

# STATEMENT ON CORPORATE GOVERNANCE

## INTRODUCTION

Jaya Tiasa Holdings Berhad ("Jaya Tiasa" or the "Company") believes in embracing high standards of corporate governance practices as fundamental to creating sustainable growth and remaining aligned with the long-term interests of all stakeholders. The Board of Directors ("the Board") is committed to ensuring that the businesses and affairs of the Company are carried out in accordance with the required standards of governance as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

The following sections outline how the Company has applied the Principles and Recommendations set out in MCCG 2012 during the financial year ended 30 June 2017. The Board is further aware of the new MCCG which came into effect in April 2017 and shall endeavor to apply the practices contained therein in due course.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Functions of the Board and Management

The Board has established clear functions reserved for the Board and those delegated to the Management. The Discretionary Authority Limits ("DAL") sets out relevant matters with applicable thresholds, including those reserved for the Board's approval, and those which the Board has delegated to the Deputy Executive Chairman ("DEC"), Chief Executive Officer ("CEO") and Senior Management Staff. The DAL is reviewed as and when required, to ensure efficient and effective decision-making.

Key matters reserved for the collective decision of the Board include strategic issues and planning, performance reviews, capital expenditures, approval of financial statements and dividend policy, risk management and internal control, as well as announcements to Bursa Malaysia Securities Berhad ("Bursa Securities").

The DEC is responsible for developing the corporate/business strategy and attaining the long term growth objective of the Group. The CEO ensures effective implementation of the Group's strategic plan and policies established by the Board and manages the daily business operations.

The ultimate responsibility for decision making, however, rests with the Board.

### 1.2 Roles and Responsibilities

The Board is responsible for the oversight and overall management of the Company. The Board has established a governance structure where specific powers of the Board are delegated to the Board Committees and Management.

#### Board Committees

The following Board Committees have been established to assist the Board in fulfilling its ongoing oversight and to ensure effective discharge of its responsibilities:-

- Audit Committee ("AC");
- Nominating Committee ("NC"); and
- Remuneration Committee ("RC").

The Board Committees have the authority to examine specific issues within their respective terms of reference ("TOR") approved by the Board. Details of the TOR of AC, NC and RC are set out in the Company's website at [www.jayatiasa.net](http://www.jayatiasa.net). The Chairman of the respective Board Committees reports to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

#### Management Governance Framework

The Risk Management Committee ("RMC") ensures effective risk management processes are in place and aligned with the Group's business objectives. The function of the RMC is to drive effective risk management guided by the Group's risk management policy and framework to ensure effective identification and management of risks that may have considerable impact on the Group.

The Senior Management Team, led by the CEO, oversees the day-to-day business operations within the Group. The CEO chairs meetings regularly at both management and operational levels to monitor the performance and profitability of the Group's business.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### Other Governance Framework

Other governance framework includes Board Charter, Internal Audit Manual, Policy on Auditor Independence, Dividend Policy, Gender Diversity Policy, Code of Ethics, Whistleblowing Policy and Corporate Disclosure Policy.

The governance framework serves as a guide for the Board, Board Committees and Management in the discharge of their duties and responsibilities. It also ensures establishment of appropriate roles for the Board and Board Committees as well as collaborative and constructive relationship between the Board and Senior Management.

### The Board has assumed the following major responsibilities in discharging its stewardship and fiduciary functions:-

- reviewing and adopting a strategic plan of the Company and the Group;  
  
It has in place a planning process, whereby management presents to the Board its proposed business plan for the ensuing year for Board's review and approval. The Board also sets the Key Performance Indicators ("KPIs"), categorized under various identified perspectives, in alignment with the main strategic focus areas of the Group to ensure that business plan reflects industry trends and internal capabilities;
- overseeing the conduct of the Group's business and evaluating whether or not the business is being properly managed;  
  
The Board reviews the performance of the Group and it is measured against the KPIs. Management's performance is assessed by the Board through the financial statements, performance review report and operational review report which are tabled at the Board Meeting for review and/or approval during each reporting period.
- ensuring the implementation of appropriate system to manage risk;  
  
