

Aligning Growth Horizon



2022
ANNUAL REPORT



Aligning Growth Horizon

Continuing our journey into the endemic phase, delivering sustainable growth and creating long-term shareholder value remain our prime commitment to propel forward in tandem with our Vision. Our core values fortify our resilience as we respond to changes with confidence and agility. In constant pursuit of excellence in the fast changing and increasingly competitive business environment, we will embrace the environmental, social and governance concepts in our operations to emerge stronger and better.

The digital version of
Jaya Tiasa Holdings Berhad
Annual Report 2022
is available at our website.

Go to www.jayatiasa.net or
scan the QR code to view.



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62nd

Annual General Meeting

Friday
25 November 2022
10.00 a.m.

Fully Virtual Meeting via
online meeting platform at
<https://meeting.boardroomlimited.my>
(Domain Registration No. with MYNIC-D6A357657)

VISION

To be Malaysia's
acclaimed enterprise in
sustainable palm oil and
wood based industry

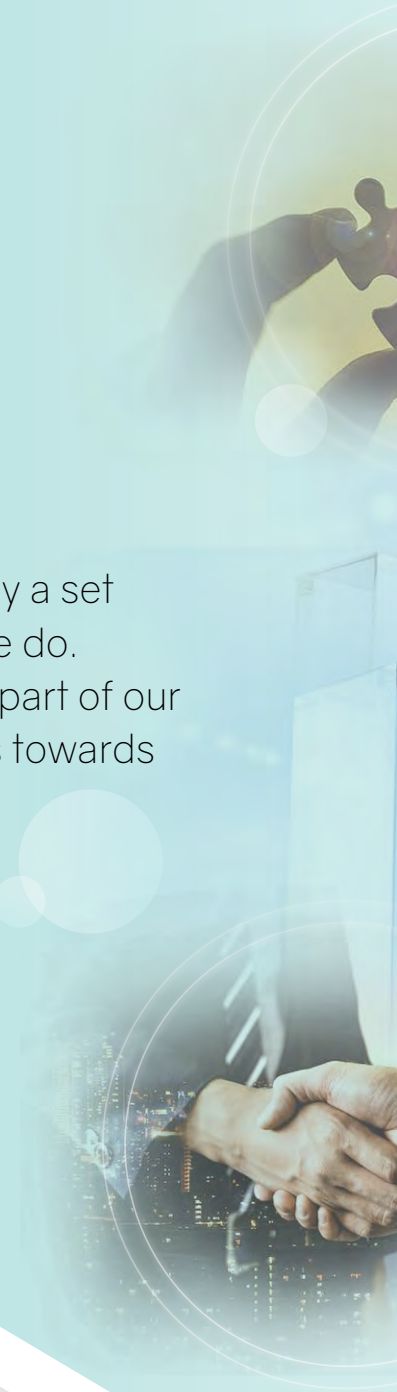


CORE VALUES

At Jaya Tiasa, we are guided by a set of core values in everything we do. These values form an integral part of our culture and are the key drivers towards delivering long-term success.

MISSION

To cultivate a responsible
business culture with deeply
imbued conscience towards the
environment, society and corporate
accountability contributing to the
growth of the nation



INTEGRITY

Embed professionalism, accountability, transparency and corporate ethics in all levels of our business operations

INNOVATION

Being resilient in adopting sustainable solutions to meet the evolving economy

TEAM WORK

Strong and highly motivated collaborative spirit in pursuing our goals with due recognition for achievement

COMMITMENT

Uphold responsibility towards our stakeholders, environment and society by inculcating best practices in all our business pursuits

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATO' SRI MOHAMAD FUZI BIN HARUN
Independent Non-Executive Chairman

DATO' JIN KEE MOU
Chief Executive Officer

MR TIONG CHIONG HEE
Executive Director

MS CLARA TIONG SIEW EE
Executive Director

DATO' SRI DR TIONG IK KING
Non-Independent Non-Executive Director

MDM TIONG CHOON
Non-Independent Non-Executive Director

DATO' WONG LEE YUN
Independent Non-Executive Director

MR YONG VOON KAR
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Wong Lee Yun* (*Chairperson*)
Mr Yong Voon Kar*
Tan Sri Dato' Sri Mohamad Fuzi Bin Harun*

NOMINATION COMMITTEE

Dato' Wong Lee Yun* (*Chairperson*)
Mr Yong Voon Kar*
Mdm Tiong Choon

REMUNERATION COMMITTEE

Mr Yong Voon Kar* (*Chairman*)
Dato' Wong Lee Yun*
Mr Tiong Chiong Hee

* Independent Non-Executive Directors

COMPANY SECRETARY

Ms Ngu Ung Huong

REGISTERED OFFICE AND PLACE OF BUSINESS

No.1-9, Pusat Suria Permata
Lorong Upper Lanang 10A
96000 Sibu, Sarawak
Tel : 084-213255
Fax : 084-213855
Email : inquiry@jayatiasa.net

AUDITORS

Messrs Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No.5, Jalan Prof. Khoo Kay Kim, Sekysen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7890 4700
Fax : 03-7890 4670
Email : bsr.helpdesk@boardroomlimited.com

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Market)
Stock Name : JTIASA
Stock Code : 4383

WEBSITE

www.jayatiasa.net

CORPORATE STRUCTURE



OIL PALM

OIL PALM PLANTATION

- 100% Eastern Eden Sdn Bhd
- 100% Erajaya Synergy Sdn Bhd
- 100% Poh Zhen Sdn Bhd
- 100% Simalau Plantation Sdn Bhd

PALM OIL MILL

- 100% Hariyama Sdn Bhd
(Plantation & Palm Oil Mill)
- 100% JT Oil Palm Development
Sdn Bhd
- 100% Maxiwealth Holdings Sdn Bhd
- 100% Maujaya Sdn Bhd



TIMBER

LOGGING

- 88.9% Curiah Sdn Bhd
- 100% Mantan Sdn Bhd

WOOD MANUFACTURING

- 100% Jaya Tiasa Plywood Sdn Bhd

MARKETING

- 100% Jaya Tiasa Timber Products
Sdn Bhd
- 100% Hak Jaya Sdn Bhd

REFORESTATION

- 100% Jaya Tiasa Forest Plantation
Sdn Bhd



OTHERS

PRIVATE FLIGHT OPERATION

- 100% Jaya Tiasa Aviation Sdn Bhd

FABRICATION & WORKSHOP SERVICES

- 100% Rimbunan Hijau Plywood
Sdn Bhd

PRODUCTION & TRADING OF COCONUTS

- 100% Jaya Tiasa R&D Sdn Bhd

INVESTMENT

- 100% Multi Greenview Sdn Bhd

BIRD NEST

- 100% Guanaco Sdn Bhd

Note: Non-operating or dormant companies are not included.

FINANCIAL HIGHLIGHTS

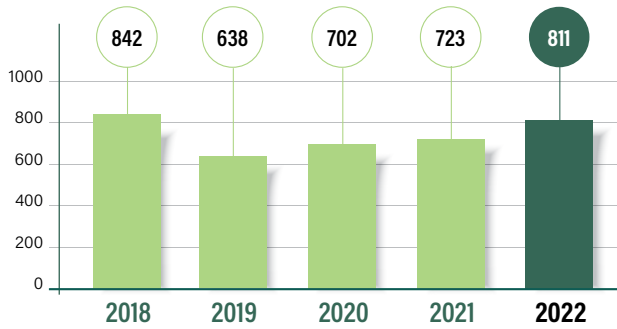
FINANCIAL STATISTICS	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
PERFORMANCE					
Revenue	810,770	723,407	701,883	637,744	841,689
Profit Before Taxation	200,558	76,129	(129,572)	(191,011)	(79,686)
Profit After Taxation	134,413	32,181	(71,950)	(265,263)	(69,834)
Profit Attributable to Equity Holders	134,556	32,246	(72,092)	(266,036)	(71,080)
EBITDA	382,072	265,109	97,622	42,873	145,486
Equity Attributable to Equity Holders	1,270,930	1,140,200	1,109,847	1,170,045	1,459,220
CORPORATE RATIOS					
Net Earnings Per Share (sen)	13.90	3.33	(7.45)	(27.48)	(7.34)
Net Assets Per Share Attributable to Equity Holders (RM)	1.31	1.18	1.15	1.21	1.51
Net Tangible Assets Per Share (RM)	1.31	1.18	1.15	1.21	1.51
Return on Equity (%)	10.6	2.8	(6.5)	(22.7)	(4.9)
Return on Total Assets (%)	6.5	1.7	(3.4)	(11.1)	(2.7)
Gross Dividend (sen)	2.8	-	-	-	0.5
Gearing Ratio (%)	20	36	42	45	39

PROFIT/(LOSS) BEFORE TAX BY BUSINESS SEGMENTS	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Timber Operations and Reforestation	(12,704)	(21,768)	(160,553)	(58,901)	(30,351)
Oil Palm Operations	223,457	107,869	47,493	(126,835)	(11,767)
Others	(10,195)	(9,972)	(16,512)	(5,275)	(37,568)
	200,558	76,129	(129,572)	(191,011)	(79,686)

FINANCIAL HIGHLIGHTS

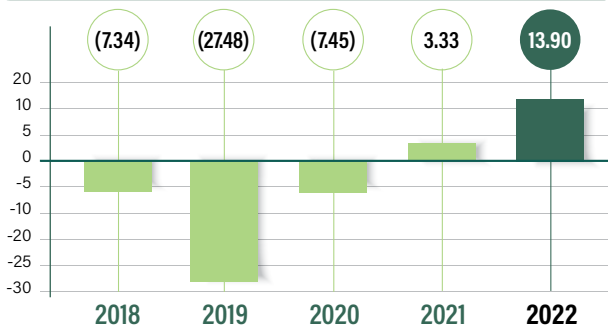
REVENUE

RM million



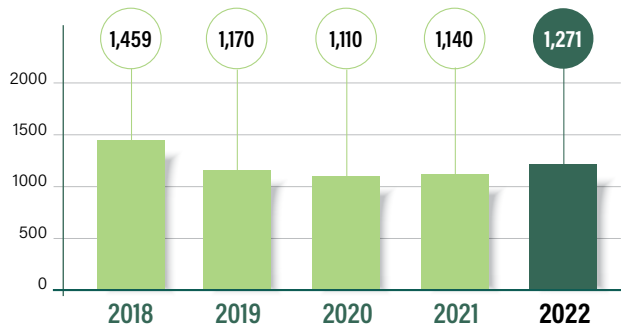
EARNINGS PER SHARE

sen



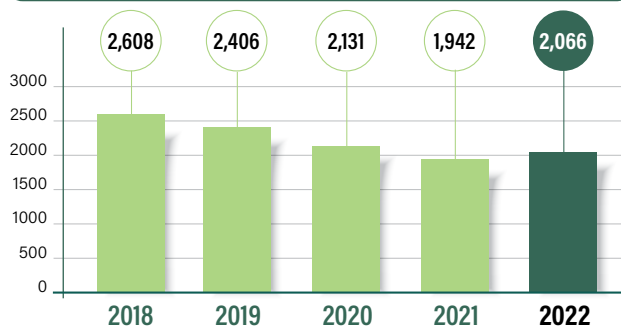
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS

RM million



TOTAL ASSETS

RM million



BREAKDOWN OF REVENUE BY SEGMENT



10.63% TIMBER OPERATIONS

89.32% OIL PALM OPERATIONS

0.05% OTHERS

BREAKDOWN OF REVENUE BY SEGMENT



18.03% TIMBER OPERATIONS

81.91% OIL PALM OPERATIONS

0.06% OTHERS

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Jaya Tiasa Holdings Berhad, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group for the Financial Year ended 30 June 2022.

