</p> <p>In the 2022 Board Assessment, the Board was assessed on their roles relating to ESG and sustainability. The Board was satisfied with its performance in addressing the ESG and sustainability issues of the Group. The criteria for assessing ESG and sustainability may be reviewed from time to time to ensure their relevance.</p> <p>Clear accountabilities of the Material Sustainability Matters have been assigned to the respective members of the senior management in FY2022. They represent the Company's Sustainability Steering Committee and performance shall be reviewed periodically. Further in FY2023, more detailed KPIs shall be adopted in line with FTSE and latest Bursa requirements as part of the Group's progressive agenda on Sustainability.</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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has appointed the General Manager of Environment, Social & Governance (ESG) to support on development of ESG strategies and drive the strategic implementation for the Group, plus ensuring it is always updated with latest developments. The person will be supported by a central ESG team, and the rest of the senior management as part of the Sustainability Steering Committee.</p> <p>His role also includes ensuring all the Company's Business Units abide to the latest ESG guidelines highlighted by Bursa Malaysia, FTSE4good, TCFD and UNSDG to name a few. In addition, he will also be responsible for inventorying the Company's GHG emission and charting its' journey towards decarbonisation.</p>

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee reviewed the tenure of each Director and composition of the Board. It was noted that none of the Independent Directors have served for more than 9 years on the Board.</p> <p>The Nomination Committee concluded that the current Board size of 9 members is adequate and appropriate to enable the Board to carry out its responsibilities in an effective and efficient manner. The Nomination Committee further concluded that the current composition of the Board reflects a good mix of directors with diverse professional backgrounds and a wide range of experiences in business, finance, legal, sustainability and general management that contribute effectively in leading and directing the management and affairs of the Group.</p> <p>The Nomination Committee also reviewed and assessed the performance and contribution of each of the retiring Directors in order to determine the eligibility of the Directors to stand for re-election at the coming AGM. Besides, the aforesaid retiring Directors were also assessed by the Nomination Committee Chairperson based on the TSH Group Directors' Fit and Proper Policy. Based on the results of the respective Directors' performance and fit and proper evaluations conducted, the Nomination Committee is satisfied with the Directors' performance and the level of contribution to the Board through their knowledge, skills and commitment as well as their abilities to act in the best interest of the Company. In addition, the Independent Director standing for re-election has also provided his annual declaration/confirmation of independence.</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

