

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7167
COMPANY NAME : JOHORE TIN BERHAD
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board is responsible for oversight of Management comprising the Chief Executive Officer ("CEO"), Executive Directors and the Department Heads within the Group, which includes directing, overseeing and monitoring the Management, ethical conducts and regulatory compliances, as well as to raise questions to the Management on certain key areas based on information provided.</p> <p>There is a clear division of responsibility at the control of the Board, to ensure a balance of power and authority. The Board is chaired by an Independent Non-Executive Director, who is responsible for heading the Board, to encourage all Directors to play an active role in Board activities, matters concerning the Board, to monitor overall conduct of the Board meetings as well as liaise with CEO of the Group and the Company Secretary on the agenda for Board meetings.</p> <p>The Group is led and controlled by the Board. Specific responsibilities have been delegated to the Board Committees in order for them to discharge their fiduciary duties and to assist the Board in the running of the Group. The Board Committees comprising Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC").</p> <p>Each Board Committee operates within clearly defined Terms of Reference. The Board Committees will then communicate with the Management to further discuss the matters that may have material impact on the Group's performance and results as a whole, and review the actions taken by the Management periodically. As for the employees, there are also clearly defined roles and responsibilities based on their job functions. However, the Board still remains fully responsible for the overall conducts of the Board Committees.</p>

The following are the key responsibilities of the Board, in discharging its stewardship role:

1) Overseeing the conduct of the Group's business

The Board delegates certain responsibilities to the Board Committees, in which the members of the Board Committees comprise of a wide spectrum of skills, knowledge and expertise from varied business and educational backgrounds which is vital to the continual success of the Group's business.

The CEO of the Group is responsible for the day-to-day operations, overall management effectiveness, implementation of the policies and strategies adopted by the Board and seeking for long-term growth to achieve the Group's objectives as well as enhancing the shareholders' and other stakeholders' value.

2) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks

Management Committee ("MC") comprises mainly of the Top Management Team and the Department Heads, to identify, evaluate, monitor and manage significant risks faced by the Group, through the formation of Risk Management Framework ("RMF"). The Internal Auditors and the AC review the risk management profile and policies formulated by the MC and makes relevant recommendations to the Board for approval.

The Board also established RMC to define and review the risk management strategies, policies and risk tolerance of the Group.

The systems of internal control have been implemented to reduce the risks of failure and to achieve the Group's objective.

Details of the RMF and RMC are disclosed in the Annual Report 2019.

3) Succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing senior management

The Board has established the NC and RC. NC is responsible for selecting and recommending the candidates for new appointment as Directors, whereas RC is to determine the remuneration packages for Executive Directors of the Group.

Details of the NC and RC are disclosed in the Annual Report 2019.

	<p>4) Overseeing the development and implementation of a communication policy for the Group</p> <p>In order to ensure shareholders, investors and other stakeholders are well-informed for the latest information and financial performance and results of the Group, all updates will be available, as soon as practicable, after the announcement was made to Bursa Malaysia, at the Company’s official website at http://www.johoretin.com.my.</p> <p>5) Reviewing the adequacy and integrity of Risk Management and Internal Control System and Management Information System of the Group</p> <p>The Board has delegated to the AC to examine the effectiveness of the Group’s internal control systems and management information systems.</p> <p>The details pertaining to the Group’s Risk Management and Internal Control System and the review of its effectiveness are disclosed in the Annual Report 2019.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Chairman of the Board have been clearly specified in Notes 5 of the Board Charter, which is available on the Company's official website at http://www.johoretin.com.my/investor/cg/bc and are stated as follows:</p> <ol style="list-style-type: none"> 1) Monitor the working functions of the Board, especially the conduct of Board meetings; 2) Ensure that all relevant issues for the effective running of the Group's business are on agenda; 3) Ensure that quality information to facilitate decision making is delivered to Board members on a timely basis; 4) Encourage all Board of Directors to play an active role in Board activities; 5) Chair general meetings of shareholders; and 6) Liaise with Chief Executive Officer of the Group and the Company Secretary on the agenda for Board meetings.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 position of Chairman and CEO are held by different individuals