(A) ECONOMY OVERVIEW

The global economy continued its undulating recovery during the year under review with expectation of a fragile revival in the commodity markets and supply chain following several unprecedented developments on the international stage exacerbating global inflation driven by pent-up consumer demand.

On the domestic front, following the tight global supply of vegetable oils, Russia-Ukraine war and export restrictions by Indonesia, the bullish thrust in the Crude Palm Oil (CPO) pricing at the start of the year to scale a historic record of over RM8,000 per MT in early March 2022 provided a glimpse of positivity to balance the inflationary pressures on the cost of goods. However, the CPO price failed to hold its momentum with the dip to around RM5,000 per MT in June 2022.

According to the IMF, the global growth forecast for this year was slashed downward to 3.2% while inflation was revised upwards to 6.6% in advanced economies and 9.5% in emerging and developing economies. Such predictions are not expected to bode well for our local economy.

Nevertheless with the country transitioning to the endemic stage in April 2022 and with the signing of a Memorandum of Understanding with Indonesia also in April 2022 to enable recruitment of its workers, there was a beacon of hope for business to resume normality as the nation began to ease movement and allow employment of foreign workers to resolve the manpower shortage faced by the oil palm and timber industry.

(B) FINANCIAL PERFORMANCE OVERVIEW

The oil palm division contributed positively with Profit Before Tax amounting to RM223.5 million, a 107% increase as compared to RM107.9 million in the preceding year. The average Fresh Fruit Bunch (FFB) selling price also stoked up by 74% to land at RM1,162, the best since our diversification into this industry. Likewise, the average CPO and Palm Kernel (PK) prices also increased from RM3,133 to RM4,347 and RM1,884 to RM3,390 respectively.

On the heel of this, the oil palm harvesting activities took a toll in production following the hike of fertilizer and pesticides cost, and the decrease in production due to the closure of international border and prolonged suspension of foreign labour intake resulting in an increase of the FFB operating cost by 33%.

The timber division recorded a Loss Before Tax of RM12.7 million for the year under review narrowing down from the previous period's loss of RM21.8 million. The average log selling price increased by 16% largely due to favourable exchange rate, the tightening of log supply and the sustained demand from India despite the challenging economy and competition from other regions while the log production volume decreased by 41% on the back of the suspension imposed by the authorities in the concession areas along the Baleh Hydro-Electric Power Plant Flood Zone.

Overall, driven by the marked performance of the CPO prices, the Group continued its recovery trajectory with a revenue surge of 12% from RM723.4 million to RM810.8 million for the financial year ended 30 June 2022. The group boosted a 163% growth in its Profit Before Tax to record RM200.6 million as compared to RM76.1 million in the previous year. In the same period, the earning per share rose from 3.33 sen in the previous financial year to 13.90 sen in this reporting year. The Shareholders fund



CHAIRMAN'S STATEMENT

increased to RM1,271 million from RM1,140 million recorded in the previous year. The net tangible assets per share stood at RM1.31 for the year ended 30 June 2022.

Further details on the Group's financial performance can be found in the Management Discussion & Analysis section on pages 10 – 14.

(C) DIVIDEND

In light of the Group's financial attainment and as part of our commitment to enhance shareholder value, the Board of Directors has declared an interim dividend payment of 2.80 sen per ordinary share for the financial year under review.

Going forward, the Board of Directors remains committed to the Company's dividend policy of paying out not less than 20% of its net profit, subject to not compromising the Group's ability to support its pursuit for long term growth.

(D) SUSTAINABILITY

As a responsible industry citizen, the Group acknowledges the need to balance our business with responsible environmental and social considerations focusing on governance to improve sustainability performance and instill continuous and sustainable commitments for the growth of the Group.

In our sustainability journey, we will deliberate on strategies and take crucial steps to ensure a sustainable performance whilst ensuring long-term value creation for all our stakeholders.

An overview of our sustainability initiatives is covered under the "Sustainability Statement" section in this annual report from pages 22 – 41.

(E) GOING FORWARD

Since the uplifting of the export ban by Indonesia which has caused the surge in inventories, the CPO price has plunged steeply to below RM4,000 per MT at the time of writing this statement. On top of this, the seasonally higher output in the months ahead, weaker-than-expected economic growth coupled with concerns over elevated global inflationary risks are likely to contribute to further consolidation of the CPO prices going forward.

In spite of this highly volatile market conditions, the easing of labour shortage and increase in demand are expected to be supportive of the CPO prices in the near future.

For our timber division, the enactment of an export ban of timber products by Russia may see gradual diversion of supply to tropical hardwood although it will continue to face stiff competition from temperate softwood affecting log prices.

Amidst such a challenging business landscape, and with the oil palm industry under close scrutiny on ESG adoption and adherence, careful tactical navigation to not only just stay on course but do more and better in our strategy remains to be the Group's priority in all its endeavours. The Group will also be on high alert to developments and determinants that would impact market volatility, remain resilient and be committed to optimise operational efficiencies and cost effectiveness in the pursuit of achieving sustainable profitability in the long run.

(F) APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere gratitude and appreciation to our shareholders for their dedicated support and firm confidence in us all these years. I would also like to thank our valued customers, business partners, bankers, government agencies and all other stakeholders for their unwavering support and co-operation.

Acknowledgment must also be accorded to my esteemed colleagues on the Board for their insightfulness and wise counsel to help steer the Group through the most challenging pandemic saga to pave the way for our further growth and success.

Last but not least, I wish to convey my heartfelt appreciation to the management team and staff for their dedication and unrelenting commitment to the Group. We will continue to work hand-in-hand towards our goal to achieve a commendable performance in Jaya Tiasa.

Thank you.

TAN SRI DATO' SRI MOHAMAD FUZI BIN HARUN
Independent Non-Executive Chairman



STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

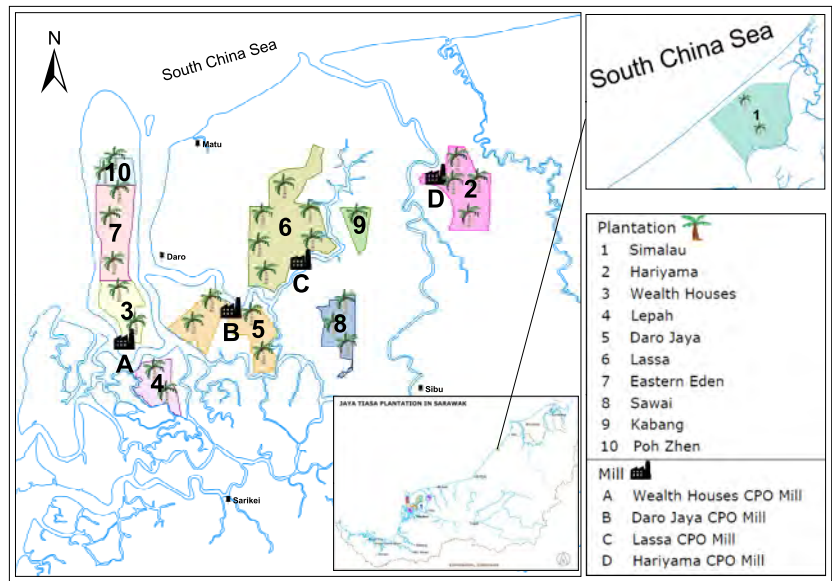
Jaya Tiasa Holdings Berhad commenced operations as a downstream wood processing company in 1987. In 2002, the Group expanded its footprints into the agriculture sector embarking on the oil palm plantation business followed by palm oil milling in 2009 both of which have become the core businesses along with its other principal activities in the managing of forest resources, and the extraction and trading of logs.

(A) OIL PALM DIVISION

Our oil palm plantations covers a total land bank of 83,483 hectares in the state of Sarawak, Malaysia with a total planted and mature area of 69,589 hectares spreading over ten plantations in Sarawak. With a total combined processing capacity of 1,782,000 MT of Fresh Fruit Bunch (FFB) per annum from our four (4) Crude Palm Oil (CPO) mills which are strategically located in or within the vicinity of our oil palm plantations, the Group is poised to support its FFB production.

In line with our commitment of being a sustainable player and in living up to our mission of being a credible and responsible organisation, all our plantations have been certified under the Malaysian Sustainable Palm Oil (MSPO) standards. Our four (4) CPO mills have also received both the MSPO certification and MSPO SCCS ('Supply Chain Certification Standard').

Map of Jaya Tiasa's Oil Palm Division



No.	Plantation	Land Area (Ha)	Planted Area (Ha)
1	Simalau	5,003	4,866
2	Hariyama	10,600	9,645
3	Wealth Houses	6,000	5,757
4	Lepah	5,149	4,099
5	Daro Jaya	11,681	9,841
6	Lassa	21,300	16,287
7	Eastern Eden	10,000	8,580
8	Sawai	6,050	5,448
9	Kabang	2,700	2,133
10	Poh Zhen	5,000	2,933
	Total	83,483	69,589



STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS

No.	CPO Mill	Capacity (MT) Per Hour	Capacity (MT) Per Annum
A	Wealth Houses CPO Mill	90	486,000
B	Daro Jaya CPO Mill	60	324,000
C	Lassa CPO Mill	120	648,000
D	Hariyama CPO Mill	60	324,000
	Total	330	1,782,000

(B) TIMBER DIVISION

Our Group's combined timber concessions span a total area of 412,478 hectares in the state of Sarawak. All our logging operations are being managed to adhere to the principles of The Malaysian Criteria and Indicators (MC&I (Natural Forest)) for Sustainable Forest Management towards obtaining the certifications for all our Forest Management Units (FMUs).

Under the reforestation sector, the Group is currently managing a total reforestation area of 120,395 hectares from which 35,655 hectares had been planted out of the 75,622 hectares of plantable area.