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

Practice 5.2

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	:	As at 31 December 2022, the Board has 9 members comprising 5 Independent Non-Executive Directors, 2 Non-Independent Non-Executive Directors, one of whom is the Chairman and 2 Executive Directors, including Group Managing Director.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied	
Explanation on application of the practice	:	As at 31 December 2022, TSH has 5 Independent Non-Executive Directors, none of whom have served beyond 9 years.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to ensuring diversity in its composition and embraces the proposition that having a diverse Board would have a positive and value-adding impact on the Company.</p> <p>While the Board acknowledges the importance of boardroom and senior management diversity, appointments to the Board and senior management positions shall always be based on objective criteria and merit, having due regard for diversity in business experience, skills, qualifications, integrity, age, gender, knowledge and other soft attributes which are the essential element in supporting the attainment of the Company's objectives.</p> <p>The Company practises equal employment opportunities for all qualified individuals to create a workforce that is fair and inclusive, and seeks to retain and attract the best people to do the job.</p> <p>The Company rewards and promotes employees based on assessment of individual performance, capability and potential. The Company is committed to providing opportunities that allow individuals to reach their full potential irrespective of individual background or difference.</p> <p>The Nomination Committee has reviewed the participation and contribution of all Directors during the year 2022. The Nomination Committee is satisfied that all the Directors have devoted sufficient time to the affairs of the Group and adequately discharged their duties and responsibilities as Directors.</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 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	In line with the recommendation of the Malaysian Code on Corporate Governance, apart from referrals from Directors, major shareholders and management, the Nomination Committee also explores external sources to identify suitably qualified candidates when vacancy arises. In 2022, there was no new appointment of Director to the Board of TSH.	
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 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>The profiles of the retiring Directors, which include information on their age, date of appointment, directorships in other listed companies, working experience, any family relationship with other Board members and any conflict of interest, are published in the Company's Annual Report 2022.</p> <p>Based on a performance evaluation of the retiring Directors conducted by the Nomination Committee along with an evaluation of the retiring Directors conducted by the Nomination Committee Chairperson in accordance with the criteria set out in the TSH Group Directors' Fit and Proper Policy, the Board is satisfied and supported the recommendation made by the Nomination Committee to table the proposals to re-elect the retiring Directors for shareholders' consideration and approval at the 43rd AGM.</p> <p>Relevant information has been provided in the explanatory notes to the Notice of the 43rd AGM to enable shareholders to make an informed decision with regard to the re-election of the retiring Directors.</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 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The Chair of the Nomination Committee is held by the Senior Independent Director, Selina binti Yeop Junior @ Lope.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Currently, the Board comprises 2 female Directors, representing 22% female representation on the Board.</p> <p>The Board takes cognizance of the best practice of MCCG 2021 for boards to comprise at least 30% women directors. However, the Board believes that it is of utmost importance that the Company has an effective composition of the Board to discharge their duties effectively in the best interest of the Company and shareholders. The Board believes that while it is important to promote gender diversity, it should not set a target just to fill the required vacancy for gender diversity as the over-riding criteria. Selection should also be based on an effective blend of competencies, skills, experience and knowledge in areas identified by the Board.</p> <p>As and when vacancy arises, gender diversity will be one of the key criteria in selecting candidates for consideration.</p>
<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 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board does not have a specific policy on setting targets for women candidates and ethnicity for board and senior management.</p> <p>The Board acknowledges the importance of Board diversity, including gender, ethnicity, age and business experience, to the effective functioning of the Board. While it is important to promote gender diversity, the selection criteria of a Director are based on merit, in the context of skills which are relevant to the Group's business operations, management and also expertise in the fields of regulatory, legal, ESG and strategic planning.</p> <p>The Board through its Nomination Committee will continue to review the balance, experience and skills of the Board, paying attention to the Board's gender diversity.</p> <p>On senior management, the Board accepts that as the Group is primarily in plantation business, it will be difficult to set target for female senior management representation.</p>	
<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

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

Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.

Application	:	Applied
Explanation on application of the practice	:	<p>The effectiveness of the Board is vital to the success of the Group, and the Company undertakes a formal evaluation each year in order to assess the effectiveness of the Board and Board Committees.</p> <p>During the financial year 2022, an annual assessment of the effectiveness of the Board as a whole, Individual Directors, Board Committees and independence of the Independent Directors was conducted. The assessment was led by the Nomination Committee Chairperson and supported by the Company Secretary. The annual assessment was considered by the Nomination Committee, which then made recommendation to the Board to discharge its duties and responsibilities.</p> <p>The assessment of the Board is based on 6 main areas relating to Board composition and competencies, Board succession, Board meeting organisation and effectiveness, Board Chairman's roles and responsibilities, Board effectiveness and ESG/sustainability. Amongst the most important criteria for evaluating Board performances are:</p> <ul style="list-style-type: none">• individual Board member's understanding of the Company's mission and strategic plan;• Board members' understanding and knowledge of the Company's business;• time commitment in deliberation and meaningful participation in the Board meetings;• Board meetings are conducted in a manner that allows for open and constructive communication, encourages focused discussions, critical questioning and the expression of various viewpoints and timely resolution of issues related to the Board meetings; and