The Board approves the annual risk assessment plan and oversees the risk management of the Group through RMC. The RMC advises the Board on key risks faced by the Group and the adequacy of the related compliance and controls throughout the Group.
- establishing a succession planning program which includes identifying, appointing and training of key officers;  
  
Selected officers are rotated to head different divisions so they can acquire expertise in the various functions of the Group's operations. This enables the management to match capabilities of senior management with job functions and nurture a pool of employees for senior positions and future expansion. This practice has enabled the Board to put in place adequate support for business continuity in the absence of any key senior management.
- overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company; and
- reviewing the adequacy and integrity of the Group's internal control and management information system which are upgraded from time to time.

### 1.3 Code of Conduct and Ethics

The Board has established a Code of Conduct and Ethics setting out core areas of ethical conduct expected from the Directors and employees in the performance of their duties to engender good corporate behaviour. The Code of Conduct and Ethics forms an integral part of the Company's Board Charter and is available on the Company's website at [www.jayatiasa.net](http://www.jayatiasa.net).

### Whistle Blowing Policy

In addition to the above, the Whistle Blowing Policy adopted by the Board seeks to foster an environment where integrity and ethical behaviour are maintained and any illegality, improper conduct and/or wrong doing in the Group may be exposed. It outlines when, how and to whom a concern may be properly raised about improper conducts such as fraud, corruption, bribery or any other form of unethical practices involving employees within the Group. It sets out the internal channel/procedures for the whistle-blower to raise concerns both inside and outside the Management line. The identity of the whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### 1.4 Strategies Promoting Sustainability

The Board is mindful of the importance of business sustainability. In developing the strategic corporate objective and business plan, its impact on the economic, environment and social aspects are taken into consideration.

Details of the activities promoting sustainability for the year under review are set out in the Sustainability and Corporate Social Responsibility Statement on pages 21 to 24 of this Annual Report.

### 1.5 Access to Information and Advice

The Board is provided with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board meeting reports or upon request, for informed decision making and effective discharge of its responsibilities. The Directors also have the liberty to seek independent professional advice if so required by them at the Company's expense in accordance with the established procedures set out in the Board Charter.

The Board and Board Committee meeting papers are forwarded to each Director for their perusal at least five (5) working days, or shorter time where it is unavoidable, prior to the date of the Board and Board Committee Meetings. Senior Management Staff and external advisers are invited to attend the Board and Board Committee Meetings to provide additional professional views, advice and explanation on specific items on the meeting agenda.

### 1.6 Company Secretary

All the Directors have direct access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary, a member of the Malaysian Association of Institute of Chartered Secretaries and Administrators, plays a supportive role to the Board by providing governance advice and ensuring adherence to the Board policies and procedures as well as compliance with regulatory and statutory requirements. She ensures that deliberations at Board and Board Committee meetings are documented and subsequently communicated to the relevant Management for appropriate actions. The Board is updated by the Company Secretary on the follow-up of its decisions and recommendations by the Management.

### 1.7 Board Charter

The Board Charter sets out the roles and responsibilities of the Board and Board Committees and division of responsibilities between the Board and the Management to ensure accountability. It serves as a structured guide and primary induction document providing prospective and existing Board Members insights into their fiduciary and leadership functions.

The Board Charter is available on the Company's website at [www.jayatiasa.net](http://www.jayatiasa.net) and was last reviewed on 17 October 2017.

## 2. STRENGTHEN COMPOSITION

### Board Composition

Following the demise of Datuk Talib Bin Haji Jamal on 27 December 2016 and as at the date of this statement, the Board has 8 members comprises 2 Executive Directors and 6 Non-Executive Directors. 3 Directors are Independent Non-Executive Directors. This composition is conducive to decision making with appropriate balance of executive, independent and non-independent Directors. The profile of each Director is presented on pages 14 to 17 of this Annual Report.