LPF	Gross Area (Ha)	Est. Plantable Area (Ha)	Planted to date (Ha)
Total	120,395	75,622	35,655

FINANCIAL PERFORMANCE REVIEW

For the financial year (FY) 2022, the Group recorded a revenue of RM810.8 million, which was an improvement of 12% from the RM723.4 million in 2021. This was mainly driven by the bullish momentum of the palm oil products on the back of increasing world demand amidst low inventories caused primarily by the tight global supply of other vegetable oils and Indonesia's brief palm oil export ban resulting in the skyrocketing surge in the CPO price.

In tandem with the higher revenue achieved, the Profit Before Tax came in at RM200.6 million, which was 163% higher than the RM76.1 million reported in 2021, due to the notable improvements from the uptrending of the CPO price throughout the financial year.

The Group's total cash flow from the operating activities as at the end of the FY 2022 grew by 120% to RM322.6 million from RM146.4 million recorded in FY 2021 with the reduction of the overall bank borrowings by 12%, and selling and distribution cost by 10%.

(A) OIL PALM DIVISION

The average selling price of FFB increased by 74%, CPO by 39% and Palm Kernel (PK) by 80%. However, the Group's FFB and CPO production understandably declined year-on-year primarily due to labour shortage as a result of the governmental curtailment in foreign workers recruitment.

Oil palm division posted a 22% year-on-year growth, contributing 89% to the Group's revenue. The surge in the CPO price with our average realized price at RM4,347 per metric tonne (MT) and reaching the peak at RM7,240 per MT was a 39% increase from the previous FY. Similarly, the average PK and FFB price also rose by 80% to RM3,390 per MT and 74% to RM1,162 per MT respectively.

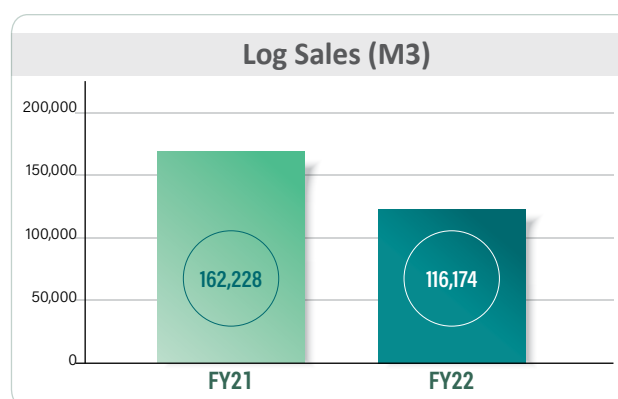
Product	Average Selling Price (RM/MT)		OER / KER (%)	
	FY22	FY21	FY22	FY21
CPO	4,347	3,133	18.5%	18.1%
PK	3,390	1,884	4.1%	4.0%
FFB	1,162	668		

(B) TIMBER DIVISION

Logs sale fell by 17% with the logs export selling price averaging higher at USD231 as global demand for timber products grew.

Timber sales contributed about 11% to the Group's total revenue with Loss Before Tax narrowed down to RM12.7 million from the previous year loss of RM21.8 million, mainly due to the closure of our loss-making wood manufacturing factories thus effectively reducing the amount of the associated depreciation.

The average export price for logs, supported by high global demand and favourable exchange rate, was higher at USD231 per M3 from USD191 per M3 in the previous year.

**OPERATIONAL REVIEW**

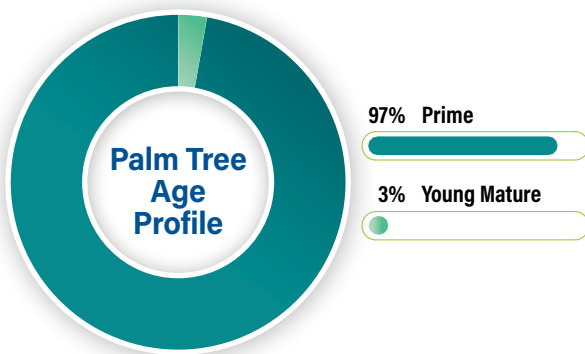
As the effects of the pandemic gradually wore off with Malaysia transitioning into the endemic phase on 1st April 2022 allowing flexibility of movement and with the enforcement of the new minimum wage order on 1st May 2022, our recruitment process had since managed to bring in more workers as we also encouraged local workers to work in both our oil palm and timber division. With the still less than desired workforce on hand, the Group was cautious in retaining its workers and in maintaining a tight and well-planned budget amidst spillover risks from geopolitical tensions arising from conflicts

STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS

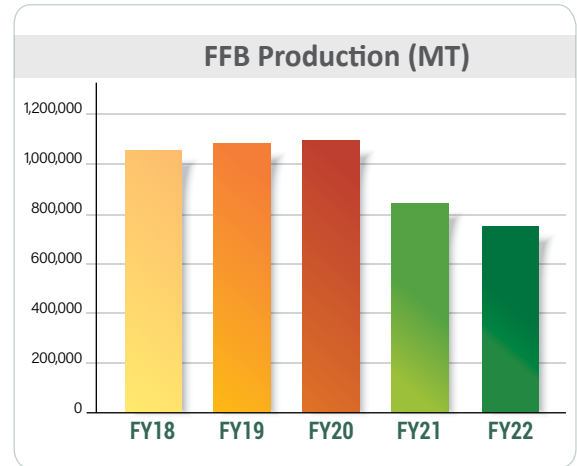
and sanctions following the Russia-Ukraine war sending the commodity markets into disarray and hindering exports of resources such as fertilisers, leading to scarcity and sharp rise in prices.

(A) OIL PALM DIVISION

Out of a total planted land bank of 69,589 hectares, 97% of our palm trees are in their prime with a weighted average palm age of 13 years old. About 3% are young mature palms with an increasing yield trend in the coming years.



The Group's plantation operating environment in the FY 2022 remained challenging as we weathered through the pandemic, labour shortage constraint and erratic weather. As a result, the total FFB production for the FY continued its decline by 14% to 737,723 MT from 861,766 MT in the previous year.

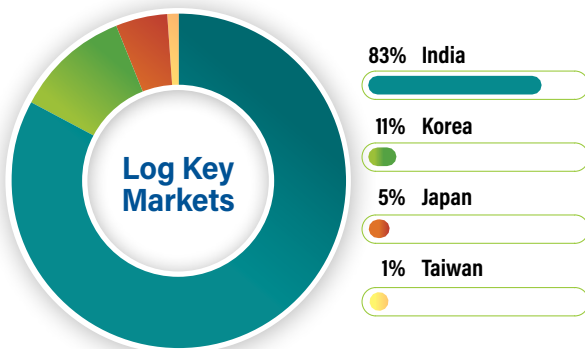


Consequently, the palm oil mills recorded a reduced total production of 135,346 MT of CPO and 30,314 MT of PK equal to a drop of 15% and 13% respectively. Our average oil extraction rate (OER) however increased to 18.5% from 18.1% in the previous year.

CPO Mill	Capacity (MT per annum)	FY2022		FY2021	
		FFB Input (MT)	Utilization %	FFB Input (MT)	Utilization %
Wealth Houses	486,000	220,919	45%	216,592	45%
Daro Jaya	324,000	130,692	40%	213,673	66%
Lassa	648,000	248,610	38%	278,484	43%
Hariyama	324,000	132,352	41%	173,150	53%
Total	1,782,000	732,573	41%	881,899	49%

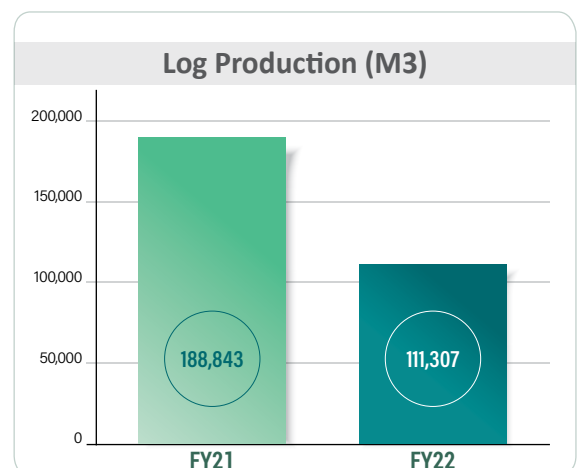
(B) TIMBER DIVISION

(i) LOGGING



customers were loyal clients who had established long-term relationship and trust in us, an essential criterion amidst the challenging economy.

Our logs were sold to several major markets in the world, with India being our largest buyer in the reporting financial year, constituting 83% of our logs export market, followed by Korea, Japan and Taiwan. Most of our



STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS

The total log production for the reporting period was 111,307 M3 compared to 188,843 M3 in the previous year. The dip was mainly due to the suspension imposed by the authorities in the concession areas along the Baleh Hydro-Electric Power Plant Flood Zone affecting several industry players.

(ii) REFORESTATION

To date, a total of 35,655 hectares of forest plantations had been planted. With increased flexibility in movement, the progress of tree planting and maintenance works had picked up in the second half of the FY 2022 although we were still plagued by the shortage of workers to work in the harsh terrain with recruitment constraints imposed by the government.

A total of 362,603 Eucalyptus Pellita (EP) seedlings had been planted under the Industrial Tree Planting Method with an average survival rate of above 90% at one month, indicating better tree growth. Some other species planted in a small scale include Eucalyptus Deglupta (Kamarere), Albizia Falcataria (Batai) and Kelampayan.

Area	Species	No. of Seedling	Area (Ha)
LPF0023	EP/AF	57,707	97.0
LPF0024	EP/AF	304,896	509.0
LPF0028	EP/AF	-	-
		362,603	606.0

OBJECTIVES AND STRATEGIES

Sustainability has been in the mainstream but the recent use of the Environmental, Social and Governance (ESG) factors to gauge business impact on those three pillars are reshaping the global economy. As a responsible industry player towards sustainable growth for the future, the Group is committed to ensuring all our business operations are aligned to the ESG principles.

(A) OIL PALM DIVISION

Apart from managing cost and yield improvement, the Group recognizes that the way forward in this mainstay division is to ensure that our palm oil is produced sustainably in line with ESG concerns through the adoption of responsible and sustainable agricultural practices and embed those concepts throughout all activities, functions and operations from the cultivation of oil palm to the extraction of palm oil and up to the palm kernel recovery for improved efficiency to create value for our shareholders and stakeholders in the long term. With all our plantations and CPO mills fully certified with MSPO Certifications and all our CPO mills further attaining MSPO SCCS, we strive for economic benefits to become a leading producer of renewable and sustainable oil palm-based products.

Efforts are underway to install clean air emission for boilers as the Group's commitment towards contributing to a low carbon future.

To attract and retain workers, the Group will actively review the performance related incentives scheme being introduced. Furthermore, to improve utilisation of workers, efforts will be made to increase mechanisation and structured block crop recovery work arrangement for optimum harvests to ensure our fundamentals are solid to stay competitive.