	<ul style="list-style-type: none"> • ability of the Board members to articulate and exercise robust deliberations of the Company's material matters on ESG. <p>The assessment criteria for Board Committees include the Board Committees' structure and composition, roles and responsibilities, meetings and communication as well as the collective skills and expertise of the Committee members.</p> <p>For Individual Director's evaluation, the assessment criteria include abilities and competencies, calibre and personality, objectivity and contribution to the activities of the Board and Board Committees.</p> <p>Each member of the Nomination Committee receives the Board performance evaluation questionnaires and separate Committee performance evaluation forms. The assessment of the Nomination Committee's performance shall be carried out by individual members of the Nomination Committee. All Board members are required to assess their own performance by completing the Director's performance evaluation form.</p> <p>The Company Secretary shall compile the results for submission to the Nomination Committee for review and assessment. The Chairperson of the Nomination Committee shall then report the findings and/or recommendations to the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented and kept confidential.</p> <p>The performance of the Directors who are subject to re-election at the forthcoming AGM is assessed by the Nomination Committee. Besides, the aforesaid retiring Directors are also assessed by the Nomination Committee Chairperson based on the TSH Group Directors' Fit and Proper Policy. Premised on the performance and fit and proper evaluations results, recommendations are submitted to the Board for decision on the tabling of the proposed re-election of the Directors concerned for shareholders' approval. In accordance with the Company's Constitution, all Directors shall retire from office once at least in each 3 years, but shall be eligible for re-election. A Director seeking re-election will abstain from all deliberations regarding his re-election to the Board.</p> <p>During 2022, the Nomination Committee reviewed the required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and was of the view that current composition of Non-Executive Directors reflects a good mix of Directors with diverse professional backgrounds and a wide range of experiences in business, finance, legal, sustainability and general management that contributed effectively in leading and directing the management and affairs of the Group.</p>
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The Nomination Committee also evaluated the effectiveness of the Board as a whole, the various Committees and the contribution of each individual Director. Good and effective communication was established among Board members and Board Committee members on official and unofficial basis and major policies and corporate proposals were vigorously debated and scrutinised before putting to a vote. All members of the Board and the Committees have been diligent and exercised due reasonable care in discharging their duties and responsibilities. All Directors are firmly committed to ensure that the corporate governance standards are adhered to.

An assessment of the independence of the Independent Directors was conducted whereby the Nomination Committee reviewed their independence, and was satisfied that the Independent Directors continued to exercise independent and objective judgement and acted in the interest of the Company and its stakeholders.

The Nomination Committee also reviewed and made recommendations to the Board the following:

- (1) re-election of the retiring Directors at the forthcoming AGM for shareholders' approval; and
- (2) assessed directors' training needs to ensure all Directors receive appropriate continuous training programmes in order to keep abreast with the latest development in the market place and with changes in the statutory and regulatory requirements. The following are the various webinars, conference and training attended by all Directors in 2022 either collectively or individually:

Title of training	Type of training	No. of days/hours spent
• Training on ESG Awareness and Sustainability Megatrends	Webinar	2 hours
• MIA Webinar Series – Sustainability and Climate Change Disclosure Requirements	Webinar	1 day
• MIA Webinar Series – Role of the Accountant and Financial Reporting	Webinar	1 day
• MIA Webinar Series : The Audit Committee: Unpacking the Roles of the Committee & Honing Its Effectiveness in Discharging Its Responsibilities Holistically	Webinar	4 hours