### 2.1 Nominating Committee ("NC")

The NC has 3 members, all of whom are Non-Executive Directors. A majority (2/3) of the committee members are independent directors. The NC is chaired by an independent director.



## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The following Directors are members of the NC:-

- |             |   |  |
|-------------|---|--|
| Chairperson | - | Dato' Wong Lee Yun* (Independent Non-Executive Director)             |
| Members     | - | Dato' Sri Dr. Tiong Ik King (Non-Independent Non-Executive Director) |
|             | - | Mr John Leong Chung Loong (Independent Non-Executive Director)       |

*\* Appointed on 23 February 2017 to fill the vacancy arising from the demise of Datuk Talib Bin Haji Jamal*

The key responsibilities of NC include assisting the Board in the selection of Directors, assessing the performance of the Board, Board Committee and individual directors and makes recommendation to the Board. Details of the terms of reference of the NC are available on the Company's website at [www.jayatiasa.net](http://www.jayatiasa.net).

### 2.2 Criteria for Recruitment and Annual Assessment of Directors

#### Appointment to the Board

The Board delegated to the NC the responsibility of recommending the appointment of any new Directors with the objective of securing the best composition to meet the needs of the Company.

The process for the appointment of a new Director is summarised below:-

- i) The candidate is identified by the existing Directors, shareholders or consultants;
- ii) In evaluating the suitability of candidates for new appointment, the NC considers among others, the competency, experience and skill, character, integrity and commitment of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Director, the candidates' independence;
- iii) Recommendation to be made by NC to the Board. This also includes recommendation for appointment as a member of the Board Committee; and
- iv) Final decision to be made by the Board on the proposed new appointment, including appointment to the Board Committee.

#### Re-election of Directors

Article 78 of the Company's Article of Association (the "Constitution") provides that one third of the Directors shall retire by rotation at each Annual General Meeting ("AGM") and that all Directors shall retire once in every three (3) years. The retiring Directors are eligible for re-election. At the Company's forthcoming AGM, Dato' Sri Tiong Chiong Hoo, Mr Tiong Chiong Hee and Mr John Leong Chung Loong will be retiring by rotation.

Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) will be retiring under a resolution passed at the AGM held last year on 24 November 2016 pursuant to Section 129 of the Companies Act 1965 which was then in force.

All retiring Directors have sought re-election.

The Board has via the NC conducted an assessment and collectively agreed that all the aforesaid Directors due for re-election met the criteria of character, experience, competence, integrity and time commitment to effectively discharge their respective roles as directors and therefore recommended to the Board for their re-election at the forthcoming AGM.

#### Annual Assessment

The NC conducts annual evaluation to assess effectiveness of the Board, Board Committees and performance of individual Directors.

The evaluation of the Board and Board Committees involves NC members completing evaluation questionnaires during NC meeting on specific criteria such as mix and composition, quality of information and decision making as well as meeting activities and processes.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The annual assessment on performance of individual Directors involves individual Directors completing self-evaluation questionnaires based on criteria such as fit and proper, contribution and performance as well as calibre and personality. The Company Secretary compiles the duly completed questionnaires and tables them at the NC meeting for deliberation.

The assessment process is led by the Chairman of the NC who reports the evaluation results on Board, Board Committee and performance of individual director together with recommendation, if any, to the full Board after the meeting of the NC.