(B) TIMBER DIVISION

(i) LOGGING

The Group recognises the need for responsible timber harvesting through the adoption of sustainable best practices in the management of the forest resources. In line with the ESG principles, measures already in place will be reviewed from time to time through the introduction of new or enhanced policies for a more effective discharge of all our ground activities for production efficiency while at the same time ensure protection and conservation of the biodiversity and the impact on the local communities.

Forest Management Certification audits are well underway and we are optimistic of solving any non-conformity and obtaining the certification for our Forest Management Units.

(ii) REFORESTATION

The development of our forest plantation will be on-going with the commencement of planting during the second half of the financial year after the long hiatus following restrictions imposed on workers movement during the MCO. We will continue to conform to Sustainable Forest Management (SFM) practices in our pursuit of aggressive planting to meet the deadline set by the government to fully plant by the year 2025, a no easy feat with insufficient manpower. As a way forward, increased mechanisation will continue to be the solution apart from more intensive recruitment drive.

Sustainable log supply from the forest plantation via ecologically and environmentally sound forest conservation and management practices is our strategic path to ensure preservation of

MANAGEMENT DISCUSSION AND ANALYSIS

the natural forests to conserve biodiversity and reduce greenhouse effect. This is echoed in our sustainable forest resources development endeavours to expand our planted forest area with fast-growing tree species such as Eucalyptus Deglupta (Kamarere), Eucalyptus Pellita, Albizia Falcataria (Batai) and Kelampayan as a long term project. This strategy for forest plantation has been gradually implemented through phase approach.

SFM remains the policy thrust, in line with our sustainable development goals towards conserving natural forests and providing a steady supply of logs for the timber division.

ANTICIPATED OR KNOWN RISK

CPO prices may continue to soften in the later half of the year and going into 2023 due to expectations of higher global vegetable oil supply, higher CPO production and inventory as well as lower palm oil exports after Indonesia lifted its palm oil export restriction thus giving tough competition to the palm oil industry in Malaysia. As a midstream producer, a lower than expected CPO pricing will have a significant impact on the Group's financial profile.

The Group also expects challenges arising from the increase in production costs with the hike in the minimum wage in Malaysia and the surge of fuel and fertiliser prices resulting from the Russia-Ukraine conflict that had led to economic sanctions on Russia and disruption in the global fertiliser supply. The Russia-Ukraine crisis may have a greater ripple effect than what is happening as the current spike in global commodity prices may result in further increase in the domestic inflation rate.

Although mechanisation had long been implemented in other operations such as in-field evacuation of FFB and other upkeep activities to reduce dependency on manual labour, the shortage of foreign workers continues to be a risk to the oil palm plantation particularly for FFB harvesting as labour shortage directly affects yields and output and prevents the Group from achieving its full potential and capabilities in not meeting the appropriate harvesting rounds set against the limited labour force.

Similarly, the dependency on foreign workers for planting and maintenance works in the tough terrain in our forest plantation may pose a risk to achieving our aggressive planting intent.

As in the previous years, Malaysia political uncertainty and stability and the government's ability to manage the emergence of new variants of the corona virus and other diseases, and changes in the government policies on export quotas for timber logs, minimum wages, foreign workers recruitment, levy and insurance could also pose further downside risks on the Group's growth.

FORWARD LOOKING

As we journey in the endemic phase, we expect another year of volatility for palm oil prices with uncertainty on its performance which may not augur well for the Oil Palm

division should the Russia-Ukraine conflict prolong and continue to disrupt global supply chains, in particular, the supplies of edible oils causing food prices to escalate and fanning global inflation fears leading to rising costs especially the prices of fertilisers and pesticides.

However, with the signing of the Memorandum of Understanding (MOU) on 1st April 2022 between Malaysia and Indonesia for the entry and employment of Indonesian workers, we expect most of our labour woes to be resolved to enable higher production from our Oil Palm division to offset any dip in the palm oil prices. We also expect the MOU to positively impact our reforestation sector with more manpower to accelerate our planting efforts.

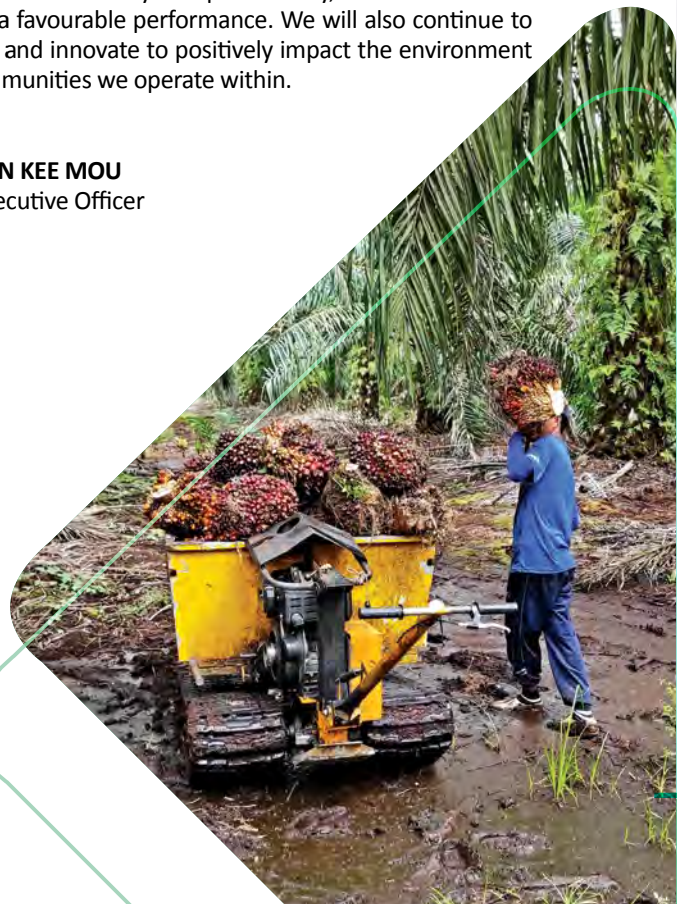
On the outlook of the timber industry, log prices are likely to stay strong as the impact of the Russia-Ukraine crisis on supply chains worldwide had created a demand for timber as well as affecting the prices of commodities, including timber prices that has increased year-on-year.

On the domestic front, according to the Ministry of Finance Malaysia, GDP growth of between 5.3% and 6.3% is anticipated in 2022, with the International Monetary Fund lowering its growth projection for Malaysia to 5.1%. Inflationary pressures are expected to persist, with economists pegging the inflation rate at between 2.0% and 3.5% going into 2023.

With the growing concern on improving our ESG initiatives and to balance the Group's business and profit interests with sustainability and ESG considerations, the Group will endeavour to pursue the necessary steps to comply with the ESG principles.

The Group remains vigilant and alert and is cautiously optimistic that with a tight and well-planned budget geared towards cost efficiency and productivity, we will be able to achieve a favourable performance. We will also continue to improve and innovate to positively impact the environment and communities we operate within.

DATO' JIN KEE MOU
Chief Executive Officer



DIRECTORS' PROFILE

TAN SRI DATO' SRI MOHAMAD FUZI BIN HARUN

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Age	Gender	Nationality
63	Male	Malaysian

Tan Sri Dato' Sri Mohamad Fuzi Bin Harun was appointed to the Board on 2 March 2020 and redesignated as Non-Executive Chairman on 7 January 2021. He is a member of the Audit Committee of the Company.

He holds a degree in Bachelor of Arts (Honours) from the University of Malaya, obtained his Master in Anthropology and Sociology from the University of Kebangsaan Malaysia and had completed the Advance Management and Leadership Programmes from the SAID Business School at Oxford University, United Kingdom.

Tan Sri Dato' Sri Mohamad Fuzi Bin Harun is a retired Inspector-General of the Royal Malaysia Police (IGP).

He joined the Royal Malaysia Police in 1984. He was attached to the Special Branch Department from 1986 to 2014 and served in various capacities, including Deputy Director of the Special Branch and Director of Special Task Force on operation and counter terrorism. He had also served as the Director of the Management Department for more than a year and was subsequently promoted as the Director of Special Branch in July 2015. In September 2017, he was further promoted as the IGP, the highest-ranking position in the Royal Malaysia Police, until his retirement in May 2019.

Currently, he sits as an Independent Non-Executive Director of Tropicana Corporation Berhad, Siab Holdings Berhad, Hikmat Duta Holdings Berhad and Ancom Nylex Berhad.



DATO' JIN KEE MOU

CHIEF EXECUTIVE OFFICER

Age	Gender	Nationality
57	Male	Malaysian

Dato' Jin Kee Mou was appointed as the Chief Executive Officer (CEO) (Principal Officer) on 1 July 2021 and joined the Board on 22 September 2021.

Prior to his appointment as CEO of the Company, Dato' Jin was the CEO of Rimbunan Sawit Berhad from July 2015 until the end of 2018 and thereafter, the Chief Operations Officer of Rimbunan Hijau Group based in Sibul Headquarter.

He graduated with a Bachelor of Engineering in Applied, Civil and Computing degree from Monash University, Australia in 1990 and obtained his professional qualification (P.E.) in 1996. He was conferred Darjah Indera Mahkota Pahang (DIMP) which carries the title "Dato'" by the Sultan of Pahang, Malaysia on 24 October 2011.

He has extensive experience and in-depth knowledge in oil palm industries and the engineering profession. He joined Jaya Tiasa Holdings Berhad as an engineer in 1995 and facilitated engineering and project development. When the Group began diversifying into the oil palm business in 2002, he was entrusted to lead the establishment, development, and operation of the plantations and CPO mills. He had served in various senior positions during which he had acquired extensive experience in the running of the Group's operations.

With the rich experience and familiarity of the many facets of the Group's operations under his belt, Dato' Jin is well-equipped to manage the Group.



DIRECTORS' PROFILE

MR TIONG CHIONG HEE**EXECUTIVE DIRECTOR**

Age	Gender	Nationality
49	Male	Malaysian

Mr Tiong Chiong Hee was appointed to the Board on 14 May 1999 and redesignated as Executive Director on 7 January 2021. He is a member of the Remuneration Committee.

He holds a Bachelor of Commerce degree from University of Melbourne, Australia.

Mr Tiong has vast experience and exposure in timber and oil palm industries. He has been managing a group of private limited companies involving in timber and oil palm operations both in Malaysia and overseas for decades as the Managing Director.

His extensive experience and invaluable knowledge gained over time and familiarity with the regulatory policies and market position has enabled him to address strategic issues relating to the Group's businesses.

MS CLARA TIONG SIEW EE**EXECUTIVE DIRECTOR/CHIEF RISK OFFICER**

Age	Gender	Nationality
31	Female	Malaysian

Ms Clara Tiong Siew Ee was appointed to the Board on 7 January 2021 and designated as the Chief Risk Officer of the Group.

She holds a Bachelor of Marketing degree and Masters of Commerce from the Royal Melbourne Institute of Technology, Australia.

