

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 6904  
**COMPANY NAME** : Subur Tiasa Holdings Berhad  
**FINANCIAL YEAR** : July 31, 2018

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its leadership role in the direction and business operations of the Group toward enhancing shareholders' value and ensuring long term sustainable development and growth of the Group.</p> <p>The Board delegates the authority to the Group Managing Director who is supported by the senior management team in achieving the corporate objectives. The Group Managing Director remains accountable to the Board for the performance of the Group.</p> <p>The Board also delegates specific responsibilities to Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee, all of which operate within defined terms of reference. All Board Committees do not have executive power but report to the Board on all matters considered and the ultimate responsibility for decision making on recommendations presented by the Board Committees lies with the Board.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Mr. Tiong Kiong King, the Board Chairman, is responsible for leadership of the Board in ensuring effective conduct of the Board and encourages participation and deliberation by all Board members.</p> <p>The Chairman leads the Board in setting strategic direction of the Group. In setting the agenda for Board meetings, the Chairman with the assistance of the Company Secretary, ensures pertinent and relevant matters are included in the meeting agenda for discussion.</p> <p>The Chairman encourages participation and deliberation by all members of the Board to enable the Board in making informed decisions. The Chairman ensures all Directors are properly briefed on issues tabled at the Board meetings and ensure sufficient time is allocated for discussions on complex or contentious issues.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of the Chairman and the Managing Director are held by two different individuals, namely Mr. Tiong Kiong King and YBhg. Dato' Tiong Ing respectively. Moreover, the Chairman is a Non-Independent Non-Executive Director whereas the Managing Director is an executive director, providing a clear distinction and separation of the two roles, maintaining a balance of power and authority to the Board's dynamics, and ensuring no one individual has unfettered decision-making powers.</p> <p>The Group's Board Charter clearly delineates the roles of the Chairman and the Managing Director, where the Chairman focuses on ensuring effectiveness of the Board whilst the Managing Director focuses on ensuring efficiency and effectiveness of the Group's operations.</p> <p>The roles of the Chairman and Managing Director are outlined in the Board Charter, which is available on the website at <a href="http://www.suburtiasa.com">www.suburtiasa.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has appointed Ms. Ling Chieh Min (MIA 18531) and Ms. Voon Jan Moi (MAICSA No. 7021367) as company secretaries of the Company.</p> <p>The Company Secretaries are qualified secretaries as required pursuant to the Malaysian Companies Act 2016. The Company Secretaries are the members of the Malaysian Institute of Accountants (MIA) and Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA) respectively. They are competent in carrying out their work and to advise the Board on issues relating to compliance with laws and requirements as well as the Code of Corporate Governance.</p> <p>The Company Secretaries attended all Board and Board Committees meetings and ensure that all the meetings are convened in accordance with the Board procedures and terms of reference of the Board Committees. All proceedings, matters arising, deliberations, in terms of the issues discussed, and resolutions at the Board's meetings and Board Committees' meetings are properly recorded in the minutes by the Company Secretaries, confirmed by the Board and Board Committees, and signed by the respective Chairman.</p> <p>The Company Secretaries also ensure that the Company complies with all applicable statutory and regulatory requirements. They also liaise with auditors, lawyers, bankers, tax agents, shareholders and other stakeholders in respect of company secretarial and compliance matters.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In order to ensure all Directors are supplied with all necessary information and sufficient time to consider matters to be deliberated at Board and Board Committee meetings, the Company Secretaries circulate the meeting agenda, together with meeting papers to all members of the Board and Board Committees seven (7) days in advance of the meeting. This will enhance the effectiveness and efficiency of meetings, by providing sufficient time for Directors to review the information provided, to make enquiries and to seek additional information and clarification before decision is made.</p> <p>In the event any urgent matters are required to be included as part of the meeting agenda after circulation of the meeting agenda, the Company Secretaries will at soonest possible, circulate the updated/ revised meeting agenda or materials to the Board or Board Committee members.</p> <p>Upon conclusion of each meeting, the Company Secretaries prepare the Board/ Board Committee meeting minutes, properly record issues deliberated, including how decisions and conclusions are arrived at and matters where Directors are required to abstain for voting and deliberation. Minutes of meetings are circulated to all Board members and confirmed as a correct record by the Board and Board Committee at the next meeting or earlier.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has adopted a Board Charter which provides Directors with greater clarity regarding the role and responsibilities of the Board, Board Committees, Chairman and Managing Director; the requirements of Directors in carrying out their role and discharging their duties to the Company; and the Board's operating practices. The Board Charter is reviewed annually and updated in line with changes in the guidelines issued by the regulatory authorities.  The summary of the Board Charter is accessible through the Company's website at <a href="http://www.suburtiasa.com">www.suburtiasa.com</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has adopted a Code of Conduct covering Business Ethics, workplace safety, employees' personal conduct and for Directors in the performance and exercise of their duties and responsibilities as Directors of the Company. A summary of the Code of Conduct is available on the Company's website at <a href="http://www.suburtiasa.com">www.suburtiasa.com</a> .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group is committed to achieving and maintaining a high standard of integrity and accountability in the conduct of its businesses and operations. In this respect, the Whistleblowing Policy adopted by the Company provides and facilities a mechanism for any employee and associate to report concerns, in good faith, of any suspected and/or known instances of misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving the resources of the Group.</p> <p>The Whistleblowing Policy sets out the internal channel and outlines how and to whom a concern may be properly raised. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal.</p> <p>The Board together with Management, reviews the Whistle-Blowing Policy as and when the need arises to ensure it is kept contemporary.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board currently has five (5) members, comprising three (3) Independent Directors, one (1) Non-Independent Non-Executive Director and one (1) Managing Director; more than half of the Board members are independent directors. Together, the Directors bring wide range of business, regulatory, industry and financial experience relevant to the direction of the Group.</p> <p>The Board ensures that at least half of the Board members consist of Independent Directors of caliber, with necessary skills, experience, qualification and other core competencies, in order to carry sufficient weight in making balanced, objective and accountable decisions.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	:	<p>Mdm. Ngu Ying Ping has served for more than nine (9) years in the Board. However, the Board of Directors ("Board") through the Nomination Committee ("NC") have assessed her and thereby recommended that she continues in office as an Independent Director of the Company based on the following justifications:</p> <ul style="list-style-type: none"><li>(a) Her experience, networking, understanding of business and objectively in approach enables her to provide the Board and Board Committees with pertinent expertise, skills and competence and her independent judgement will continue to add credence to the Company;</li><li>(b) She remains professionally independent and vocal, actively participated in deliberations and exercised independent judgment at Board and Board Committee meetings without being influenced by operational consideration; and</li><li>(c) She acts in the best interests of all shareholders and her continuation in office as Independent Director will provide a check and balance to operational management.</li></ul> <p>The NC and the Board are satisfied that Mdm. Ngu is able to exercise independent judgement and has the ability to act in the best interest of the Group. Mdm. Ngu has abstained from all deliberations at the NC and Board meetings in relation to the matter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	This is Not Adopted in view that the Company does not fall within the definition of "Large Companies".