Application	:	Applied
Explanation on application of the practice	:	<p>The position of Chairman and Chief Executive Officer ("CEO") are hold by different individuals. The Chairman of the Board is Datuk Kamaludin Bin Yusoff and the CEO of the Group is Mr. Edward Goh Swee Wang.</p> <p>There is clear division of responsibilities between the Chairman and CEO of the Group, to ensure a balance of power and authority.</p> <p>The Chairman, who is an Independent Non-Executive Director, is responsible for leading the Board and monitors the functions of the Management as well as the Board Committees. Whilst the CEO is responsible for overseeing the day-to-day operations, overall management's effectiveness, implementation of the policies and strategies adopted by the Board and seeking for long-term growth to achieve the Group's objectives.</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 advocates adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary of the Company is Ms. Yong May Li, who is a qualified Company Secretary. She is an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is licensed by Companies Commission of Malaysia ("CCM") and had Practising Certificate.</p> <p>Ms. Yong plays an advisory role to the Board in relation to the compliance with the relevant regulatory requirements, codes or guidance and legislations. She is keeping abreast of the regulatory changes, latest development in corporate governance and other relevant matters, to ensure the Directors are well-informed on the changes at each Board meeting. She also attends the continuous professional development programmes as required by the CCM.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging their duties.</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 1.5

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>All Agendas for each Board meeting were circulated to the Board members at least seven (7) days in advance to enable them to have sufficient time to digest all information and to prepare for the meeting.</p> <p>Senior Managements are invited to attend Board meetings whenever necessary, to reports to the Board on matters relating to their areas of responsibilities and highlighting relevant issues and updating latest information. The Independent Non-Executive Directors may require further explanation, information or updates on any aspects of the Group's operations or business concerns from the Management.</p> <p>All matters discussed and decided at the Board and Board Committees meetings are well documented in the minutes. The minutes are then circulated to all Board of Directors for their confirmation at the next forthcoming Board meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the Board, Board Committees and management.

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

Practice 2.1

The Board has a Board Charter which is periodically reviewed and published on the Company's website. The Board charter clearly identifies –

- the respective roles and responsibilities of the Board, Board Committees, individual Directors and management; and
- issues and decisions reserved for the Board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter of the Group, which sets out clearly, amongst others, the roles and responsibilities of the Board and the Board Committees, the composition and the process of the Board.</p> <p>The following are the key matters that are highlighted in the Board charter:</p> <ol style="list-style-type: none"> 1) Objective; 2) Structure and membership; 3) Formal schedule of matters; 4) Position description of the role of Chairman, Chief Executive Officer, and Executive Directors, as well as Non-Executive Directors; 5) Appointment of Board Committees; 6) Directors' Orientation and Education Programme; 7) Independent professional advice; 8) Code of Ethics and Conduct; 9) Whistle-blowing Policy; and 10) Anti-Corruption and Anti-Bribery Policy. <p>The Board Charter shall be reviewed from time to time and updated in accordance to the needs of the Group and any changes in regulations or listing requirements that may have an impact on the discharge of the Board's responsibilities.</p> <p>The details of the Board Charter are published in the Company's official website at http://www.johoretin.com.my/investor/cg/bc.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised the ethical standards through the Code of Ethics and Conduct ("CEC") which provides rules and guidelines which governs the high standard of ethic and good conduct of the Directors and employees. In term of personality and behaviour, the CEC promotes honesty and integrity when dealing with people within or outside the organisation, and to avoid conflict of interest when dealing with customers or suppliers. Whereas in term of documentation and information, the CEC provides guidelines on record-keeping and highlight the importance of confidential information or insider trading, as well as compliance with various relevant law & regulations, for which it may have major impact on the Group as a whole. The CEC also strengthen the awareness of protection and proper use of Group's assets or properties.</p> <p>The CEC shall be reviewed and updated periodically should there be regulations changes or practical issues which are not covered by the present Code.</p> <p>The details of the CEC are published in the Company's official website at http://www.johoretin.com.my/investor/cg/cec.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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 Board has established a whistle blowing policy for the Group, which aims to provide an avenue for employees or external parties to report any breach or suspected breach of any laws or regulations. Any employee who makes a report under this policy shall not be subject to any unfair dismissal, victimisation, suspension, harassment, discrimination or any retaliatory actions by the Management.</p> <p>The details of the whistle blowing policy are published in the Company's official website at http://www.johoretin.com.my/investor/cg/wbp.</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	:	The Board consists of six (6) Directors, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors, among whom is the Chairman of the Board who is the Senior Independent Non-Executive Director. Therefore, only 50.00% of the Board of Directors is Independent Directors.
		The Board is reviewing the Board composition so as to comply with the best practice under the Malaysian Code on Corporate Governance.
<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 4.2