Ms Clara Tiong has served in various managerial and senior positions in the Oriental Evermore Group of Companies principally engaged in logistics, hospitality and real estate business since 2015. She had also been a Personal Assistant to the Executive Chairman of the Company for the period from 2017 to 2020 handling a wide range of administrative and executive support related tasks.

She also sits on the Board of a group of private limited companies.

DIRECTORS' PROFILE

**DATO' SRI DR TIONG IK KING****NON-INDEPENDENT NON-EXECUTIVE DIRECTOR**

Age	Gender	Nationality
72	Male	Malaysian

Dato' Sri Dr Tiong Ik King joined the Board on 27 March 1995.

He graduated with an M.B.B.S degree from the National University of Singapore in 1975 and subsequently obtained his M.R.C.P. from the Royal College of Physicians, UK in 1977. He was conferred Sri Sultan Ahmad Shah Pahang (SSAP) which carries the title "Dato' Sri" by the Sultan of Pahang, Malaysia on 24 October 2008.

Dato' Sri Dr Tiong has extensive experience in many industries including media and publishing, information technology, timber, plantation and manufacturing industries.

He currently serves as a Non-Executive Chairman of both Media Chinese International Limited (a listed company in both Hong Kong and Malaysia) and RH Petrogas Limited (a listed company in Singapore). He is a Trustee of Yayasan Sin Chew, a foundation that carries out charitable activities.

MDM TIONG CHOON**NON-INDEPENDENT NON-EXECUTIVE DIRECTOR**

Age	Gender	Nationality
53	Female	Malaysian

Mdm Tiong Choon was appointed to the Board on 3 May 1999. She is a member of the Nomination Committee of the Company.

She holds a Bachelor of Economics degree from Monash University, Australia.

Mdm Tiong Choon has been with Rimbunan Hijau Group since 1991 and has served in various managerial and senior positions in plantation and hospitality sectors.

She is an Executive Director of Media Chinese International Limited, a listed company in both Hong Kong and Malaysia and the Chairman of One Media Group Limited, a company listed in Hong Kong. She also serves on the Board of Sin Chew Media Corporation Berhad.



DIRECTORS' PROFILE

DATO' WONG LEE YUN**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Age	Gender	Nationality
69	Female	Malaysian

Dato' Wong Lee Yun was appointed to the Board on 21 June 2007.

She is the Chairperson of both the Audit and Nomination Committees and a member of the Remuneration Committee.

Dato' Wong qualified as an accountant with Ernst and Young in 1978 and is a Member of the Malaysian Institute of Certified Public Accountants.

She has extensive experience in investment banking, finance and strategic planning for large investment projects, acquisition of strategic businesses, fund raising and investor relations. In her 10 years in investment banking, Dato' Wong was a Corporate Finance Manager at Permata Chartered Merchant Bank, and subsequently went on to head the investment banking for Malaysia at Chase Manhattan Bank, now known as JP Morgan. From 1991 to 1996, she was the Director of Finance and Strategy for the Renong Group of Companies. Dato' Wong became the Chief Executive of Jaya Tiasa Holdings Berhad from 1997 to 2000. She was also a Director of Sin Chew Media Corporation Bhd from 2004 to early 2008 and the Chairman for Malaysia for TC Capital, a regional investment bank based in Singapore from 2007 to 2020.

Presently, Dato' Wong is an Independent Non-Executive Director of Export-Import Bank of Malaysia Berhad (Bank), an appointment since 15 July 2020, and also the Chairman of the Audit Committee and member of the Risk Committee of the Bank. She also actively invests in businesses and holds directorships in several private limited companies which she founded.

**MR YONG VOON KAR****INDEPENDENT NON-EXECUTIVE DIRECTOR**

Age	Gender	Nationality
64	Male	Malaysian

Mr Yong Voon Kar was appointed to the Board on 2 January 2020.

He is the Chairman of the Remuneration Committee and a member of both the Audit and Nomination Committees.

He holds a Bachelor of Business Studies degree majoring in Accounting from the Royal Melbourne Institute of Technology, Australia. He has been a Member of the Institute of Chartered Accountants, Australia and New Zealand and is a Member of the Malaysia Institute of Accountants since 1984.

Mr Yong is a Chartered Accountant by profession.

He joined EY Malaysia in 1984 and was admitted as a Partner in 1996 before becoming the Managing Partner of Ernst & Young (EY) East Malaysia office from 2002 until his retirement in 2018. With an extensive experience in assurance, corporate recovery and corporate finance, he had been the lead audit partner of several major East and West Malaysia public and non-public listed companies covering a wide range of industries.

Mr Yong had served in various governance and advisory roles in the EY global and regional network from 2008 to 2015. During this period, he served as a member of the Asia Pacific Governance/Advisory Council and was its Finance Sub Committee Co-Chair from 2010 to 2015. He had also served at EY's highest governance level - the Global Governance/ Advisory Council from 2013 to 2015.

Currently, Mr Yong serves as an Independent Non-Executive Director of KKB Engineering Berhad. He is also a Trustee of Yayasan Sin Chew, a foundation carrying out charitable activities.



DIRECTORS' PROFILE

ADDITIONAL INFORMATION ON DIRECTORS:

(i) Family Relationship

None of the Directors have any family relationship with any Directors or major shareholders of the Company save as disclosed below:

- Dato' Sri Dr Tiong Ik King is the brother of Tan Sri Datuk Sir Tiong Hiew King (TSTHK), a major shareholder of the Company.
- Mdm Tiong Choon is the daughter of TSTHK.
- Mr Tiong Chiong Hee is the nephew of TSTHK.
- Ms Clara Tiong Siew Ee is the granddaughter of TSTHK.

(ii) Attendance of Directors at Board Meetings

There were four (4) Board Meetings held during the financial year ended 30 June 2022. Details of attendance of each Director at Board Meetings are as set out in the Corporate Governance Overview Statement on page 43 of this Annual Report.

(iii) Securities holdings in the Company and its subsidiaries

The Directors' shareholdings as at 30 September 2022 are as disclosed on page 156 of this Annual Report.

(iv) Other Business Interest

None of the Directors has interest in any company carrying on similar business as Jaya Tiasa Holdings Berhad Group (Jtiasa Group) or has personal interest in any business arrangement involving Jtiasa Group except as disclosed below:

Director	Company
Dato' Sri Dr Tiong Ik King	RH Group and its related companies carrying on timber and oil palm business
Tiong Choon	
Tiong Chiong Hee	RH Group and Mafrica Group and their related companies carrying on timber and oil palm business

(v) Convictions of Offences

None of the Directors has been convicted of any offence, other than traffic offences within the past five (5) years and there was no public sanction of penalty imposed by the relevant regulatory bodies during the financial year under review.

KEY SENIOR MANAGEMENT

Key Senior Management of Jaya Tiasa Holdings Berhad comprises Dato' Jin Kee Mou, Chief Executive Officer, Mr Tiong Chiong Hee, Executive Director and Ms Clara Tiong Siew Ee, Executive Director/Chief Risk Officer whose profiles are included in the Directors' Profile on pages 15 and 16 of this Annual Report and the Senior Management Personnel as presented on pages 20 and 21 of this Annual Report.

KEY SENIOR MANAGEMENT

DATO' WONG PACK

CHIEF OPERATIONS OFFICER, TIMBER OPERATIONS

Age	Gender	Nationality
62	Male	Malaysian



Dato' Wong Pack graduated with a Bachelor of Economics degree from Monash University in 1984.

Dato' Wong Pack worked in the banking sector prior to joining Jaya Tiasa Holdings Berhad in August 1989. He served as a Factory Operations Manager before his appointment as Chief Operations Officer, Wood Manufacturing Operations of the Group on 1 June 2001. He oversees the timber operations of the Group since 2019.

THOMAS HII KHING SIEW

CHIEF FINANCIAL OFFICER

Age	Gender	Nationality
57	Male	Malaysian



Thomas Hii is a Chartered Accountant and holds a Master of Business Administration (Finance) from University of Leicester, UK. He is also an ASEAN Chartered Professional Accountant, CPA Australia and a Fellow member of the Chartered Tax Institute of Malaysia.

Thomas Hii was trained in an international audit firm prior to joining Jaya Tiasa Holdings Berhad in 1995, and was responsible for the setting up of the internal audit department. Thereafter, he had served in various capacities and functions in the Group, including financial reporting, corporate taxation and finance, risk management and investor relations before his appointment as Chief Financial Officer on 1 January 2011.

KEY SENIOR MANAGEMENT

MR TEOH KHENG HOCK**CHIEF OPERATIONS OFFICER, OIL MILLING OPERATIONS**

Age	Gender	Nationality
64	Male	Malaysian

Mr Teoh Kheng Hock was appointed as Chief Operations Officer, Oil Milling Operations of the Group on 6 October 2016.

Mr Teoh Kheng Hock graduated with a Diploma in Rubber Research Institute of Malaysia and a Diploma in Palm Oil Milling Technology and Management from the Palm Oil Research Institute of Malaysia. He is a competent Steam Engineer and obtained the 1st Grade Steam Engineer Certificate in the year 2003.

He started his career in rubber and latex industry from 1985 to 1996. Subsequently, he joined the palm oil mill industry and held various senior positions in several big companies in Kuala Lumpur and Sabah. He has more than 20 years of experience in the palm oil milling operations.

JENNY WONG NANG HUNG**GENERAL MANAGER**

Age	Gender	Nationality
58	Female	Malaysian

Jenny Wong Nang Hung graduated with a Bachelor of Science degree in Computer Science from University of New South Wales in 1986.

Prior to joining Jaya Tiasa Holdings Berhad in March 1999, Jenny Wong worked in two other companies in various capacities including Head of Computer Department and Deputy Registrar. She served in various senior positions in the Group, from a System Analyst Manager to an Assistant General Manager in the Managing Director's Office before her appointment as General Manager in the Chief Executive Officer's Office on 1 January 2015.

Additional Information:

All the Senior Management Personnel have no directorship in public companies, no family relationship with any Director and/or major shareholders of Jaya Tiasa Holdings Berhad, no conflict of interest with Jaya Tiasa Holdings Berhad, have not been convicted of any offence within the past 5 years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2022.

SUSTAINABILITY STATEMENT

Managing Sustainability

Jaya Tiasa Group (“The Group”) remains committed to its vision of being Malaysia’s acclaimed enterprise in sustainable palm oil and wood based industry. Our sustainability framework remains focused on the three pillars of sustainability – Economic, Environment and Social (“EES”) as we incorporate Environmental, Social and Governance (“ESG”) considerations in our business operations and include definitive ESG performance and accountability in how we measure and disclose the Group’s performance. A testament to this are the several initiatives established to manage our commitment towards sustainability.