		<ul style="list-style-type: none"> • Audit Oversight Board – Conversation with Audit Committee • TCFD Climate Disclosure Training Programme (101) • TCFD Climate Disclosure Training Programme (102) • Carbon Tax and Emissions Trading • CPO Price Outlook and Challenges 2022 • Digitalising the Future of Agriculture, a collaboration between ISPM & IRGA • Robobank Webinar – Navigating Volatile Times • RHB – The Future Is Environmental, Social, and Governance (ESG) • Sesi Libat Urus Bahagian Pengurusan Integriti Agensi, Suruhanjaya Pencegahan Rasuah Malaysia – Kumpulan Yayasan Sabah: Ke Arah Tadbir Urus Korporat Yang Baik • MACC Anti-Bribery & Corruption Briefing 	Webinar Webinar Webinar Webinar Webinar Webinar Webinar Conference Training	4 hours 2 hours 2 hours 2 hours 1 ½ hours 1 hour 1 hour 2 hours 2 ½ hours 3 hours
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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. 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 Company has established a formal remuneration policy for the Directors and senior management. The policies and procedures are periodically reviewed and made available on the Company's website at www.tsh.com.my.</p> <p>The Remuneration Committee assists the Board in determining a remuneration framework or broad policy for Executive Directors and senior management staff. The Remuneration Committee may obtain professional advice and any other information necessary in determining the remuneration framework.</p> <p>The Board as a whole determines the remuneration package of Non-Executive Directors including Non-Executive Chairman, taking into consideration the fee levels and trends for similar positions in the market, time commitment required from the Director as well as any additional responsibilities undertaken by such Director. The Non-Executive Directors abstain from discussing their own remuneration.</p> <p>Decisions on remuneration for senior management are made through a transparent and independent process, taking into consideration market practices, demand for personnel with specific qualification, experience and evaluation of their performance.</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 7.2

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 Remuneration Committee annually reviews the remuneration package of Directors and senior management taking into consideration their level of responsibilities and performance. Remuneration of Executive Directors is also linked to the financial performance of the Group.</p> <p>The Board as a whole determines and recommends the remuneration of the Non-Executive Directors for shareholders' approval at AGM.</p> <p>The Non-Executive Directors are remunerated through monthly fixed fees, Board Committee allowance, monthly allowance, business travelling allowance, petrol allowance and other benefits-in-kind, including company car and driver as well as other emoluments.</p> <p>Section 230(1) of the Companies Act 2016 stipulates that among others, the fees and any benefits payable to the Directors of a listed company shall be approved at a general meeting. As agreed by the Board, the shareholders' approval shall be sought at the forthcoming AGM on the Non-Executive Directors' remuneration through 2 separate resolutions as follows:</p> <ul style="list-style-type: none">(i) Payment of Directors' fees for the financial year ended 31 December 2022; and(ii) Payment of Directors' benefits (excluding Directors' fees) from the date after the forthcoming AGM until the next AGM of the Company in 2024. <p>The Group Managing Director will be guided by the Remuneration Committee in determining remuneration packages for senior management, which is based on individual's performance during the</p>

	year measured against the corporate objectives. The Remuneration Committee's terms of reference is available on the Company's website at www.tsh.com.my .	
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 8.1

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	:	

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Kelvin Tan Aik Pen	Non-Executive Non-Independent Director	Input info here	Input info here	Input info here	Input info here	169.27	382.67	551.94	Input info here	275.74	1,914.96	2,234.12	169.27	382.67	4,976.76
2	Dato' Aik Sim, Tan	Executive Director	Input info here	161.60	2,160.00	1,620.00	161.40	453.60	4,556.60	Input info here	161.60	2,220.00	1,625.00	161.40	461.95	4,629.95
3	Dato' Jasmy bin Ismail	Independent Director	60.00	1.00	Input info here	Input info here	Input info here	Input info here	61.00	60.00	1.00	Input info here	Input info here	Input info here	Input info here	61.00
4	Selina binti Yeop Junior @ Lope	Independent Director	48.00	Input info here	Input info here	Input info here	Input info here	Input info here	48.00	48.00	Input info here	Input info here	Input info here	Input info here	Input info here	48.00
5	Natasha binti Mohd Zulkifli	Independent Director	48.00	Input info here	Input info here	Input info here	Input info here	Input info here	48.00	48.00	Input info here	Input info here	Input info here	Input info here	Input info here	48.00
6	Yap Boon Teck	Independent Director	60.00	0.50	Input info here	Input info here	Input info here	Input info here	60.5	60.00	0.50	Input info here	Input info here	Input info here	Input info here	60.50
7	Tan Aik Kiong	Executive Director	Input info here	109.78	1,176.00	294.00	122.70	58.80	1,761.28	Input info here	109.78	1,176.00	294.00	122.70	58.80	1,761.28
8	Chew Siew Yeng	Independent Director	60.00	1.00	Input info here	Input info here	Input info here	Input info here	61.00	60.00	1.00	Input info here	Input info here	Input info here	Input info here	61.00
9	Tan Aik Yong*	Executive Director	Input info here	40.95	469.35	187.50	137.60	78.83	914.23	Input info here	40.95	469.35	187.50	137.60	528.83	1,364.23
10	Lim Fook Hin	Non-Executive Non-Independent Director	Input info here	Input info here	Input info here	Input info here	119.54	492.27	611.81	18.00	Input info here	Input info here	Input info here	119.54	492.27	629.81
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