### **A summary of key activities of the NC during the financial year ended 30 June 2017 are as follows:-**

- reviewed Board mix and composition and was of the consensus that the present Board has an appropriate mix of people having the required business, financial, technical, legal and regulatory knowledge and independence that suit the Company's objectives and strategic goals;
- assessed the effectiveness of the Board and the Board Committees. It was satisfied that the present Board has performed as a whole and has discharged its duties and responsibilities effectively. The Board Committees has provided useful recommendations in assisting the Board for better decision making.
- evaluated the performance of individual Directors and was of the opinion that all the eight (8) members of the Board have discharged their duties and responsibilities effectively, efficiently and in a competent manner in overseeing the direction and conduct of the Company's business. They have sufficient expertise to contribute effectively to the Board.
- reviewed performance of the CEO and recommended his re-appointment for another term of two (2) years effective 01 January 2017;
- assessed Dato' Wong Lee Yun and recommended her appointment as chairman of the NC and member of the RC to fill the vacancies arising from the demise of Datuk Talib Bin Haji Jamal;
- evaluated and recommended the re-election of Directors who were subject to retirement by rotation based on the assessment conducted;
- assessed the independence of the independent Directors based on the criteria set out in the Main Market Listing Requirements ("LR") of Bursa Securities; and
- reviewed and recommended the retention of Independent Non-Executive Directors ("INED") who have served for a cumulative period of more than nine (9) years to continue in office as INED. Justifications for the recommendations are set out in Section 3.1 under Independence of Director of this Statement.

The NC meets as and when required. Two (2) meetings were held during the financial year and was attended by all the members. All recommendations of the NC are subject to the approval of the Board.

### **Diversity**

The Company's Gender Diversity Policy promotes corporate culture that embraces diversity when determining composition of employees at all level from a diverse pool of qualified candidates. Although the Board does not endorse quotas on gender, it does commit to having an increasing representation of women on the Board and senior positions in the Company. The Board through the Nominating Committee reviews the proportion of the female to male Board members during recruitment and annual Board assessment taking into consideration the appropriate skills, experience and characteristics required of the Board Members, in the context of the needs of the Board.

Currently, the Board has two (2) female Directors, namely Mdm Tiong Choon and Dato' Wong Lee Yun.

The Board believes that it is not to the detriment of the Company in not adopting a formal ethnic and age diversity policy as the Company is providing fair and equal opportunities and nurturing diversity in the context of the needs of the Company.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### 2.3 Remuneration Committee

The Remuneration Committee ("RC") is made up entirely of Non-Executive Directors, of whom two-third (2/3) are independent.

The following Directors are members of the RC:-

Chairman	-	Mr John Leong Chung Loong (Independent Non-Executive Director)
Members	-	Dato' Sri Dr. Tiong Ik King (Non-Independent Non-Executive Director)
	-	Dato' Wong Lee Yun* (Independent Non-Executive Director)

*\* Appointed on 23 February 2017 to fill the vacancy arising from the demise of Datuk Talib Bin Haji Jamal*

The RC is responsible for reviewing and recommending to the Board the framework and remuneration packages including performance related pay scheme for Executive Directors. The terms of reference of the RC is available on the Company's website at [www.jayatiasa.net](http://www.jayatiasa.net).

One meeting was held during the financial year and recommended to the Board the remuneration packages for the DEC and CEO in all its form. The meeting was attended by all the members.

#### Directors' Remuneration

The Company's remuneration policy for Directors is to provide remuneration at the level and make-up sufficient to attract, motivate and retain the Directors needed to manage the business of the Group successfully.

Remuneration packages of Executive Directors are a matter to be decided by the Board as a whole, taking into consideration the recommendations of the RC with the individual Director abstaining from discussion on his/her own remuneration. On annual basis, the RC evaluates the Executive Directors' remunerations taking into account remunerations of other similar sized companies in the same industry as well as corporate results and individual performance and recommends the remuneration packages of the Executive Directors for Board's approval.

For Non-Executive Directors, the amount of remuneration varies with the level of responsibilities undertaken by the individual Non-Executive Director. All Non-Executive Directors are paid fixed annual Directors fees as members of the Board and Board Committees. In addition to fixed annual Director fees, all Non-Executive Director are paid a meeting attendance allowance for each Board meeting attended. In recognition of the additional time and commitment required, the Chairman of the Board is paid a monthly fixed allowance while the Non-Executive Director responsible for investor relations is paid monthly fixed advisory fees. The fees and benefits payable to Non-Executive Directors are determined by the Board and approved by the shareholders of the Company at AGM.

