

CORPORATE GOVERNANCE REPORT

STOCK CODE : 4383
COMPANY NAME : JAYA TIASA HOLDINGS BERHAD
FINANCIAL YEAR : June 30, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE (MCCG)

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board sets the strategic direction of the Group and provides effective leadership through oversight of Management and monitoring the business performance in the Group.</p> <p>The roles and responsibilities of the Board are set out in the Board Charter which is published on the Company's website at www.jayatiasa.net. The key responsibilities of the Board include:</p> <ul style="list-style-type: none">i. Reviewing and adopting a strategic plan;ii. Overseeing the conduct of the Group's businesses;iii. Ensuring effective risk management and internal control; andiv. Reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditures. <p>The Board has established the Audit Committee, Nomination Committee and Remuneration Committee to assist in fulfilling its ongoing oversight and stewardship role. The Board Committees have the authority to examine specific issues within their respective terms of reference approved by the Board. 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.</p> <p>As the leader of the management, the Executive Chairman, who is supported by the Chief Executive Officer ("CEO"), Chief Financial Officer and other Senior Management Personnel, develops the corporate and business strategies for the achievement of the Group's goals. The CEO who leads the Senior Management Team, Risk Management Committee and Sustainability Committee, is responsible for the effective implementation of the strategic plan and policies established by the Board, and oversees the day-to-day operations and business of the Group.</p>

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

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Executive Chairman of the Board, Dato' Sri Tiong Chiong Hoo, is responsible for instilling good governance practices and providing leadership to the Board.</p> <p>As facilitator at Board Meetings, he ensures that contributions from Directors are forthcoming on matters being deliberated, no Board member dominates discussion, and that Board decisions are made in the best interests of the Company and reflect Board consensus.</p> <p>Details of the responsibilities of the Executive Chairman are set out in the Board Charter which is published on the Company's website at www.jayatiasa.net.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has different individuals holding the positions of Chairman and CEO.</p> <p>Dato' Sri Tiong Chiong Hoo is the Executive Chairman whilst Dato' Wong Sie Young is the CEO. Such separation of positions promotes accountability and facilitates division of responsibilities between them.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a qualified, experienced and competent Company Secretary.</p> <p>The Company Secretary, Ms Ngu Ung Huong, is a Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is responsible for updating and advising the Board on regulatory, statutory, corporate governance, policy and procedure requirements relating to the Directors' duties and responsibilities.</p> <p>All Board, Board Committee and shareholder meetings are attended by the Company Secretary who ensures the accuracy and adequacy of record of proceedings of meetings and resolutions.</p> <p>The Company Secretary plays a key role in managing the Directors' access to information and training.</p> <p>Detailed roles and responsibilities of the Company Secretary are set out in the Board Charter which is published on the Company's website at www.jayatiasa.net.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Meeting papers relevant to the business of the meeting are circulated to all Directors at least five (5) business days prior to the meeting date in accordance with the provision stated in the Board Charter and the respective Board Committees' terms of reference. This is to allow Directors to have ample time to review matters to be deliberated at the meeting and to facilitate informed decision making.