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	:	Applied - Annual shareholders' approval for independent Directors serving beyond nine (9) years
Explanation on application of the practice	:	<p>Datuk Kamaludin Bin Yusoff is the Chairman and Senior Independent Non-Executive Director, who has served the Board for a cumulative term of more than nine (9) years.</p> <p>The Nominating Committee has reviewed and recommended that, notwithstanding his tenure as the Chairman, the Board is unanimous in its opinion that Datuk Kamaludin Bin Yusoff's independence has not been impaired or compromised due to his active participating and supporting to the Board's activities and continuously providing valuable suggestions and opinions through his experience to the Board for decision making.</p> <p>The Board will seek for shareholders' approval at the forthcoming 19th Annual General Meeting for Datuk Kamaludin Bin Yusoff to continue serving as the Chairman and Senior Independent Non-Executive Director of the Company.</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 4.3 – Step Up

The Board has a policy which limits the tenure of its Independent Directors to nine (9) 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 has delegated to the Nominating Committee (“NC”) with the responsibility of assessing and considering for appointment, suitable candidates for the Board and senior management, taking into consideration of their age, gender and ethnicity, relevant skills and experiences, industrial knowledge, education background, character and integrity as well as expertise and professionalism. If in the case of candidates for the position of independent non-executives, the Committee should also evaluate the candidate’s ability to discharge such responsibilities / functions as expected from Independent Non-Executive Directors.</p> <p>The NC will review and assess the performance of the Board and Board Committees on an annual basis. The peer assessment will be conducted via evaluation form which will circulate to all Directors, which assessing the competency, contribution to interaction and quality of input of the members of the Board and Board Committees.</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 4.5

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has appointed one (1) woman Director since 2014 representing around 16.67% of the Board, as an Independent Non-Executive Director on the Board and Board Committees.	
		The Board is of the view that the gender diversity is necessary and the Nominating Committee is discussing to appoint suitable women candidates to fill the vacancies based on the specific criteria for the appointment of Directors.	
<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	:	<p>The Term of Reference of Nominating Committee (“NC”) comprise of the following:</p> <ul style="list-style-type: none"> a) Recommend to the Board new candidates for directorship and members for the Board Committees. Consider in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior management or Directors or major shareholders; b) Assist the Board to review annually the required mix of skills and experience and other qualities of the Directors and the effectiveness of the Board as a whole and the Board Committees, as well as contribution of each individual Director; c) Review and assess annually the objectivity and independence of Independent Directors including those Independent Directors who have served the Board over the tenure of nine (9) years; and d) Evaluate the performance and effectiveness of the Audit Committee (“AC”) including contribution by each individual member and to ascertain that the AC members are financially literate with clear understanding of financial reporting. <p>The Terms of Reference of NC are available on the Company’s website at http://www.johoretin.com.my/investor/cg/tor.</p> <p>The nomination process for the appointment of new Directors does not limit to the recommendations from existing Board members, management or major shareholders, but will also consider utilising independent sources to identify suitable qualified candidates via recruitment agencies.</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 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nominating Committee (“NC”) consists of three (3) members, all of whom are Independent Non-Executive Directors, namely:</p> <ol style="list-style-type: none"> 1) Datuk Kamaludin Bin Yusoff 2) Siah Chin Leong 3) Ng Lee Thin (f) <p>The NC is chaired by Datuk Kamaludin Bin Yusoff, who is a Senior Independent Non-Executive Director.</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 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 Nominating Committee (“NC”) is responsible for assessing and evaluating the performance of the Board and Board Committees on an annual basis in relation to their performance and contribution toward the needs of the Company. The evaluation takes into consideration the competency, experience, character, integrity and time availability.</p> <p>A peer assessment will be conducted via evaluation form which will be circulated to all Directors. The area of the assessment for individual Directors and Chairmen of the Board and Board Committees includes the contribution to interaction, quality of inputs and understanding of roles.</p> <p>The Company Secretary will compile and present the result of the analysis to the NC. The NC will then report the results to the Board for notation.</p> <p>In 2019, the NC concluded that the overall performance of each individual Director was rated as “Strong”, while overall performance of the Chairmen of the Board and Board Committees were rated as “Consistently Good”.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 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 assisting the Board to assess and review the remuneration packages of the Executive Directors of the Company and its subsidiaries (ie key senior management), to reflect the responsibility and commitment towards stewardship of the Directors.</p> <p>The RC recommends and assists the Board in determining the policy for the scope of service agreements of the Executive Directors of the Company and its subsidiaries, termination payments and compensation commitments as well as the appointment of the services of such advisers or consultants as it deems necessary to fulfill its responsibilities.</p> <p>The Directors' fees for both Executive Directors and Non-Executive Directors of the Company are recommended by the Board as a whole, subject to the shareholders' approval at the forthcoming Annual General Meeting. The allowance of the Board Committee Members, which form part of the Directors' fees, are calculated based on the position held by the Board Committee member in each Board and Board Committee and the meetings of the Board and Board Committees attended by the Directors throughout the financial year respectively.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 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 Remuneration Committee ("RC") consists of three (3) members, all of whom are Independent Non-Executive Directors, namely:</p> <ol style="list-style-type: none"> 1) Ng Lee Thin (f) 2) Siah Chin Leong 3) Datuk Kamaludin Bin Yusoff <p>The RC is chaired by Ms. Ng Lee Thin, who is an Independent Non-Executive Director.</p> <p>The Term of Reference of RC are available on the Company's website at http://www.johoretin.com.my/investor/cg/tor.</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	:	The detailed disclosure on named basis of the remuneration packages for all Directors are disclosed in the Annual Report 2019.	
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	:	Applied
Explanation on application of the practice	:	The disclosure on a named basis, in bands of RM50,000 of the remuneration packages for top five (5) senior management are disclosed in the Annual Report 2019.
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 7.3 – 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	:	<p>Audit Committee ("AC") consists of three (3) members, all of whom are Independent Non-Executive Directors, namely:</p> <ol style="list-style-type: none"> 1) Siah Chin Leong 2) Datuk Kamaludin Bin Yusoff 3) Ng Lee Thin (f) <p>The AC is chaired by Mr. Siah Chin Leong, who is an Independent Non-Executive Director and he is not the Chairman of the Board.</p> <p>The Term of Reference of AC are available on the Company's website at http://www.johoretin.com.my/investor/cg/tor.</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 8.2