The remuneration package for Directors comprises the following:-

- (a) Salaries – Basic salaries for the Executive Directors as recommended by the RC to the Board for approval;
- (b) Fees – Fees payable to the Non-executive Directors as recommended by the Board and approved by the shareholders at AGM;
- (c) Bonus – Bonus payable to Executive Directors comprises contractual bonus fixed in the contracts of service and variable bonus which is linked to the individual and corporate performance;
- (d) Other Emoluments – Emoluments such as fixed allowance, meeting attendance allowance, advisory fees and statutory contributions; and
- (e) Benefits-in-kind – Customary benefits such as provision of motor vehicle are made available to the Executive Directors and Chairman of the Board.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

For the financial year ended 30 June 2017, details of the remuneration receivable by the Directors of the Company are as follows:-

	Salary RM	Fees RM	Bonus RM	Other Emoluments RM	Benefits in kind RM	Total RM
<b>Executive Directors</b>						
Dato' Sri Tiong Chiong Hoo	617,500		514,600	147,173	13,325	1,292,598
Dato' Wong Sie Young	557,500		464,600	132,873	9,900	1,164,873
<b>Non-Executive Directors</b>						
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)		85,000		60,700	13,325	159,025
Dato' Sri Dr Tiong Ik King		76,000		7,700		83,700
Tiong Choon		70,000		6,200		76,200
Tiong Chiong Hee		70,000		7,700		77,700
John Leong Chung Loong		84,000		7,700		91,700
Dato' Wong Lee Yun		79,500		136,200		215,700
Late Datuk Talib Bin Haji Jamal (Demised on 27.12.2016)		42,000		4,500		46,500*
<b>Total</b>	<b>1,175,000</b>	<b>506,500</b>	<b>979,200</b>	<b>510,746</b>	<b>36,550</b>	<b>3,207,996</b>

The number of Directors whose total remunerations during the financial year falls within the following bands are set out below:-

Directors' remuneration	Executive Directors	Non-Executive Directors
Below RM50,000*	-	1
RM50,001 to RM100,000	-	4
RM150,001 to RM200,000	-	1
RM200,001 to RM250,000	-	1
RM1,150,000 to RM1,200,000	1	-
RM1,250,001 to RM1,300,000	1	-

None of the Directors of the Company received any remuneration from any subsidiary within the Group during the financial year.

Note: \* Remuneration for six (6) months from July 2016 to December 2016.

### 3. REINFORCE INDEPENDENCE

#### 3.1 Independence of Directors

The Board recognises the importance of Independent Directors to facilitate objective deliberation, review and decision-making process in the Board.

The Board, through the NC, assessed the Independence of Directors on an annual basis to ensure that they continue to bring independent and objective judgements to the Board. The Board adopted the same criteria used in the definition of independence as set out in the LR of Bursa Securities.

Currently, there are 3 Independent Non-Executive Directors on the Board, namely, Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd), Mr John Leong Chung Loong and Dato' Wong Lee Yun. All of them have been on the Board for more than nine (9) years.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The Company does not have tenure limit for Independent directors. As such, approval will be sought from the shareholders at the forthcoming Fifty-Seventh (57th) Annual General Meeting ("AGM") to be held on 29 November 2017 to allow all of them to continue their offices as Independent Non-Executive Directors in line with Recommendation 3.3 of MCGG 2012.

### Key justifications for the recommendation are as follows:-

- they have the professionalism and ability to challenge management in a constructive manner thus providing effective management oversight;
- the invaluable knowledge and experience that they have obtained over the years enables them to participate objectively in deliberations and decision making process at the Committee and Board meetings;
- they have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their responsibilities in the interest of the Company and shareholders;
- they have been very committed and devoted sufficient time in attending Committee and Board Meetings; and
- they have met the criteria of "independence" as specified in the LR of Bursa Securities.