</p> <p>Proceedings and decisions of the Board and Board Committees are documented in the minutes, including matters where Directors are required to abstain from voting and deliberation.</p> <p>Minutes of meetings are circulated as soon as possible and confirmed as the correct record by the Board and Board Committees at the following meeting.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter sets out the Board's strategic intent and provides guidance for Directors and Management regarding roles and responsibilities of the Board, Executive Chairman, Executive Directors, Non-Executive Directors, Company Secretary and Board Committees.</p> <p>There is a formal schedule of matters reserved for Board's deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, approval of audited financial statements, quarterly and annual financial statements for announcement, investment and divestment, as well as monitoring of the Group's financial and operating performance.</p> <p>The Board Charter, which is periodically reviewed by the Board to be in line with regulatory changes and company policy, was last reviewed and approved by the Board on 15 October 2020. The updated version of the Board Charter is available on the Company's website at www.jayatiasa.net.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>To inculcate good ethical conduct in the Group's daily business dealings and employees' behaviour at work, the Board has established a Code of Conduct and Ethics setting out core areas of ethical conduct expected from the directors and employees including managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering, protecting company assets and compliance with laws, rules and regulations.</p> <p>The Company and its subsidiaries are committed to conducting business with integrity, honesty and transparency, and have adopted a zero-tolerance approach on bribery and corruption. The Anti-Bribery and Corruption Policy established by the Board essentially sets out the Group's overall position on bribery and corruption and provides information and guidance to ensure that employees understand their responsibilities in complying with the Group's zero-tolerance on bribery and corruption.</p> <p>The Code of Conduct and Ethics and the Anti-Bribery and Corruption Policy are published on the Company's website at www.jayatiasa.net.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company and its subsidiaries have in place a whistle-blowing policy since 2014. It provides an avenue for any employees to raise concerns relating to improper conducts such as possible breaches of business conduct, non-compliances of laws and other malpractices through the formal procedures and confidential channels provided therein, without risk of reprisal.</p> <p>This Policy has been revised in May 2020 to enable any party to raise concern of improper conduct in good faith. The Policy will continue to be reviewed from time to time for enhancement.</p> <p>The whistle-blowing policy is available on the Company's website at www.jayatiasa.net.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Currently, the Board comprises 8 Directors, of whom 3 are Independent Non-Executive Directors (“Independent Directors”). The Independent Directors constitutes 37.5% of the current Board composition.</p> <p>The Company has complied with the Main Market Listing Requirements of Bursa Securities which requires at least 2 or 1/3, whichever is higher, of Board members to be Independent Directors.</p> <p>However, MCGG recommended practice of having at least half of the Board to comprise independent directors has not been met.</p> <p>The independence of each Independent Director is reviewed by the Nomination Committee annually. Current year assessment concluded that all the Independent Directors satisfied the independence criteria set out in the Main Market Listing Requirements of Bursa Securities. They are able to continue to demonstrate their independent judgment and objectivity on matters that are brought to the Board.</p> <p>The Chairman of the Board encourages all directors to express their opinions freely on matters brought to the Board and that no individual dominates the decision making process of the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 4.2