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board adopts a formal and transparent procedure for appointment of Directors, where the Nomination Committee (“NC”) shall recommend to the Board the suitable candidates with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The assessment or evaluation process on the proposed candidate may include, at the NC’s discretion, reviewing of the candidate resume, curriculum vitae and other biographical information, confirming the candidate’s qualifications and conducting legal and other background searches as well as formal or informal interview at the Nomination Committee’s discretion. The NC would also assess the candidate’s integrity, wisdom, independence, ability to make independent and analytical inquiries, ability to work as a team to support the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties of the Board.</p> <p>Upon completion of the assessment and evaluation of the proposed candidate, the NC would make its recommendation to the Board for their evaluation and decision on the appointment of the proposed candidate. The NC is responsible to ensure that the procedures for appointing any new Directors are transparent and their evaluation should be based on their merits, qualifications, experiences, skills, competencies and knowledge. The Company Secretaries are to ensure that all appointments of new Directors are properly carried out and all legal and regulatory obligations are met.</p> <p>The appointment of senior management which is delegated to the Managing Director of the Company, are based on competencies, experience, integrity, skills set and other qualities.</p> <p>The Board is generally satisfied with the current mix of skills and qualities of Directors, the performance, effectiveness and composition of the Board and its Committees. The current Board size and composition is well-balanced. The Directors have the character, experience, integrity, competence and time to effectively discharge their respective roles.</p>
<b>Explanation for departure</b>	:	