To achieve its vision, the Group strives to address and manage the following ESG matters:



Scope of Sustainability Statement

The scope of this Sustainability Statement encompasses the Group’s oil palm plantation operations, palm oil mill operations and timber operations, and focuses on the things that are most material to both our organization and stakeholders for the financial year ended 30 June 2022 (“FY22”).

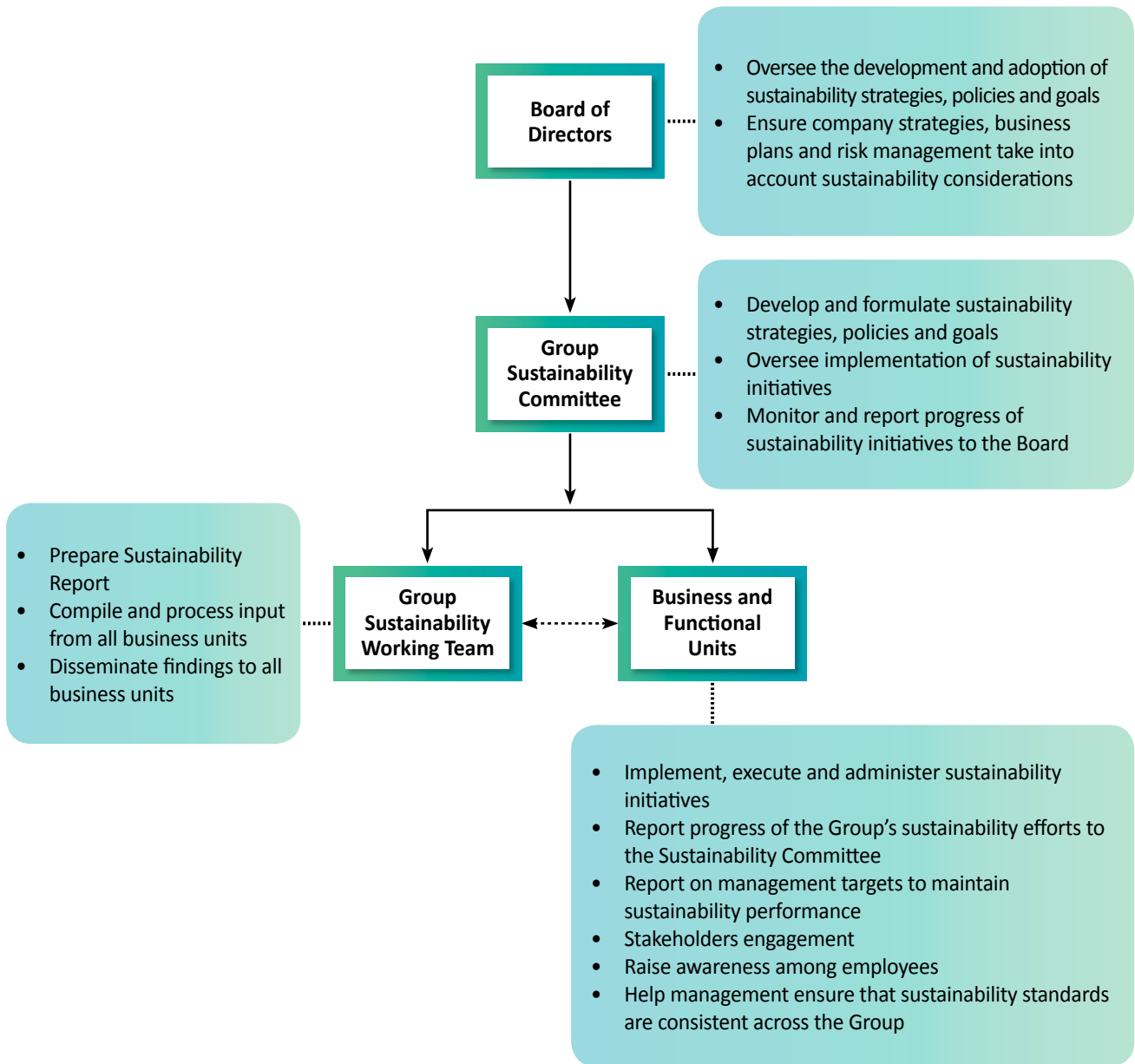
Sustainability Governance Management Structure

Effective governance for sustainable development and robust risk management policies and procedures combined with our core values are keys for achieving long term success. The Board of Directors oversees the development and adoption of sustainability strategies, policies and goals and ensures company strategies, business plans and risk management take into account sustainability considerations. The Board of Directors has delegated responsibility to the Group Sustainability Committee headed by the Group’s Chief Executive Officer and supported by the Executive Directors to formulate sustainability strategies, policies and goals as well as to oversee the implementation of sustainability initiatives. The Group Sustainability Working Team works closely with the Group Sustainability Committee to deliberate on the current sustainability challenges and manages the Group’s sustainability performance and reporting. The business and the functional units shall implement, execute and administer the sustainability initiatives and report the sustainability performances to the Group Sustainability Committee via the Group Sustainability Working Team.



SUSTAINABILITY STATEMENT

Sustainability Governance Management Structure



Targets and Achievements

Objectives	Targets	Status of Targets	Address by Specific Material Sustainability Matter	Page Reference
Target 1: Economics				
FFB Yield per Hectare (MT/HA)	12.0	Continuous Improvement	Product Quality, Economic Performance	28
Oil Extraction Rate:				
<ul style="list-style-type: none"> Crude Oil Extraction 	18.5%	Continuous Improvement	Product Quality, Economic Performance	28
<ul style="list-style-type: none"> Palm Kernel Extraction 	3.8%	Continuous Improvement	Product Quality, Economic Performance	28

SUSTAINABILITY STATEMENT

Objectives	Targets	Status of Targets	Address by Specific Material Sustainability Matter	Page Reference
Target 2: Environmental				
No new developments carried out on peatlands	All Plantations	Achieved	Climate Change, Responsible Sourcing and Traceability	29
Installation of Biomass boilers for energy generation	All CPO mills	Achieved	Climate Change, Waste Management and Pollution	29
Measurement of GHG emissions per year for the Group	All Operations	Ongoing	Climate Change, Waste Management and Pollution	29 - 30
Flora and Fauna Biodiversity Assessment	Assessment carried out for all plantations	Ongoing	HCV Protection	31 - 32
Management of effluent discharge	Within requirement (<20mg/L)	Achieved	Climate Change, Water Resources Management, Waste Management and Pollution	30
Set up methane capture plant in the CPO mills	CPO mills	Ongoing	Climate Change, Waste Management and Pollution	29
No land development through open burning	All Plantations	Achieved	Climate Change, HCV Protection, Waste Management and Pollution	29

Objectives	Targets	Status of Targets	Address by Specific Material Sustainability Matter	Page Reference
Target 3: Community				
Improve life of smallholders & local communities	Continuous Improvement	Ongoing	Community Engagement and Corporate Social Responsibility	35 - 36

Objectives	Targets	Status of Targets	Address by Specific Material Sustainability Matter	Page Reference
Target 4: Employees				
No child labour	No breaches of laws and regulations	Achieved	Labour Standards and Human Rights	33
No forced labour	No breaches of laws and regulations	Achieved	Labour Standards and Human Rights	33
Reduce work related lost time	Improved awareness	Continuous Improvement	Occupational Safety & Health	39

SUSTAINABILITY STATEMENT

Objectives	Targets	Status of Targets	Address by Specific Material Sustainability Matter	Page Reference
Target 5: Certification				
MSPO SCCS for all 4 CPO mills	Certified	Achieved	Sustainability Certification	40
MSPO certification for all plantations and CPO mills	Certified	Achieved	Sustainability Certification	40
Forest Management Certification for all Forest Management Units	By 2022	Ongoing	Sustainability Certification	41

How our Material Issues Relate to the UN Sustainable Development Goals (SDGs)


The United Nations (UN) adopted 17 Sustainable Development Goals (SDGs) with the aim to call for actions to end poverty, protect the planet, tackle climate change, improve health and education, reduce inequality and ensure that all people enjoy peace and prosperity. With our strong commitment towards sustainable development, we have performed a review and evaluated on how our diverse businesses can contribute to SDGs and have since prioritized nine SDGs that are considered most relevant to the Group and incorporated them into our Sustainability Framework.


SUSTAINABLE DEVELOPMENT GOALS


Material Sustainability Matters

The Group Sustainability Committee has reviewed the key Economic, Environment, Social and Governance issues for potential financial, operational and reputational impacts on the Group. We have identified numerous key material issues that are of high concern to stakeholders and of high significance for our Group in FY22. These material issues have been prioritised through our materiality assessment process. Material issues identified are then assessed to establish if proper policies and procedures are implemented to manage and monitor these issues.

SUSTAINABILITY STATEMENT

Key Issue	Material Sustainability Matters	Link to UN SDG
ECONOMIC	<ul style="list-style-type: none"> Product Quality Economic Performance 	SDG 8, 12  
ENVIRONMENTAL	<ul style="list-style-type: none"> Climate Change High Conservation Value (HCV) Protection Water Resources Management Waste Management and Pollution 	SDG 6, 13, 15   
SOCIAL	<ul style="list-style-type: none"> Labour Standards and Human Rights Human Capital Development Community Engagement and Corporate Social Responsibility Occupational Safety and Health 	SDG 1, 3, 8, 10    
GOVERNANCE	<ul style="list-style-type: none"> Compliance with Legal and Other Requirements Grievance Procedures Sustainability Certification Responsible Sourcing and Traceability 	SDG 12, 16  

Stakeholders Engagement

The stakeholder groups which have significant influence and impact on the Group's businesses are carefully identified and engaged at various platforms and intervals throughout the year. We prioritize honest and open communications with our internal and external stakeholders to fully understand their sustainability concerns and issues with a view to ensuring that their key interests are aligned with those of the Group.