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Currently, one (1) Independent Director Dato' Wong Lee Yun has served for a cumulative period of more than twelve (12) years.</p> <p>Following an assessment conducted by the Nomination Committee on 24 August 2020, the Board was of the view that the independence of Dato' Wong Lee Yun remains unimpaired. Her judgment in business dealings of the Group is not influenced by the interest of other Directors and substantial shareholders.</p> <p>With the qualification, experience and personal traits, particularly on integrity and objectivity possessed by Dato' Wong Lee Yun, the Board believes that she will continue to discharge her duties and responsibilities as an Independent Director towards meeting the Company's need in the ensuing financial year.</p> <p>Accordingly, the Board recommended retaining her as an Independent Director subject to shareholders' approval at the forthcoming AGM of the Company.</p> <p>Key justifications for retaining her are disclosed in the Notice of the AGM in the Company's Annual Report 2020.</p> <p>However, the single tier shareholders' approval will be sought for the retention of Dato' Wong Lee Yun whose tenure has exceeded twelve (12) years instead of the two tier voting process stated in Practice 4.2 of the Malaysian Code on Corporate Governance.</p>
		<p>The Board will seek shareholders' approval at the forthcoming AGM for the continuing of Dato' Wong Lee Yun as Independent Director for</p>

	<p>the ensuing financial year by ordinary resolution via the usual single tier voting process. This process allows shareholders to provide the relevant sounding to the Board on the Independent Director who has served beyond the twelfth (12th) year.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 4.3- Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board strongly advocates a corporate culture that embraces diversity when determining its composition taking into accounts the skills and industry experience, knowledge, gender, age and other qualities of Directors, in the context of the needs and goals of the Company.</p> <p>The Nomination Committee (NC), in making its recommendation on potential candidates for appointment of Directors, will consider (among others) the following criteria:</p> <ul style="list-style-type: none"> i. Skills, knowledge, experience; ii. Professionalism; iii. Time Commitment; iv. Character, integrity and competence; v. Boardroom diversity including gender diversity; and vi. With regards to the candidate for the position of Independent Directors, the NC shall also evaluate the candidate's ability to discharge such responsibilities as expected from Independent Non-executive Directors. <p>As for the appointment of Senior Management, the Human Resource Department focuses on their working experience, skill set, competencies, character, integrity and commitment in the assessment of the identified candidates before recommending them to the designated Executive Directors for approval.</p> <p>While it is important to promote diversity, the appointment to the Board and senior management are based on the merits of the candidates.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised a Board Diversity Policy and set a target of having at least two (2) women directors on the Board. The Board Diversity Policy is set out in Appendix B of the Board Charter which is published on the Company's website at www.jayatiasa.net.</p> <p>Currently, the Company has eight (8) members, two (2) of whom are women Directors. This Board composition is in line with the target set in the Board Diversity Policy with the objective of bringing value to Board discussions from different perspectives and approaches of the woman Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	In identifying the candidates for appointment of new directors, the Nomination Committee considers recommendations from the existing Board members, management or major shareholders. The Board may consider sourcing candidates via independent consultant.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	The Nomination Committee is chaired by Dato' Wong Lee Yun, an Independent Non-Executive Director of the Company.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Board entrusted the Nomination Committee (“NC”) to undertake an annual evaluation on the following:</p> <ul style="list-style-type: none">i. mix of skills and experience of Directors and other qualities of Board, including core-competencies which the Independent Non-Executive Directors (“INEDs”) should bring to the Board;ii. effectiveness of the Board and its committees as well as the performance of each individual Director; andiii. independence of the Independent Directors. <p>On 24 August 2020, the NC met to assess the effectiveness of the Board and its Committees, performance of each individual Director and independence of the Independent Directors in respect of the financial year ended 30 June 2020. The NC members jointly evaluated the effectiveness of the Board and the Board Committees via questionnaires based on specific criteria such as composition, quality of information provided and decision making process, and meeting activities. Assessment on the performance of each individual Director was based on self-evaluation approach against criteria including fit and proper, contribution as well as calibre and personality. The Company Secretary compiled the completed questionnaire and tabled them to the NC meeting for deliberation.</p> <p>Based on the results of assessment and NC’s recommendation, the Board:</p> <ul style="list-style-type: none">i. was satisfied that the Board and Board Committees and individual Directors have the relevant skill sets, and have effectively discharged their stewardship responsibilities to meet the needs of the Company; andii. recommended for shareholders’ approval at the forthcoming Annual General Meeting of the Company the re-election of the retiring Directors, namely Dato’ Sri Tiong Chong Hoo, Mr. Tiong