* Tan Aik Yong resigned on 20 June 2022.

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 8.2

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>Remuneration of 3 senior management who are also Executive Directors have already been disclosed on a named basis. However, the Board is of the view that disclosure of remuneration of other senior management staff on a named basis will be detrimental to the Company's business interests, given the competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, where poaching has become a common practice. Hence, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.</p> <p>The Company further believes that the interest of the shareholders will not be prejudiced as a result of such non-disclosure of the identity and remuneration of the Company's top 5 senior management personnel who are not Directors.</p> <p>None of the top 5 senior management who are not Directors, is in any way related to the Directors.</p> <p>It is the Company's policy that remuneration of any person related to the Board member will be determined by Independent Directors.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	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 8.3 - 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	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Audit Committee is not the Chairman of the Board.</p> <p>Members of the Audit Committee, including its Chairman were appointed by the Board based on the recommendation of the Nomination Committee. Under the terms of reference of the Audit Committee, which is set out in the TSH Corporate Governance Guidelines, its Chairman must be an Independent Director. No Alternate Director is allowed to be appointed as a member of the Audit Committee.</p> <p>Composition of the Audit Committee may be reshuffled by the Board on the recommendation of the Nomination Committee, as and when required.</p> <p>The terms of reference of the Audit Committee will be periodically reviewed and updated. The last review was conducted in 2022 and the terms of reference is made available on the Company's website at www.tsh.com.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 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 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Since the Company's inception, it has never appointed any former key audit partner as its Audit Committee member. Nonetheless, in line with the best corporate governance practice, the Audit Committee's terms of reference was updated in February 2018 by including a policy requiring a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee.</p> <p>The Audit Committee's terms of reference was further updated in February 2022, requiring a former partner of the external audit firm of TSH to observe a cooling-off period of at least 3 years before being appointed as a member of the Audit Committee.</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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>Based on the policies and procedures established, the Audit Committee is responsible for reviewing the performance of the external auditors on an annual basis based on the following 4 key areas after completion of the year-end audit:</p> <ul style="list-style-type: none">i) quality of service;ii) sufficiency of resources;iii) communication with management; andiv) independence, objectivity and professionalism <p>The Audit Committee may request the Group Managing Director and/or Chief Financial Officer/Head of Finance to join the assessment.</p> <p>The Audit Committee is also responsible for reviewing all the non-audit services provided by the external auditors and the aggregate amount of fees paid to them based on the policy and procedures on provision of non-audit services established by the Board. Approval for all non-audit services has to be sought from the Audit Committee on a case to case basis.</p> <p>The Company is allowed to use the appointed external auditors for non-audit services in cases where these services do not conflict with the auditor's independence.</p> <p>The Audit Committee accepts that certain work of a non-audit nature is best undertaken by the external auditors and appointments are made taking into consideration their expertise and cost.</p> <p>2 written confirmations of independence have been provided by the external auditors to the Audit Committee before the commencement of and after the completion of the year-end audit for 2022 that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The Audit Committee had in March 2022 & March 2023 evaluated the performance of the external auditors based on the 4 key areas as</p>