### 3.2 Positions of Chairman and CEO

There is a clear division of responsibility between the Chairman and the CEO to ensure a balance of power and authority such that no one individual has unfettered power of decision making. The positions of the Chairman and the CEO are separately held by two persons. The Chairman, an Independent Non-Executive Director, is primarily responsible for ensuring the integrity and effectiveness of the governance processes of the Board and acts as a facilitator at meetings of the Board. He ensures that each of the agenda items are adequately reviewed and thoroughly deliberated within a reasonable timeframe, contributions by Directors are forthcoming and that no Director dominates discussion. The CEO implements the Group's strategic plans, policies and decisions adopted by the Board and oversees the daily operations of the Group.

### 3.3 Senior Independent Non-Executive Director

The Board has identified Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) (email address: tsrahman.hamid@gmail.com) as the Senior Independent Non-Executive Director to whom concerns of shareholders, management and others may be conveyed to.

## 4. FOSTER COMMITMENT

### 4.1 Time Commitment

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, each existing Directors are required to notify the Chairman before accepting any new Directorship in other listed company and to indicate the time expected to be spent on the new appointment. A new director is required to commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board.

All the Directors are required to submit to the Company an update on their total number of directorships held by them in other listed company(ies) every six (6) months for monitoring purpose.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is reflected by their high attendances at Board and Committee meetings.

The Board holds scheduled meetings regularly, with additional meetings convened as and when necessary. The annual meeting calendar providing scheduled dates for meetings is prepared and circulated to the Directors at the beginning of the year so that the Directors can plan accordingly and fit the year's meetings into their respective schedules. The calendar also includes closed period for dealings in Company's shares.



## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

A total of five (5) Board of Directors Meetings were held during the financial year ended 30 June 2017. Details of the attendance of each Director are as follows: -

Name of Directors	Meeting Attendance
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) ( <i>Independent Non-Executive Chairman</i> )	5/5
Dato' Sri Tiong Chiong Hoo ( <i>Deputy Executive Chairman</i> )	5/5
Dato' Wong Sie Young ( <i>Chief Executive Officer</i> )	5/5
Dato' Sri Dr Tiong Ik King ( <i>Non-Independent Non-Executive Director</i> )	5/5
Mdm Tiong Choon ( <i>Non-Independent Non-Executive Director</i> )	4/5
Mr Tiong Chiong Hee ( <i>Non-Independent Non-Executive Director</i> )	5/5
Mr John Leong Chung Loong ( <i>Independent Non-Executive Director</i> )	5/5
Dato' Wong Lee Yun ( <i>Independent Non-Executive Director</i> )	4/5

#### 4.2 Directors' Training

All the Directors had attended the Mandatory Accreditation Programme as prescribed by Bursa Securities.

Induction programme is arranged for new Director, including site visits and meeting with Senior Management personnel to enable them to have a full understanding of the nature of the business, current issues within the Group as well as corporate strategies.

All the Directors are encouraged to attend continuous education programmes to update their skills and knowledge and keep themselves abreast with the latest developments on a variety of areas relevant to the Group's business.

The development and training programmes as well as conferences attended by each individual Director during the financial year are as follows: -

Director	Title of Programmes/Seminar/Courses/Forum
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)	Investor Stewardship and Future Key Priorities
	Talk on MFRS 9 – Financial Instruments Key Audit Matters ICAAP
	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
	Sustainable Forum For Directors/CEOs: "The Velocity of Global Change & Sustainability – The New Business Model"
	Driving Financial Integrity and Performance – Enhancing Financial Literacy A Programme for Audit Committee
	Internal Control Reviews of Procurement Function
Dato' Sri Tiong Chiong Hoo	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
Dato' Wong Sie Young	15th International Peat Congress 2016 Theme: Peatland in Harmony – Agriculture, Industry and Nature
	Global Timber Conference 2016: Harnessing Sustainable Global Growth
	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
	MEOA 'LAB' Seminar 2016: "Manuring Oil Palm: What You Need To Know"
	3rd Annual Smart Plantation Management: Revamping Plantation Management for Less Cost and Better Yield
	Palm & Lauric Oils Price Outlook Conference & Exhibition (POC 2017): "100 Years of Palm Oil in Malaysia – More Sustainable through Bursa Palm Oil Futures"
Dato' Sri Dr Tiong Ik King	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry



## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Director	Title of Programmes/Seminar/Courses/Forum
Tiong Choon	China's Internet + Strategies and Practices
	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
Tiong Chiong Hee	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
	Palm & Lauric Oils Price Outlook Conference & Exhibition (POC 2017): "100 Years of Palm Oil in Malaysia – More Sustainable through Bursa Palm Oil Futures"
John Leong Chung Loong	Companies Bill 2015: A Snapshot of Changes
	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
	Mastering MPERS Fully Illustrated – Translation of the Standard into Practical Examples and Impact of 2015 Updates
	Seminar Percukaian Kebangsaan 2016
	CG Breakfast Series With Directors: "The Cybersecurity Threat And How Board Should Mitigate The Risks"
	Seminar on Transition from PERS to Malaysian Private Entities Reporting Standard ("MPERS")
Dato' Wong Lee Yun	Dinner Talk "Leading in Turbulent Times"
	Khazanah Mega Trends Forum 2016
	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
	CG Breakfast Series with Directors: "The Cybersecurity Threat and How Board Should Mitigate the Risks"
	Fireside Chat "Global Economy – Escape Velocity at Last? Outlook for ASEAN, especially Malaysia"
	CIMB Dinner Talk "Emerging Global Trends"

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 Compliance with Applicable Financial Reporting Standard

The Company has an Audit Committee with the key responsibility of assisting the Board in overseeing the integrity and reliability of the financial statements and ensuring that they comply with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 2016 as well as the LR of Bursa Securities. Such financial statements include the quarterly financial statements announced to Bursa Securities and the annual audited financial statements.

A full Audit Committee Report detailing its composition and summary of work including its oversight role on financial reporting, internal and external audit during the financial year is set out on pages 41 to 44 of this Annual Report.

The Directors' Responsibility Statement in preparing the annual audited financial statements of the Group and the Company is set out on page 45 of this Annual Report.

### 5.2 Suitability and Independence of External Auditors

The Company undertakes an annual assessment of the external auditors Messrs Ernst & Young ("EY"), via the Audit Committee, based on the following criteria as set out in the Auditor Independence Policy ("Policy"):

- quality of audit services;
- audit fees; and
- auditors' independence.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Assessment was based on feedback obtained via assessment questionnaires from personnel who had substantial contact with EY throughout the year.

In supporting the Audit Committee's assessment of their independence, EY had provided a written assurance, confirming that in relation to their audit of the Company's financial statements for the financial year under review, they were not aware of any relationships or matters that in their professional judgement, may reasonably be thought to bear on their independence.

**Audit and Non-Audit Fees**

Audit and non-audit fees paid by the Group and the Company to the External Auditors during the financial year ended 30 June 2017 are set out below:

	<b>Group FY2017 RM</b>	<b>Company FY2017 RM</b>
Statutory audit fee paid to:		
- EY Malaysia	765,000	200,000
Total (a)	765,000	200,000
Non-audit fees paid to:		
- EY Malaysia	15,000	15,000
- Affiliates of EY Malaysia	147,900	16,000
Total (b)	162,900	31,000
% of non-audit fee (b/a)	21%	16%

In reviewing the provision of non-audit services by EY for the financial year under review, the AC was satisfied that it was not likely to create any conflict or impair the independence and objectivity of EY as external auditors of the Company.

The AC was also satisfied with the quality of services provided by EY for the financial year ended 30 June 2017.

Having regard to the outcome of the annual assessment, the Board approved AC's recommendation for EY re-appointment as External Auditors of the Company for the ensuing financial year subject to shareholders' approval at the AGM.

**6. RECOGNISE AND MANAGE RISKS****6.1 Risk Management and Internal Control**

The ultimate responsibility for ensuring a sound system of risk management and internal control lies with the Board. The Group's system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives as well as to safeguard shareholders' investments and the Group's assets.