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

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has adopted a gender diversity policy and set a target of having a least one woman director on the Board. The Board currently has two (2) women Directors namely YBhg. Dato' Tiong Ing and Mdm. Ngu Ying Ping, with more than 30% of the Board are women Directors. The Board will ensure that women candidates are sought as part of its recruitment exercise should the needs arise in the future.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee (“NC”) is responsible to recommend the identified candidate to the Board if there is vacancy arises from resignation, retirement or any other reasons or if there is a need to appoint additional director with the required skill or profession to the Board, based on the recommendations made by the existing Board members, management or major shareholder. The Board also considers sourcing candidates from external and independent sources as one of the avenue.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by Mdm. Ngu Ying Ping, a Senior Independent Director of the Company and the remaining two (2) are Independent Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee (“NC”) facilitates and organises the annual assessment for the Board, Board Committees and individual Directors.</p> <p>The Board, through its NC has conducted an annual evaluation on the effectiveness of the Board and its Committees. All assessments and evaluations carried out by the NC are properly documented. The Board has reviewed the terms of office and performance of the Board Committees and each of the members and was satisfied that the Board Committees and members have carried out their duties in accordance with the terms of reference of the respective committees.</p> <p>The Board is generally satisfied with the current mix of skills and qualities of Directors, the performance, effectiveness and composition of the Board and its Committees. The current Board size and composition is well-balanced. The Directors have the character, experience, integrity, competence and time to effectively discharge their respective roles.</p> <p>The Board has, through the NC, adopted the same criteria of independence as set out in the Listing Requirements to assess the Independent Directors on an annual basis. In assessing the independence of Independent Directors, the Board, taking into account their skills, experience and contributions, as well as their background, will consider whether the Independent Directors have any relationships with the Company and their ability to exercise independent and objective judgement to the Board’s deliberations at all times and to act in the best interests of the Company.</p> <p>The Board, through the NC has assessed all the independent directors and concluded that they met the criteria and are able to bring unbiased and independent view and advice in discharging their duties and responsibilities.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee ("RC") is responsible for developing the remuneration policy and recommending the remuneration packages for Directors and Senior Management of the Company. The policy is available on the Company's website at <a href="http://www.suburtiasa.com">www.suburtiasa.com</a>.</p> <p>The Board has adopted remuneration policies and procedures for the Executive Directors to ensure that the remuneration package offered is sufficient to attract and retain Directors with necessary calibre, experience and quality required to run the Group in an effective and efficient manner. In formulating the remuneration package, the RC takes into account the responsibility and job functions, remuneration packages of comparable companies within the same industry as well as individual and corporate performance.</p> <p>In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied					
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee ("RC") comprises solely Non-Executive Directors, a majority of whom are Independent Directors as follows:</p> <table border="1" data-bbox="536 994 1385 1144"> <tr> <td data-bbox="536 994 874 1032">Chairperson</td> <td data-bbox="874 994 1385 1032">Mdm. Ngu Ying Ping</td> </tr> <tr> <td data-bbox="536 1032 874 1144">Members</td> <td data-bbox="874 1032 1385 1144">Mr. Tiong Kiong King Mr. Tiong Ing Ming Mr. Poh Kee Eng</td> </tr> </table> <p>The principal responsibilities of the RC in accordance with the terms of reference are to:</p> <ul style="list-style-type: none"> <li>• review Non-Executive Directors' package and Executive Directors' remuneration packages and make appropriate recommendations to the Board for approval; and</li> <li>• recommend to the Board the quantum of bonuses, rewards and incentive structures for the Executive Directors.</li> </ul> <p>It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors and for the Board to recommend remuneration of Non-Executive Directors (with individual Directors abstaining from discussion in respect of their own remuneration) to shareholders for approval at the Annual General Meeting.</p> <p>The term of reference of the RC is made available on the Company's website at <a href="http://www.suburtiasa.com">www.suburtiasa.com</a>.</p>		Chairperson	Mdm. Ngu Ying Ping	Members	Mr. Tiong Kiong King Mr. Tiong Ing Ming Mr. Poh Kee Eng
Chairperson	Mdm. Ngu Ying Ping						
Members	Mr. Tiong Kiong King Mr. Tiong Ing Ming Mr. Poh Kee Eng						
<b>Explanation for departure</b>	:						
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>							