	Chiong Hee, Mr. Yong Voon Kar and Tan Sri Dato' Sri Mohamad Fuzi Bin Harun, and for Dato' Wong Lee Yun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to be designated as an Independent Non-Executive Director of the Company.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") is responsible for reviewing and recommending policies and procedures on remuneration of the Board and Senior Management, including changes to the policies and procedures as and when necessary.</p> <p>The Board had on 29 August 2018, based on the recommendation of RC, formalised the policies and procedures on remuneration of Board and Senior Management. This policy is available on the Company's website at www.jayatiasa.net.</p> <p>The Company will seek shareholders' approval in respect of the fees and benefits payable to Non-executive Directors annually at General Meeting.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Remuneration Committee ("RC"), which comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors. The roles and responsibilities of RC are governed by its Terms of Reference, which are available on the Company's website at www.jayatiasa.net.</p> <p>The Terms of Reference of the RC was last revised on 23 May 2018 to include assisting the Board in implementing policies and procedures on matters relating to the remuneration of the Board and Senior Management.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The total remuneration receivable by the Directors from the Company for the financial year ended 30 June 2020 was RM2,532,327. None of the Directors of the Company received any remuneration from any subsidiaries within the Group during the financial year.</p> <p>The details of the remuneration of the Directors of the Company on named basis is disclosed on Page 43 of the Annual Report 2020.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board is cognisant of the importance of transparency, but is of the view that the disclosure of the top five (5) Senior Management's remuneration on a named basis with various remuneration components will not be in the best interest of the Group, as it will give rise to recruitment and talent retention issues and may lead to pinching of the performing Senior Management staff by the competitors. The Group may lose valuable personnel who have been contributing to the Group's performance.
		<p>The aggregate total remuneration of the key senior management personnel for the financial year ended 30 June 2020 is disclosed under Note 31(b) to the Financial Statements of the Company's 2020 Annual Report.</p> <p>The Board is of the view that this disclosure provides an alternative means for stakeholders to assess whether the key senior management personnel of the Group are remunerated fairly and appropriately, taking into account the Group's performance for the financial year, in line with the Intended Outcome of Practice 7.2.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairperson of the Audit Committee is Dato' Wong Lee Yun who is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee had on 17 October 2017 adopted the policy for a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee in the terms of reference of the Audit Committee.</p> <p>The terms of reference of the Audit Committee are published on the Company's website at www.jayatiasa.net.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") assesses the suitability of the external auditor on an annual basis based on the following criteria as set out in the Auditors Independence Policy:</p> <ul style="list-style-type: none"> i. auditor independence; ii. quality of audit services; and iii. audit fees. <p>The annual assessment is carried out via assessment questionnaires.</p> <p>The AC had in October 2020 reviewed and assessed the suitability of the external auditors, Messrs Ernst & Young PLT ("EY") based on the above criteria and was satisfied with their performance, technical competence and audit independence. The AC received assurance from EY confirming that they are independent in accordance with the By-Laws (on Professional Ethics, Conducts and Practice) of the Malaysian Institute of Accountants, in respect of the financial year 2020.</p> <p>Based on the Audit Committee's recommendation, the Board recommended the re-appointment of EY as the external auditor for the ensuing financial year for approval by shareholders at the forthcoming Annual General Meeting to be held on 27 November 2020.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All the members of the Audit Committee are Independent Non-Executive Directors: <u>Chairperson</u> Dato' Wong Lee Yun <u>Members</u> Mr. Yong Voon Kar; and Tan Sri Dato' Sri Mohamad Fuzi Bin Harun They satisfied the independence test based on the criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All the Audit Committee ("AC") members are financially literate and carried out their duties in accordance with the Terms of Reference of the AC approved by the Board. The qualification and experience of the AC Members are disclosed in the Directors' profile in the Company's Annual Report 2020.</p> <p>All members of the AC had attended continuous professional development programmes to keep themselves abreast of relevant development in accounting and auditing standards. Details of their training attended during financial year 2020 are disclosed in the Corporate Governance Overview Statement of the Company's Annual Report.</p> <p>In addition, the AC members had been briefed by the External Auditors on key changes in financial reporting standards and regulatory requirements from time to time during AC Meetings.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has formalised and implemented an enterprise-wide risk management framework within the Group and is consistent with the Statement on Risk Management and Internal Control: Guidelines for Directors of Issuers.