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 Board has reviewed and revised the Term of Reference of the Audit Committee to include the observation of the cooling-off period of two (2) years before a former key audit partner of the External Auditors to be appointed as a member of the Audit Committee.</p> <p>As at to date, none of the key audit partner was appointed as member of the Audit Committee.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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>In November 2019, the External Auditor, Messrs. Crowe Malaysia PLT ("Crowe") has presented to Audit Committee ("AC") the audit plan 2019 which highlighted the scope of work, engagement team, areas of audit emphasis and key audit matters prior to the commencement of the audit for the financial year ended 31 December 2019.</p> <p>The AC had then deliberated and reviewed the performance and remuneration, including non-audit services provided by the Crowe and had made recommendation to the Board for approval.</p> <p>The AC has obtained confirmation from Crowe that they did continuously complied with the relevant ethical requirement regarding independent through the conduct of audit engagement in accordance with the International Federation of Accountant's Code of Ethics for Professional Accountants and the By-Laws (On Professional Ethics, Conduct and Practice).</p> <p>The Board has approved the AC's recommendation, and being satisfied with the suitability of Crowe, in term of performance, effectiveness, independence and remuneration of audit and non-audit services, has approved on the re-appointment of Crowe as the External Auditors of the Group, subject to the shareholder's approval at the forthcoming Annual General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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	:	<p>The Audit Committee comprises of three (3) members, all of whom are Independent Non-Executive Directors and including one (1) Director who is a member of the Malaysian Institute of Accountants ("MIA"). The members are in the following:</p> <ol style="list-style-type: none"> 1) Siah Chin Leong (Chairman/Independent Non-Executive Director) 2) Datuk Kamaludin Bin Yusoff (Senior Independent Non-Executive Director) 3) Ng Lee Thin (f) (Independent Non-Executive Director/MIA)