	<p>mentioned above and obtained feedback from management who had substantial contact with the external audit team throughout the year. The Audit Committee also took into consideration the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at private meetings, which demonstrated their independence, objectivity and professionalism.</p> <p>Further information on the Audit Committee's activities is disclosed in the Audit Committee Report set out in the Annual Report 2022.</p> <p>The Audit Committee was satisfied with the suitability of the external auditors based on the quality of services and sufficiency of resources provided by them to the Group. The Audit Committee was also satisfied that the provision of the non-audit services was not in conflict with the role of the external auditors or their independence and the amount of fees paid for these services was not significant when compared to the total fees paid to the external auditors. Details of fees paid or payable to the external auditors for audit and non-audit services performed during the year are set out in Additional Compliance Information contained in the Corporate Governance Overview Statement of the Annual Report 2022.</p> <p>The Audit Committee concluded that the relevant independence of Messrs BDO PLT continued to be met. Accordingly, the Audit Committee unanimously recommended to the Board that a resolution for the reappointment of Messrs BDO PLT as the Company's auditors be proposed to shareholders for approval at the forthcoming AGM and the Board has accepted and endorsed this recommendation.</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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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>During the financial year under review, the Audit Committee comprised 4 members. The Audit Committee Chairman, Yap Boon Teck and another member, Chew Siew Yeng are members of the Malaysian Institute of Accountants (MIA). Lim Fook Hin is a member of the Malaysian Institute of Certified Public Accountants (MICPA).</p> <p>All Audit Committee members possess a wide range of necessary skills, are financially literate and are able to read, analyse, interpret and understand financial statements to discharge their duties effectively.</p> <p>All members of the Audit Committee have the necessary financial and banking experience and commercial expertise and skills required to meet their responsibilities and provide an effective level of challenge to management.</p> <p>The profile of each member of the Audit Committee is set out in the Profile of Board of Directors section in the Annual Report 2022.</p> <p>To ensure that the Audit Committee is able to discharge its duties and responsibilities according to its terms of reference, the Nomination Committee has been assigned to conduct a comprehensive assessment of the effectiveness and contribution of each Audit Committee member on an annual basis and the findings/recommendations are reported to the Board for decision.</p> <p>All Audit Committee members are encouraged to continuously update or enhance their knowledge of the relevant accounting, auditing, industry and other regulatory requirements to keep themselves abreast of various issues facing the changing business environment within which the Group operates, to effectively discharge their duties.</p>

	<p>During the year, all members of the Audit Committee attended the following webinars either individually or collectively:</p> <ul style="list-style-type: none"> • Training on ESG Awareness and Sustainability Megatrends; • MIA Webinar Series – Sustainability and Climate Change Disclosure Requirements; • MIA Webinar Series – Role of the Accountant and Financial Reporting; • MIA Webinar Series : The Audit Committee: Unpacking the Roles of the Committee & Honing Its Effectiveness in Discharging Its Responsibilities Holistically; • Audit Oversight Board – Conversation with Audit Committee; • TCFD Climate Disclosure Training Programme (101); and • TCFD Climate Disclosure Training Programme (102). 			
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	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• Enterprise Risk Management Framework has been established;• Board of Directors retains overall risk management responsibility;• Board of Directors performs risk oversight and delegates day-to-day decisions to Group Managing Director/senior management;• Internal controls are being reviewed by the Board of Directors through the Audit Committee;• Presence of Control Environment with structure, reporting lines, authorities and responsibilities;• Controls activities are selected, developed and deployed through policies and procedures; and• Internal Audit reports directly to Audit Committee.
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 10.2