Overview of Stakeholder Engagement conducted in FY22

Stakeholder Group	Areas of interest	Methods	Frequency	Outcomes
Shareholders and Investors	<ul style="list-style-type: none"> MSPO certification MSPO SCCS Future plans Progress and compliance with sustainability standards Pollution Deforestation Pesticide and chemical usage 	<ul style="list-style-type: none"> Quarterly meeting Annual general meeting Company website Engagement survey 	<ul style="list-style-type: none"> Every 3 months Once a year Periodic Once a year 	<ul style="list-style-type: none"> Positive reputation and a better understanding of Jaya Tiasa's sustainability status, progress and initiatives Good relationship with shareholders

SUSTAINABILITY STATEMENT

Stakeholder Group	Areas of interest	Methods	Frequency	Outcomes
<i>Local Communities</i>	<ul style="list-style-type: none"> • Opportunity for employment • Complaints and grievances • Smallholders • Community development • Waste management 	<ul style="list-style-type: none"> • Grievances and complaints channel • Formal and informal meetings • Social impact assessments • Community programs 	<ul style="list-style-type: none"> • As and when necessary • Periodic • Once a year • Periodic 	<ul style="list-style-type: none"> • Employment for qualified and eligible locals • Improved road access • Contributions to the community and local schools • Better social relation with the Group
<i>Workers</i>	<ul style="list-style-type: none"> • Occupational health & safety • Working conditions, facilities, safety and training • Wages/remuneration • Complaints and grievances • Employee social and welfare care 	<ul style="list-style-type: none"> • Quarterly meeting • Morning roll-call • Regular training • Notices • Covid-19 SOPS 	<ul style="list-style-type: none"> • Every 3 months • Daily • Periodic • Periodic • At all times 	<ul style="list-style-type: none"> • Better understanding of company policies • Safer working environment • Improved awareness of health & safety issues
<i>Employees</i>	<ul style="list-style-type: none"> • Job satisfaction and development • Remuneration • Health and safety • Communication of company's policies and practices 	<ul style="list-style-type: none"> • Annual appraisals • Training sessions • Workshop for discussions • Sports and recreation club • Company intranet, newsletters • Covid-19 SOPS 	<ul style="list-style-type: none"> • Once a year • As required • As required • Periodic • Periodic • At all times 	<ul style="list-style-type: none"> • Employee retention • Better understanding of the company's policies and values
<i>Government and regulatory authorities</i>	<ul style="list-style-type: none"> • Compliance with legal requirements • Support government transformation policies and initiatives • Occupational Safety and Health 	<ul style="list-style-type: none"> • Formal dialogues and meetings • Annual reports • Site Visits • Engagement survey 	<ul style="list-style-type: none"> • As and when necessary • Once a year • Periodic • Periodic 	<ul style="list-style-type: none"> • Supportive of the Government's policies and initiatives • Protection of the environment • Positive reputation amongst investors
<i>Suppliers / Smallholders</i>	<ul style="list-style-type: none"> • Compliance with sustainability requirements • Product quality • On time delivery 	<ul style="list-style-type: none"> • Formal and informal meetings • Dialogues and appraisals 	<ul style="list-style-type: none"> • Periodic • Periodic 	<ul style="list-style-type: none"> • Sustainable production • On time delivery of materials
<i>Customers</i>	<ul style="list-style-type: none"> • Quality of products • Compliance with sustainability standards • Supply chain and traceability of product • Deforestation 	<ul style="list-style-type: none"> • Networking sessions • One on one meetings • Annual reports • Company website • Visit to estates and mills 	<ul style="list-style-type: none"> • Periodic • Periodic • Once a year • Periodic • Periodic 	<ul style="list-style-type: none"> • Positive reputation • Customer retention • Increased market share
<i>Certification bodies</i>	<ul style="list-style-type: none"> • Occupational safety and health • Human and consumer rights • Social and environment impact 	<ul style="list-style-type: none"> • Engagement surveys and dialogues • Site visits and inspection • Constructive partnership 	<ul style="list-style-type: none"> • Periodic • Once a year • Periodic 	<ul style="list-style-type: none"> • Increased market share • Compliance with policies • Audit and certification • Knowledge sharing

SUSTAINABILITY STATEMENT

Stakeholder Engagement conducted in FY22



Briefing with external stakeholders of Long Busang



Briefing with external stakeholders of Long Singut



Briefing with external stakeholders of Lassa Plantation



Briefing with external stakeholders of Daro Jaya Plantation

ECONOMIC

Product Quality (SDGs-12 Responsible Consumption and Production)

It is the policy of the Group to produce quality palm oil and timber related products to the satisfaction of our valued customers.

Our quality focus starts from every aspect of our best agricultural practices and milling activities right until our products are delivered to the satisfaction of our valued customers. We continue to invest in the latest technology and high-end machineries to ensure higher efficiency and to produce high quality products for our customers. In each of our mills, we have fully-equipped laboratory to monitor the quality of our finished products.

Economic Performance (SDGs-8 Decent Work and Economic Growth)

In the reporting year, our employees (through their various services in the Group) were recipients of RM89.9 million in employee benefits. The Group also contributed over RM96.7 million to the government through various taxes, cesses and logs royalty.

From the total revenue of RM810.8 million, 20% or RM162.6 million was channeled to the purchase of spare parts, diesel, fertilisers and chemicals, repair and maintenance and payment of utilities and office supplies to meet the needs of the overall business. Inevitably, this has helped the local economy both directly and indirectly. The Group also actively purchased FFB from surrounding plantations and smallholders to the tune of RM52.5 million during the year.

ENVIRONMENTAL

As our business is closely associated with natural resources, we recognize the importance of practicing responsible stewardship of the environment. To this end, environmental protection measures and considerations have long been embedded in our manufacturing processes and day-to-day operations.

SUSTAINABILITY STATEMENT

Climate Change (SDGs-13 Climate Change)

Peatland Management and Fire Prevention

In view of the frailty and the importance of peatland when it comes to carbon storage and its other multiple benefits such as biodiversity maintenance, carbon water storage and regulation, the Group has taken the stance to strictly prohibit the clearance and development of peatlands for new plantations regardless of depth.

To conserve and for better management of water and drainage in the peatland, a series of weirs and water gates were constructed across the collection drains to regulate the water level in the field and significantly reduce carbon emission. To comply with the MSPO standards, the water level in the collection drain is maintained at a range of 35cm to 60cm and at 30cm to 50cm for groundwater table in the field.

Deforestation

The Group ensures that our agricultural operations comply with the following:-

- No planting on land with high biodiversity value;
- No planting on protected and forest reserve land;
- No new development on peatland regardless of depth; and
- No development in high carbon stock forest.

Since 2015, the Group did not clear any land for new oil palm plantation development.

Fire and Haze Prevention

The impacts of fire can be catastrophic, including commercial loss, loss of life, air pollution and loss of biodiversity. Fires possess long-term commercial risk and the potential losses to the Group are high. Wider risks of fire include threats to climate change goals that could easily derail the Group from achieving economic and environmental sustainability.

Zero Burning Policy

In compliance with environmentally friendly practices as well as the principles and criteria set out in the MSPO standards, the Group adheres to a strict zero burning policy and enforces it without exception.

Monitoring

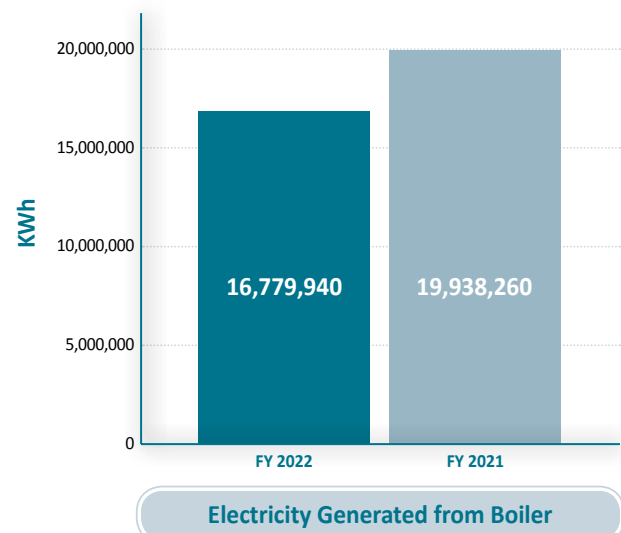
During the dry seasons, employees in all our plantations are directed to vigilantly lookout for any fire breakouts in the surrounding vicinity. Employees are continuously trained (extensive mock fire drills are conducted regularly) on how to control and manage fires. We have setup weather stations throughout the plantations to gather micro-climate information for regular fire safety risk assessment and ensure that adequate fire safety measures are put in place. Our continuous efforts have proven to be fruitful as there were no reported fire related incidents for five consecutive years.

Greenhouse Gas Management

Our biggest source of emissions comes from Palm Oil Mill Effluent (POME). The discharged water produces methane gas which has 21 times more Global Warming Potential compared to other gases. To reduce methane gas emissions, the Group has biogas plants constructed in the mills. These biogas plants help to trap the methane gas.

Energy Consumption

To be sustainable, our management is committed to energy conservation and the reduction of fossil fuel usage. We recycle oil palm and oil mill by-products such as press fiber and palm kernel shells for use as biomass fuel in the mills boiler. For FY22, the boilers in our mills generated 16.8 million KWh of electricity from those by-products which is equivalent to electricity generated from burning 5.60 million litres of diesel. The use of these biomass fuels significantly reduces the consumption of non-renewable fossil fuels and generates greater cost savings as those are cheaper.



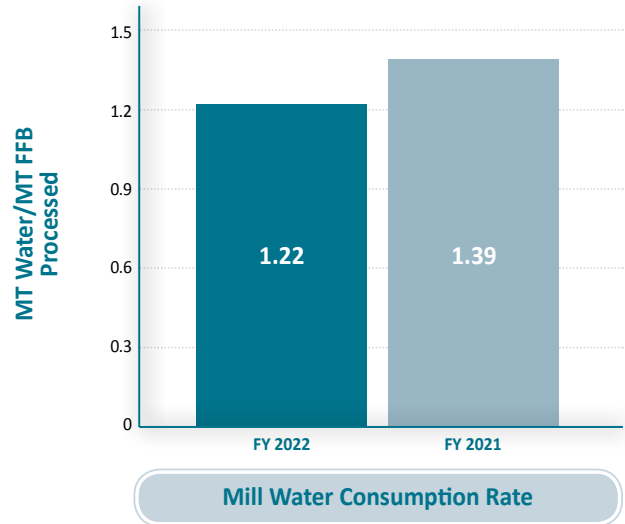
SUSTAINABILITY STATEMENT

Water Resources Management (SDGs-6 Clean Water and Sanitation)

The Group's water management strategies center on the optimization of water usage, increasing the number of water sources, the reduction of water consumption and the identification of water pollution sources.

In accordance with the water management strategies, the following measures were put in place: -

- The installation of water gates to control and maintain water levels for palm tree irrigations. In addition, water level was maintained at an optimum level in anticipation of potential shortfall of rain and to counter the risk of fire;
- The establishment of ponds, water catchment and water tanks at worker's housing area to store rain water;
- The setting up of water treatment plant for milling usage and daily consumption while maintaining strict water efficiency;
- The strict prohibition of the discharge of chemicals, solid wastes and used lubricants into the waterways;
- The practice of water sampling twice a year to monitor water quality in line with EIA measures and to ascertain it is potable (safe for drinking) and for other daily usages; and
- The maintenance of buffer zones along the natural waterways where spraying and manuring operations are strictly prohibited.



Waste Management and Pollution (SDGs-6 Clean Water and Sanitation, 13 Climate Change)

Effluent Management

POME is the waste water discharged from the processing of FFB. POME has high acidity, high biological oxygen demand (BOD) and high levels of organic matters which can pollute the waterways if left untreated. By using the aerobic and anaerobic ponding system, the treated water can be discharged safely into the environment. In FY22, 100% of the POME discharge from our mills was treated to meet local regulatory requirements (<20mg/L) prior to discharge. There is no incident where our POME discharge is over the limit and is harming the waterways.