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 members of the Audit Committee ("AC") are financially literate and appropriately qualified with sound knowledge and experience in accounting, business and financial management.</p> <p>All members of the AC had completed the Mandatory Accreditation Programme ("MAP") stipulated by Bursa Malaysia. The Board is committed to ensure all AC's members attend relevant training programmes to keep themselves abreast with the latest developments in the industry, on a continuous basis, the accounting and auditing standards, business practice and rules, in order for them to discharge their duties with reasonable skills and knowledge. The Trainings Programmes and Seminars attended are disclosed in the Annual Report 2019.</p> <p>The Term of Reference of Audit Committee are available on the Company's website at http://www.johoretin.com.my/investor/cg/tor.</p> <p>The details of the Profile of Board of Directors and the training programmes and seminar attended by the Directors, are disclosed in the Annual Report 2019.</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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board affirms its overall responsibility for the Group’s risk management and system of internal control, and for reviewing the adequacy and integrity of the system.</p> <p>The details of the Group’s risk management and internal control system are disclosed in the Annual Report 2019.</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 Board has delegated to the Chief Executive Officer, who is responsible to ensure the Risk Management Framework ("RMF") is clear and effective, with proper segregation of authority, responsibility and accountability. The RMF established to enhance the communication within the Group in identifying and managing the risks faced by the Group.</p> <p>Subsequently, a Risk Management Committee ("RMC") was formed to define and review the risk management strategies, policies and risk tolerance of the Group, which will be affected by the external factors. The RMC is chaired by an Independent Non-Executive Director and the outcome and results will then be reported to the Board for deliberation and approval.</p> <p>The details of the Group's risk management and internal control system are disclosed in the Annual Report 2019.</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 9.3 – 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 internal audit function has been outsourced to an independent professional services firm, Messrs. Forreststone Corporate Advisory Sdn. Bhd. (“Forreststone”), to carry out the internal audit work within the Group throughout the year.</p> <p>The Internal Auditors (“IA”) presented the annual internal audit plan to the Audit Committee (“AC”) for review and comments before the implementation and the AC will then recommend it to the Board for deliberation and approval. The internal audit review will be reported to the AC on a quarterly basis to highlight the areas of weaknesses and improvements to be carried out for better efficiency and effectiveness of the system of internal control. The AC will then seek for consideration and approval from the Board.</p> <p>The AC reviews the performance and remuneration of Forreststone and to make recommendation to the Board for approval on yearly basis.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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>The internal audit function has been outsourced to an independent professional services firm, Messrs. Forreststone Corporate Advisory Sdn. Bhd. (“Forreststone”). The Audit Committee has also obtained confirmation from Forreststone that they had continuously complied with the relevant ethical requirement of independence and integrity.</p> <p>Mr. Lew Sze How, who is the head of engagement team of the internal audit, is a Chartered Accountant and a professional degree holder of the Association of Chartered Certified Accountants (“ACCA”). He is a member of the Malaysian Institute of Accountants (“MIA”) and a fellow member of the Association of Chartered Certified Accountants (“FCCA”). He is a Professional Member of the Institute of Internal Auditors Malaysia (“CMIIA”). He has more than 10 years of internal audit experience and more than 20 years’ experience in the accounting and audit industry.</p> <p>In 2019, the AC has reviewed and was satisfied that the internal audit functions carried out by the Internal Auditors are in accordance with the International Standards for the Professional Practice of Internal Auditing.</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 Company's Annual General Meeting ("AGM") remains the principal forum for dialogue and communication with the shareholders. The shareholders are encouraged to attend the AGM and participate in the proceedings and take the opportunity to raise questions in relation to the results and operations of the Group's business. The Board of Directors and management are available to respond to shareholders' queries. Those shareholders who are unable to attend the AGM are allowed to appoint proxy(ies) to attend and vote on their behalf.</p> <p>The Company is open to the shareholders to submit additional questions or further queries they might have after the AGM via post/e-mail (limit to market or price sensitive information), so that these queries can be responded within the stipulated time.</p> <p>Besides direct communication, the Company also uses indirect communication, to disseminate material corporate information, financial performance and financial analysis through the Company's official website at http://www.johoretin.com.my/investor to keep shareholders and other stakeholders well-informed on up-to-date information.</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 11.2

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 is not a Large company as defined by the Malaysian Code on Corporate Governance.	
		The Board will consider adopting the integrated reporting should the benefits outweigh the cost of preparing this report.	
<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 Board is committed to the best practice of corporate governance and has given the notice of the forthcoming 19 th Annual General Meeting to the shareholders at least 21 days prior to the meeting.	
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 will be attending the forthcoming Annual General Meeting to provide meaningful response to question addressed by the shareholders.</p> <p>The Board is also inviting the Company's Internal Auditors, Messrs. Forreststone Corporate Advisory Sdn. Bhd. and External Auditors, Messrs. Crowe Malaysia PLT to the Company's AGM should the questions require professional response and opinion.</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 absentie; and
- remote shareholders' participation at General Meetings

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Our Company's Annual General Meeting ("AGM") are held at location nearby Senai Airport Johor, which provides to non-local shareholders more convenience to travel to attend the AGM.</p> <p>The Board encourages those shareholders who are unable to attend the AGM to appoint any person(s) as their proxy(ies) to participate, queries and vote on their behalf at the AGM.</p> <p>Since 15th AGM, the Board has passed resolutions by way of poll voting. Messrs. Tricor Investor and Issuing House Services Sdn. Bhd. was appointed as poll administrator and Messrs. Asia Securities Sdn. Bhd. was appointed as scrutineers. Where the duty of the poll administrator is to conduct the polling process and the scrutineers is to verify the poll result of the resolution. Upon verification of the poll result, the scrutineers will read out the poll result and the Chairman will declare whether the resolutions are carried.</p> <p>The Board will consider adopting technology to facilitate the electronic voting ("e-voting") for absentee and remote shareholders' participation at the AGM should the benefits outweigh the cost of implementing the e-voting environment.</p>
<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 PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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