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	:	<ul style="list-style-type: none">• Risk management policy and procedures were duly approved and adopted;• Clearly documented Standard Operating Procedures ("SOPs") on key aspects and processes are in place;• Formal organisation structure governing its operations and day-to-day management is in place;• Internal control system of check and balance and documented authority limit have been established. These have also been audited and tested by Internal Audit Department for any departure;• The establishment and maintenance of Group Internal Audit Function to assist in providing assurance on the adequacy of its internal control system;• The Group Internal Audit Function reports directly to the Audit Committee through presentation of audit report on a quarterly basis;• Internal Audit Function conducts subsequent follow-up review to ensure Management has undertaken corrective and preventive measures accordingly;• Controls are evaluated and reported with deficiencies highlighted; and• SOPs are subject to review to cater for changes in risk and processes.
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 10.3 - 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	:	Not Adopted
Explanation on adoption of the practice	:	

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 11.1

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 Company has established an Internal Audit Function which reports directly to the Audit Committee. The Internal Audit Department communicates regularly with the members of the Audit Committee, and the Head of Internal Audit is invited to attend meetings of the Audit Committee. Internal Audit activities which are risk-based, are performed by a team of appropriate, qualified and experienced employees.</p> <p>The Audit Committee reviews any appraisal or assessment of the performance of the Internal Audit Function. In evaluating the Internal Audit Function, the Audit Committee assesses its effectiveness against the agreed performance criteria such as:</p> <ul style="list-style-type: none">• the overall comprehensiveness of the Internal Audit plan and its relationship to the strategic objectives of the Company;• timely delivery of Internal Audit services in accordance with the plan; and• the competency of Internal Audit staff and adequacy of resources to achieve the scope as outlined in the plan. <p>The Internal Audit Team carries out its duties and responsibilities in accordance with the terms of reference set out in the TSH Corporate Governance Guidelines. To provide for the independence of the Internal Audit Department, its personnel report to the Head of Internal Audit, who reports directly to the Audit Committee. The Head of Internal Audit will have direct access to the Audit Committee and be able to take directly to the Chair of the Audit Committee, any matter that is believed to be of sufficient magnitude and importance to require the immediate attention of the Audit Committee.</p> <p>To maintain its independence, the Internal Audit Department will have no direct operational responsibility or authority over any of the activities under its scope. Accordingly, it will not develop nor install systems or procedures, prepare records or engage in any other activity that would normally be audited.</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 11.2

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 Company has received declaration from the Head of Internal Audit that he and his team are free from any relationship or conflicts of interest which could impair their objectivity and independence.</p> <p>All the Internal Audit personnel are not related to any employees or have business relationships with the Group nor have they served in official capacity previously or provided significant services to the Group in the past.</p> <p>The Internal Audit is staffed by 4 audit executives, including the Head of Internal Audit. The Head of Internal Audit, Terence Ng Si Yik holds a professional accounting qualification from the Association of Chartered Certified Accountants (ACCA), United Kingdom and is also a member of the Malaysian Institute of Accountants.</p> <p>The activities of the Internal Audit Function are guided by the terms of reference of Internal Audit set out in the TSH Corporate Governance Guidelines and annual audit plan that are approved by the Audit Committee.</p> <p>The Internal Audit Function is carried out in accordance with The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors (IIA).</p> <p>The total cost incurred in managing the Internal Audit Department in 2022 was RM621,000.</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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Details on the stakeholders engagement can be found in our Sustainability Report 2022.</p> <p>TSH values the dialogue with shareholders and appreciates the keen interest of shareholders on the Group's performance. It is the Company's practice to share with its shareholders the Company's responses to questions raised by the Minority Shareholders Watch Group (MSWG), if any, at the AGM.</p> <p>Members of the Board, the external auditors and representatives from the share registrars of the Company are present to answer questions raised at the meeting.</p> <p>A press conference is usually held immediately after the physical AGM or general meeting where Board members are available to answer question from the press on the Group's activities and performance. Board members are also available before and after these meetings for informal discussions.</p> <p>TSH website provides all relevant information on TSH and is accessible by the public. TSH has dedicated a section on the website to its investors where media releases, quarterly and annual financial statements, announcements, annual reports and circular to shareholders are made available for review.</p> <p>Corporate information and communication and engagement with stakeholders are made through various platforms and media including the Company's website and announcements made via Bursa LINK.</p> <p>The Company has adopted a Corporate Disclosure Policy and Procedures that outlines the policies and processes for communications with shareholders, analysts and investors to ensure that the communications are effective and comply with the applicable laws, rules and regulations.</p> <p>Stakeholders are encouraged to direct their inquiries via email at ir@tsh.com.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	:	<table border="1"> <tr> <td></td> <td></td> </tr> </table>		