</p> <p>The Risk Management Committee ("RMC"), led by the Chief Executive Officer and supported by representatives from key senior management, assists the Board in driving effective risk management through implementation of appropriate controls and risk treatment strategies on identified key risks.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has a Risk Management Framework which sets out the risk management governance, guidelines, processes and control responsibilities and underpins the Risk Management Policy. It seeks to ensure that there is consistency to the methods used in managing risks throughout the Group and that risk management efforts are aligned with the Group's business objectives.</p> <p>The Risk Management Framework has been revised to include the core components of the Committee of Sponsoring Organizations of the Treadway Commission's original Enterprise Risk Management-Integrated Framework as its risk management guidelines.</p> <p>Details of the information on risk management and internal control within the Group is disclosed in the Statement on Risk Management and Internal Control in the Company's Annual Report 2020.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in place an in-house internal audit department (“IAD”), which provides the Board, through the Audit Committee, with independent and objective assurance on the adequacy and operating effectiveness of the Group’s system of internal controls and risk management.</p> <p>The IAD, which is independent of the activities it audits, reports directly to the Audit Committee. The IAD executes audit assignments based on audit plan approved by the Audit Committee.</p> <p>The Head of IAD presents his key audit findings quarterly at the Audit Committee meeting. The details of actual work carried out by the IAD, together with its scope of coverage, for the financial year under review are set out in the Audit Committee Report in the Company’s Annual Report 2020.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	<p>None of the internal audit personnel have any relationships or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.</p> <p>The Internal Audit Department (“IAD”) of the Group currently consists of thirteen (13) personnel and is headed by Mr Johnny Lu King Ing, a Senior Manager. He is an Associate Member of the Institute of Internal Auditors of Malaysia (IIA Malaysia).</p> <p>The internal audit function is independent of the activities it audits and carries out its work in accordance with the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognizes the importance of effective and proactive engagement with the shareholders and stakeholders.</p> <p>The Company's Investor Relations ("IR") Function undertakes ongoing engagement and communication with key institutional investors and analysts. IR Reports containing IR activities and investors' concerns are presented to the Board for deliberations to enable the Company to understand stakeholders' concerns and to take those concerns into account when making decisions.</p> <p>The Board is committed to being transparent and accountable to the Company's stakeholders by ensuring that material information such as the financial results is disclosed to them timely, providing an up-to-date view of the Group's performance and operations.</p> <p>Communication and engagement with stakeholders include:</p> <ul style="list-style-type: none">• quarterly announcement on financial results to Bursa Securities;• other company announcements and circulars to shareholders whenever necessary;• annual report and General Meetings;• ongoing engagement and communication with investors and investment communities; and• the Group's website at www.jayatiasa.net where stakeholders can access corporate information, annual report, financial information, company announcements and share prices of the Company. To effectively address any issues, the Group has dedicated an electronic mail address at inquiry@jayatiasa.net where stakeholders can direct their queries and concerns. <p>The Company has in place the Corporate Disclosure Policies and Procedures which provides guidance for disclosure of material information in accordance with the Listing Requirements of Bursa Securities and sets out the roles and responsibilities of Directors, management, employees and other relevant persons in the handling and disclosure of material information to shareholders, regulators</p>

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

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company does not fall under the category of “Large Companies” as defined in the MCCG for the time being. Such requirement is therefore not applicable.	
		Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Notice of the Company's last year Annual General Meeting ("AGM") held on 28 November 2019 was sent to the shareholders twenty-eight (28) clear days before the date of the AGM in line with MCCG Practice 12.1. This notice period is more than the twenty-one (21) days requirement under the Companies Act 2016, Company's Constitution and the Listing Requirements.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All Directors attended the Company’s last year Annual General Meeting held on 28 November 2019.</p> <p>The Directors, senior management and external auditors were present to answer questions and provide clarifications to shareholders on issues raised.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Annual General Meetings of the Company have always been held in Sibu, Sarawak, the State where the Registered Office is situated. The Company has yet to facilitate voting in absentia and remote participation by shareholders at general meetings.
		Shareholders are allowed to appoint corporate representatives or proxies to attend, speak and vote on their behalf at General Meeting.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

Click here to enter text.