The Statement on Risk Management and Internal Control providing an overview of the state of risk management and internal controls within the Group is set out on pages 38 to 40 of this Annual Report.

**6.2 Internal Audit Function**

The Company has in place an adequately resourced internal audit department ("IAD") which reports directly to AC.

The primary function of IAD is to assist AC in discharging its oversight role in assuring the adequacy and integrity of the Group's system of internal control. The AC approves the annual audit plan. The internal audit function adopts a risk-based approach in executing the internal audit plan that focuses on major business units and operations within the Group.

Details of the work of the Internal Audit Function are set out in the AC Report on pages 43 to 44 of this Annual Report.



## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### 7. TIMELY DISCLOSURE

#### 7.1 Corporate Disclosure Policy

The Company is committed to promoting investor confidence by ensuring that material information concerning the Company are disclosed to the investing public timely and takes reasonable steps to ensure that those who invest in its securities enjoy equal access to such information.

To safeguard effective dissemination of information, the Company's internal Corporate Disclosure Policy and Procedure ("CDPP") sets out roles and responsibilities of directors, management, employees and all other relevant persons in the handling and disclosure of material information to shareholders and market participants. It also serves to ensure that communications to the investing public about the Company are made in accordance with the continuous disclosure obligations imposed by the LR of Bursa Securities and other securities law.

#### 7.2 Leverage on Information Technology

The Company maintained a website at [www.jayatiasa.net](http://www.jayatiasa.net) where shareholders as well as members of the public can access the latest information on the Company and the Group.

### 8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

#### 8.1 Shareholder Participation at Annual General Meeting ("AGM")

The AGM is the principal platform for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and question and answer sessions and thereafter to vote on all resolutions.

The Notice of AGM together with the Annual Report are circulated more than 21 clear days before the date of the meeting to give shareholders sufficient time to consider the resolutions that will be decided at the AGM. The Notice also provides explanatory notes including details of the resolutions proposed along with relevant background information for the resolutions proposed to enable shareholders to make an informed decision in exercising their voting rights.

All the Directors including Chairman of the AC, NC, RC and Risk Management Committee as well as the Chief Financial Officer, Chief Operating Officers and External Auditors were in attendance at the AGM held during the financial year to engage directly with the shareholders and to allow shareholders to raise questions and concerns directly to those responsible. The Chairman and the CEO also shared with the shareholders the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group.

#### 8.2 Poll Voting

In line with the LR of Bursa Securities, voting at the 56th AGM held on 24 November 2016 was conducted by poll in accordance with the principle of "one share one vote". The Company appointed Symphony Share Registrations Services Sdn Bhd as the poll administrator to conduct the polling process and TMF Administrative Services Malaysia Sdn Bhd as the independent Scrutineer to validate the votes cast at the 56th AGM.

#### 8.3 Communication and Proactive Engagement

The Company has established an Investor Relations ("IR") Function to undertake ongoing engagement and communication with investors. Investors are continuously informed of the Group's developments via the corporate presentation slides released to the Company's website on quarterly basis immediately after the Board approves the quarterly results. The Director responsible for IR Function and the IR Team conduct regular engagements and communications with stakeholders including briefings to investors and analyst to facilitate mutual understanding of each other's objectives and expectations. IR Reports containing IR activities and investors' concerns are presented to the Board semi-annually for deliberations to enable the Company to understand stakeholders' concerns and to take these concerns into account when making decisions.

Other channels of communications include:-

- Bursa Securities via quarterly financial statements, relevant announcements and circulars;
- General meetings of shareholders; and
- Company's website at [www.jayatiasa.net](http://www.jayatiasa.net) where stakeholders can access corporate information, annual reports, financial information, corporate presentations, Company announcements and stock information.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

**9. COMPLIANCE STATEMENT**

The Board is of the view that the Company has, in all material aspects applied the Principles and complied with the Recommendations of the Code, save for the recommendations in relation to the tenure of an Independent Director which shall not exceed a cumulative term of nine (9) years.

This Corporate Governance Statement was approved by the Board on 17 October 2017.