<b>Measure</b> :		
<b>Timeframe</b> :		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The detailed disclosure on named basis for the remuneration of individual Directors is disclosed in the Corporate Governance Overview Statement on page 27 of the Company's Annual Report 2018.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Senior Management's remuneration components on named basis in the bands of RM50,000.00 are not disclosed due to confidentiality and sensitivity reasons. The Board is of the view that such disclosure will not be in the best interest of the Company given the highly competitive human resource environment for personnel with requisite knowledge, expertise and experience in multi-industry business.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Audit Committee is chaired by the Senior Independent Director, Mdm. Ngu Ying Ping. Mdm. Ngu is not the chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee ("AC") comprises three (3) members, all of whom are Independent Directors. At present, none of the Audit Committee members were the former key audit partners of the Company's external auditors.</p> <p>The Board will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the AC is a former key audit partner.</p> <p>None of the members of the AC were former key audit partners within the cooling-off period of two (2) years.</p> <p>Subur Tiasa Holdings Berhad has recently adopted a policy that requires 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 AC. The policy has been included in the AC terms of reference, available on the Company's website at <a href="http://www.suburtiasa.com">www.suburtiasa.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company undertakes an annual assessment of the External Auditors, via the AC, based on the criteria including quality of audit services, audit fees and audit independence as set out in the Auditor Independence Policy.</p> <p>Based on the outcome of its assessment, the Board had enclosed AC's recommendation to re-appoint Crowe Malaysia as the external auditors at the forthcoming annual general meeting to be held in December 2018.</p> <p>In supporting the AC's assessment of their independence, the External Auditors had provided a written assurance, confirming that they were, and had been, independent throughout the conduct of the audit engagement with the Company in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee of the Company comprises solely the following Independent Directors:-  1) Mdm. Ngu Ying Ping 2) Mr. Tiong Ing Ming 3) Mr. Poh Kee Eng