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 12.2

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

Application	:	Not applicable – Not a Large Company	
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

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

Practice 13.1

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	:	28 clear days' notice has been given in respect of the Company's 42 nd AGM held on 26 May 2022.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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 13.2

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>All Directors attended the Company’s 42nd AGM and Extraordinary General Meeting held on 26 May 2022 and 29 June 2022 respectively.</p> <p>The respective Chairmen of the Audit Committee, Nomination Committee and Remuneration Committee were available to provide meaningful response to any question raised by shareholders.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>On 26 May 2022 and 29 June 2022, the Company held its 42nd AGM and Extraordinary General Meeting ("EGM") on a fully virtual basis through live streaming and online remote voting via the online meeting platform at https://meeting.boardroomlimited.my/ (Domain Registration No. with MYNIC-D6A357657). The live streaming and online remote voting via Remote Participation and Electronic Voting (RPEV) facilities provided by Boardroom Share Registrars Sdn Bhd allowed remote participation and voting in absentia by shareholders and proxy holders.</p> <p>The Company had appointed Boardroom Share Registrars Sdn Bhd as the poll administrator to conduct the polling process on all resolutions tabled at the AGM and EGM. All shareholders were briefed on the voting procedures via a short video presented by the poll administrator.</p> <p>The Company has set up a dedicated general meeting section on its website, which provides information relating to the meeting such as date and time of the meeting, meeting venue/platform, administrative guide, annual report, proxy form, circular to shareholders and minutes.</p> <p>A backup plan is always in place to tackle any event of technical glitch or system failure during the fully virtual AGM and EGM.</p> <p>The Company has developed the Group's Personal Data Protection Policy for the protection of personal data and IT security measures are also in place to prevent cyber threats.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board, the other Board members, the Chief Financial Officer, the Company Secretary along with the external auditors, advisers, solicitors and/or valuer where required, attended the Company's 42nd AGM and EGM virtually in view that the meetings were conducted on a fully virtual basis via video conferencing.</p> <p>The shareholders were given ample time to seek clarification on the Company's financial and non-financial performance and other items for adoption at the meetings before the resolutions were put to vote.</p> <p>The Chairman of the Board had responded to the questions raised during the Questions and Answers session at the AGM and EGM. For those questions that were related or similar in nature, the moderator had grouped them together for the Chairman to provide a single response. For those questions that were not possible to be provided with immediate answers at the meetings as further information was required to be obtained, the Company had replied to the shareholders accordingly via email.</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 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	:	Applied
Explanation on application of the practice	:	<p>Boardroom Share Registrars Sdn. Bhd. was engaged to provide the live streaming and online remote voting via its Remote Participation and Electronic Voting (RPEV) facilities to broadcast the proceedings of the 42nd AGM and EGM on a fully virtual basis.</p> <p>The Company's 42nd AGM and EGM were conducted in a smooth and successful manner as Boardroom Share Registrars Sdn. Bhd. has the required infrastructure and tools to provide the platform for virtual meetings. Interactive participation by shareholders was also noted during the proceedings of the meetings.</p> <p>Questions posed by shareholders were made visible to all meeting participants during the meetings.</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 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	The respective minutes of the 42 nd AGM and EGM were published on the Company's website within 30 business days from the meetings.
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 PERSUANT 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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