Waste Management

The Group strictly observes the best practices in the handling and managing of waste at our sites. We take full precaution in disposing all waste products including domestic waste, agricultural waste, biomass or by-products generated by our oil palm plantations or oil palm milling sectors.

Biomass fuels such as press fiber and palm kernel shell are burnt in boiler to generate electricity. Recycling of nutrient rich biomass such as Empty Fruit Bunch (EFB) and POME sludge is a common practice within the Group. These EFB and sludge can be further processed to become bio-fertilizers thus reducing the need to acquire expensive agrochemicals which in turn save costs. Another useful by-product of EFB is bunch ash. As peat soil is highly deficient in potassium, external application of high amounts of potassium is required. Using bunch ash as a source of potassium is more advantageous and preferable since it helps to neutralize soil acidity (*Gurmit et al. MohdTayeb, 2002*).



By-products generated and recycled from milling operations:

By-product	Total Quantity Generated and Recycled (MT) in FY22	Method of Recycling
Bunch Ash	3,912	Organic fertilizer
Press Fiber	98,897	Biomass fuel for boiler
Palm Kernel Shell	10,989	Biomass fuel for boiler

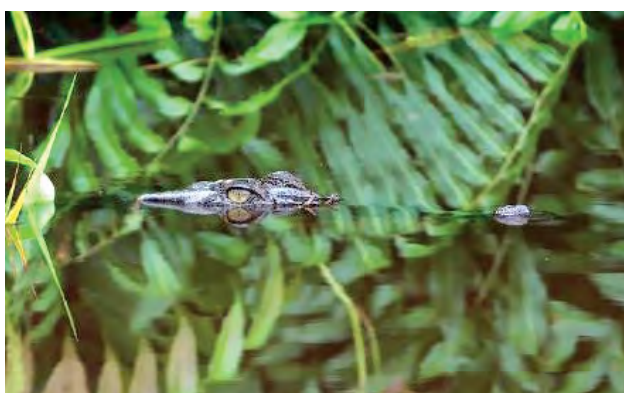
Scheduled wastes generated from the operations and biohazard wastes are stored, labelled and disposed of by licensed contractors in adherence to the government regulations.

SUSTAINABILITY STATEMENT

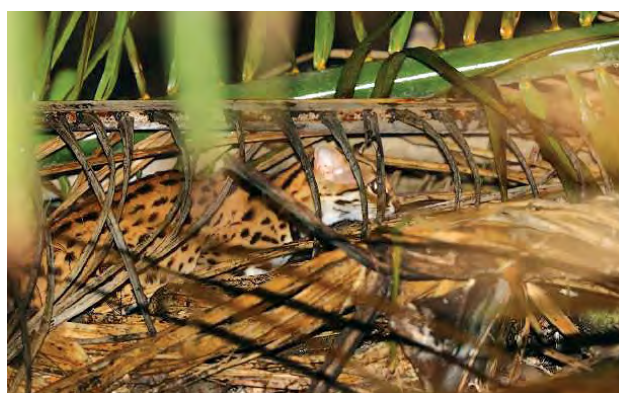
High Conservation Value (HCV) (SDGs-15 Life on Land)

A High Conservation Value (HCV) is a biological, ecological, social or cultural value of outstanding significance or critical importance. HCV areas which are more relevant to the Group encompass natural habitats that are either rich in biodiversity and are home to endangered flora and fauna species; or that are fundamental to the needs of local communities or to preserving their cultural identity. Global discourse on palm oil and logging activities is often tied to heavy biodiversity loss as well as significant changes in land composition and ecosystems. To mitigate such discourse, we have the responsibility to uphold and practise sustainable business operation to prevent any undue risks on the environment for the benefit of the present and future generations.

The Group had conducted Biodiversity Assessment for all of our oil palm estates covering a total land bank of 83,483 ha and with buffer zones of 11,335 ha. We had also conducted High Conservation Value (HCVs) Assessment for our Forest Management Units (FMUs). The findings from these assessments would help to determine the most effective length and in-depth research required for an effective HCV monitoring and management. We have imposed a policy of “zero tolerance” towards killing, harming any of the endangered / protected species listed under the International Union for Conservation of Nature (IUCN) and Protected Animals from Wild Life Protection Ordinance, 1988.



Estuarine crocodile (*Crocodylus porosus*) photographed in Sungai Trus of Simalau Plantation



Leopard cat (*Prionailurus Bengalensis*) was photographed during night survey in planted blocks of Lepah Plantation

Summary of IUCN List of Flora Species in the Group's areas of operation:

Conservation Status	FY22		
	Forest Management Unit		Oil Palm Plantation
	Penuan-Lebuwai FMU (T/3370)	Baleh-Balui FMU (T/3371)	
WLPO 1998 - Totally Protected	1	1	0
WLPO 1998 - Protected	19	21	23
IUCN - Critically Endangered (CR)	7	9	5
IUCN - Endangered (EN)	8	4	3
IUCN - Vulnerable (VU)	1	3	5
IUCN - Near Threatened (NT)	1	0	0
SPRL - Critically Endangered (CR)	0	0	0
SPRL - Endangered (EN)	3	0	0
SPRL - Vulnerable (VU)	3	1	0
SPRL - Near Threatened (NT)	1	0	0
CITES - App. I	0	0	0
CITES - App. II	0	0	0

SUSTAINABILITY STATEMENT

Summary of IUCN List of Fauna Species in the Group's areas of operation:

Conservation Status	FY22		
	Forest Management Unit		Oil Palm Plantation
	Penuan-Lebuwai FMU (T/3370)	Baleh-Balui FMU (T/3371)	
WLPO 1998 - Totally Protected	13	10	6
WLPO 1998 - Protected	29	28	26
IUCN - Critically Endangered (CR)	2	2	1
IUCN - Endangered (EN)	2	2	2
IUCN - Vulnerable (VU)	8	10	7
IUCN - Near Threatened (NT)	8	5	3
CITES - App. I	4	5	4
CITES - App. II	10	12	0

HCV Protection Update

On biodiversity conservation in the FMU area, a total of 6 dry saltlicks have been identified to-date. Saltlicks possess high conservation value; it is a specific site where wild animals go to lick the naturally occurring salt deposits in order to supplement the essential minerals.

Out of the six (6) saltlicks, three (3) have been established, demarcated and camera trapped by our Honorary Wildlife Ranger (HWR) team for continuous monitoring annually. The outputs shall become part of the overall measurement on population dynamics of mammals in the FMU area.



Appointment of Honorary Wildlife Rangers (HWR)



Sambar Deer at a salt lick

Pesticides, Chemical and Fertiliser Usage

In order to minimise the impact of our operations on the natural environment, it is essential to cut back on the reliance on fertilisers, pesticides and herbicides.

Biological Insecticides and Pheromones

As part of our integrated pest management practices, we use biological insecticides and pheromones in place of chemical pesticides to control the population of pests. Biological insecticide such as DiPel is effective against more than thirty different kinds of pests and has minimal effect on the environment, animals and humans, and is biodegradable. Pheromones traps have proven to be an efficient and effective way to trap Rhinoceros beetles.

Natural Predator

Beneficial plants such as *Cassia cobanensis*, *Turnerasubulata* and *Antigononleptopus* are planted to provide both shelter and supplementary food such as nectar to *Sycanus*, a type of insect that hunts the leaf-eating caterpillars and bagworms.

Surveillance and monitoring of pest outbreak is key to minimise the environmental and financial impact from excessive use of pesticides. Pesticides are used only when and deemed necessary against damaging outbreak.

SUSTAINABILITY STATEMENT

Soil Enrichment and Fertiliser Reduction

By recycling plant biomass as discussed in the waste management section earlier, the zero burning technique improves soil organic matter, moisture retention and soil fertility. This reduces the overall requirement for inorganic fertilisers and decreases the risk of water pollution through leaching or surface washing of nutrients.

SOCIAL

At Jaya Tiasa, we believe our employees are our greatest asset. The health of our employees is directly linked to their productivity and satisfaction at work. We believe clear engagement with employees coupled with career development opportunities will improve personal performance, business productivity and product quality. We recognise the potential in each employee and the benefits of a diverse workforce.

Labour Standards and Human Rights (SDGs-3 Good Health & Well-Being, 10 Reduced Inequalities)

The Group is committed in ensuring the dignity and rights of our workers are respected in line with the Malaysian Labour Law and the United Nations' guiding principles on human rights. These commitments are outlined below:

- Practice of non-discrimination during recruitment, employment, dismissal or promotion regardless of gender, race, religion, marital status and political affiliation;
- Strict prohibition of any form of harsh and inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental and physical coercion;
- Strengthening of mutual cooperation between worker and employer;
- Encourage open discussion and recognition;
- Improvement of workers' health and safety levels;
- Respect the rights of the community in accordance with the UN Declaration on the Rights of Indigenous Peoples. Social Impact Assessments are conducted on local communities that are directly or indirectly affected by our business operations;
- Practice of zero tolerance on the use of child or forced labour, slavery or human trafficking in any of our operation sites and facilities;
- Adherence to our core values by our contractors and suppliers; and
- The passports of workers will be made available upon request and no workers will be retained against their will.

No incidences of forced or child labour have been found or reported.

Recruitment and Retention

To meet future challenges and remain competitive, we strive to be an attractive employer with the ability to retain the best people. With the competition for talents growing more intense, the following safeguarding measures were put in place:

- The conduct of road shows and placements of advertisements in local newspapers to encourage the local communities to be part of the Group;
- New recruits are given orientation and training;
- Employment and development of employees are based on individual skills, talent, experience and the behavioral attributes of a person;
- Remuneration pay package is tailored according to employee's level of performance; and
- Same career progression opportunity for everyone who is competent and contribute to the success of the Group.

Foreign workers

To mitigate the shortage of labour force during the pandemic and movement restrictions, we look towards retaining foreign workers (mainly from Indonesia) to take over the physically demanding works.

- All workers are covered under the purview of "Workers Minimum Standards of Housing and Amenities Act 1990";
- All levy fees, visa applications and transportation costs are borne by us to reduce their financial burden;
- Only foreign workers with valid work permits are hired; and all statutory payments and just wages are made in a timely manner; and
- All foreign workers are covered under SOCSO or SKKPHA.

Fair Pay and Performance Oriented Culture

We have been compliant with the National Minimum Wages Order since it was first introduced by the Malaysian government in 2012. We ensure that all employees are adequately compensated for their work and that wage payments are made in a timely manner and are clearly acknowledged by the workers. In addition to the typical employee benefits, we also provide annual bonuses, medical and insurance coverage and EPF to eligible employees. Regular performance appraisals and evaluations are carried out to ensure high performing employees are rewarded and also, to promote motivation and performance upgrading for the rest.