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Audit Committee ("AC") comprises three (3) Independent directors, who are financially literate and have necessary skills, financial experience and expertise to discharge their duties effectively. The qualification and experience of the AC members are further disclosed in the Directors' Profile on page 6 and 7 of the Annual Report 2018.</p> <p>Details of the trainings attended by the respective member are disclosed in the Directors' Training and Continuing Education Programmes on page 25 of the Annual Report 2018.</p> <p>The Nomination Committee ("NC") has in September 2018 evaluated the performance and effectiveness of the AC and RC, including contribution by each individual member. The NC collectively resolved that the AC and RC have discharged their responsibilities and functions as required.</p> <p>From time to time, the AC members are kept updated via the platform of their professional bodies, by the External Auditors or the Company Secretaries.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges that it is ultimately responsible for the adequacy and effectiveness of the Group’s system of risk management and internal controls to safeguard all its stakeholders’ interests and the Group’s assets. This is vital to ensure that they are consistent with the overall Group’s objectives with the help of the systems operating within an environment where losses and liabilities arising from risks, uncertainty and random events may be minimized, protected against and even avoided altogether.</p> <p>The Risk Management Committee provides oversight and direction for the implementation and application of the Risk Management Policy and framework, reviewing Risk Management Policy and framework and make recommendation to the Board for approval, reviewing risk management process and assessing whether they provide reasonable assurance that risk are effectively managed, reviewing key business risks to ensure that action and risk mitigation plans have been implemented effectively, encouraging promotion of risk management awareness among the staff and reporting key business risks of the Group to the Board.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Detailed information on risk management and internal control within the Group is set out in the Statement on Risk Management and Internal Control in the Company’s Annual Report 2018 on page 32 and 33.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established an in-house internal audit (“IA”) function for the Group which reports directly to the Audit Committee (“AC”). The IA function is guided by the IA Charter. The primary role of the Internal Audit Department, based on the IA Charter is to provide independent, objective assurance and consulting services designed to add value and improve the company’s operations.</p> <p>As guided by the IA Charter, the internal audit function should be independent of the activities they audit to ensure impartial views and unbiased judgements and recommendations made to the Management and the Board. The IA function, including all of its staff, is not involved in performing routine non-auditing works or have direct responsibility over any activities, functions or tasks they are reviewing.</p> <p>For the financial year under review, internal auditing activities of the Group were carried out based on the IA plan 2018 as approved by the AC. The results of these internal auditing activities, including findings and action plans where necessary, were documented and reported/recommended to the AC.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The company has an in-house internal audit function. The Internal Audit Department plays an essential role in assisting the Audit Committee (“AC”) in discharging its duties and functions.</p> <p>The Internal Audit (“IA”) Charter specifies that the IA function should be independent of the activities they audit to ensure impartial views and unbiased judgements and recommendations made to the Management and the Board. To ensure its independence, the Head of IA reports directly to the AC.</p> <p>The AC has on 27 September 2018 reviewed the adequacy of the scope, functions, competency and resources of the IA function to meet the requirement of the Group’s current operations structure and size.</p> <p>At present, there is a total of 10 internal auditors in the IA Department. The Company is recruiting a senior manager for the IA Department. Meanwhile, Mr. Wong Chung Teck who holds a Bachelor of Information Systems (Honours), is acting to head the IA Department. The IA function is carried out in accordance with International Professional Practices Framework (“IPPF”) set by the Institute of Internal Auditors (“IIA”).</p> <p>Further details on the Internal Audit function is available in the Statement on Risk Management and Internal Control in the Annual Report 2018.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### 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.

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	The Board and management value the importance of effective and transparent communications with shareholders and investors. This is achieved through the timely release of annual reports, quarterly announcements and other corporate announcements made to Bursa Securities. Corporate and financial information on the Group are easily accessible by the shareholders and the public through the Company's website, <a href="http://www.suburtiasa.com">www.suburtiasa.com</a> . The website provides up-to-date corporate details, overview of business activities and operations, Company's performance and position, annual reports, and all announcements made. This ensures no selective dissemination of information and there is always symmetry of information disclosure.  Currently, communications are made through the quarterly announcements of financial results to Bursa Securities, relevant announcements and circulars, general meetings of shareholders and the Company's website <a href="http://www.suburtiasa.com">www.suburtiasa.com</a> where shareholders can access corporate information, annual reports, financial information and Company announcements.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	This is Not Applicable to the Company in view that the Company does not fall within the definition of "Large Companies".	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Subur Tiasa Holdings Berhad understands that sufficient notice should be given to shareholders to allow them to make necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</p> <p>The notice for the 22nd Annual General Meeting (“AGM”) held on 28 December 2017 was given to the shareholders on 28 November 2017, more than 28 days prior to the AGM.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All the Directors had attended the 22 <sup>nd</sup> Annual General Meeting of the Company held on 28 December 2017.  The Chairman encouraged shareholders to participate in question and answer session.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The last Annual General Meeting (“AGM”) was held on 28 December 2017 at the office premises in Sibul, Sarawak to enable accessibility by the shareholder base. As such, the Board has not applied the process of voting in absentia.</p> <p>Nevertheless, the Board will consider the feasibility of leveraging on technology to facilitate voting in absentia and remote shareholders' participation at AGM, considering amongst others, the cost-benefit of such facilities, security concerns, etc.</p> <p>Shareholders are allowed to appoint corporate representatives or proxies to attend, speak and vote on their behalf at General Meeting.</p> <p>The Chairman announces the poll voting results at the AGM, and the poll results are announced on the same day through Bursa Link Service.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

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

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