

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3743
COMPANY NAME : SUNSURIA BERHAD
FINANCIAL YEAR : September 30, 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 good corporate governance culture within the organisation and it leads the Company and plays a strategic role for the oversight and overall management of the Company. The Directors recognise the key role they play in charting the strategic direction, development of the Sunsuria Group to ensure that the Group operates with integrity and in compliance with all the applicable laws, rules and regulations.</p> <p>The Board has a Mission and Vision Statement outlining the primary goals and purpose of the Company and to provide a roadmap for the employees to achieve the objectives.</p> <p>To assist the Board in carrying out its responsibilities and functions, it has delegated certain responsibilities to the Board Committees namely, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Employees' Share Scheme Committee, as well as the working committees i.e. Related Party Transaction Review Working Group and Sustainability Committee to ensure that a good corporate governance framework is in place within the Group.</p> <p>The Board has clearly outlined the day-to-day operations of management functions and the overall responsibilities of the Board through the Board Charter, the Group Policies and Limits of Authority, Terms of References and other governance documents. The Board assumes, amongst others, the following principal roles and responsibilities:</p> <ul style="list-style-type: none"> • Review and approve strategic and annual business plan <p>The Board plays a key and active role in the formulation and development of the Company's strategy and in monitoring its performance and implementation. The Annual Strategy and Business Plan and Budget are presented to the Board for review and deliberation in detail, taking into account the need for new strategic initiatives which provide avenue for growth. The Board also reviewed and approved the Budgeted Capital Expenditure and the Key Performance Indicators for the Company and the Group.</p> <p>The Board had on 30 May 2019 conducted a mid-year review of the Annual Strategy and Business Plan, Estimates and Budget, where</p>

the performance targets set by the Board were compared against the actual performance for the year-to-date.

- **Overseeing conduct of the Company's business**

The Chief Executive Officer ("CEO") is responsible for providing the vision and strategic direction of the Group and to formulate appropriate corporate strategies and develop the business.

The Executive Chairman helms the CEO role in the light of his vast knowledge and involvement in the Group's business, he brings a wealth of experience and industry goodwill benefiting the Company directly. Nevertheless, part of the responsibilities of the CEO are delegated to designated Senior Management ensuring separation of powers and duties. The Executive Chairman is assisted by the Chief Operating Officer and the Chief Financial Officer for implementing the policies and decisions of the Board and overseeing the day-to-day operations of the Group.

Further, all decisions on matters reserved for the Board are made after due deliberation by the Board and Board Committees, as and when required.

- **Identifying Principal Risks and ensuring implementation of internal controls and mitigation measures**

The Board continues to maintain and regularly review the adequacy of the Group's system of internal control and risk management processes to ensure, as far as possible, the protection of the Group's assets and its shareholders' investments.

The Board through the Risk Management Committee ("RMC") oversees the risk management framework of the Group. The RMC advises the Board on areas of high risk and the adequacy of the compliance and control procedures throughout the organisation. The Board would be updated with the key risk profile of the Group by RMC. Key risks deliberated by the RMC in 2019 included regulatory risk, operations risk and market risk

- **Reviewing adequacy and integrity of management information and internal control system**

The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system and continues to maintain and review its internal control system to ensure, as far as possible, the protection of the Group's assets and the Company's investments. Details pertaining to the Company's internal control system and its effectiveness are available in the Statement on Risk Management and Internal Control of the Annual Report 2019.

In order to avoid any conflict of interest or the appearance of conflict of interest, we adopted a 'No Gift and Entertainment Policy' in FY2018, and this policy extends to our subsidiary companies as well as affiliated companies.

Whereas, the Whistleblowing policy was adopted for the purpose of providing a mechanism for all level of employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuse for management action.

	<ul style="list-style-type: none"> • Achieving and Maintaining the highest standard of integrity and work ethics <p>The Board had in August 2019 approved the adoption of the Anti-Bribery and Corruption Policy and Procedures, complying to the Malaysian Anti-Corruption Commission Act 2009. The Group has adopted a zero tolerance policy against all forms of bribery and corruption.</p> <p>The Policy is applicable to all Directors, employees as well as associates of the Group. The contractors, sub-contractors, consultants, agents, representatives, service providers and advisors who perform works or services for and on behalf of the Company are expected to comply with the Policy. The joint-venture partners and business partners are encouraged to comply with the Policy too.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Executive Chairman, Tan Sri Datuk Ter Leong Yap is primarily responsible for the leadership and management of the Board, ensuring the Board and Board Committees carry out their responsibilities in the best interest of the Company.</p> <p>He oversees and evaluates the conduct and performance of the Group and undertakes to ensure efficient functioning of the Board and that procedural rules are followed and information are provided on a timely basis to facilitate decision-making by the Board members. The Chairman is also tasked to lead the Board in establishing and monitoring good corporate governance practices in the Company.</p> <p>Tan Sri Ter also helms the role of Chief Executive Officer ("CEO"), responsible for providing the vision and strategic direction of the Group and to formulate appropriate corporate strategies and develop the business. He is assisted by the Chief Operating Officer and the Chief Financial Officer for implementing the policies and decisions of the Board and overseeing the day-to-day operations of the Group.</p> <p>The roles and responsibilities of the Chairman and CEO is set out in the Board Charter which is available on the Company's website at www.sunsuria.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is cognizant of the dual role of Chairman and CEO held by Tan Sri Datuk Ter Leong Yap and is of the view that the present Board made up by the majority Independent Directors is able to provide sufficient check and balance. The Board as a whole is able to function independent of management.</p> <p>Tan Sri Datuk Ter Leong Yap, the founder and owner of Sunsuria Group dates back to 1990, started to develop various residential, commercial and industrial property projects within Klang Valley. Tan Sri Ter has considerable experience in the property development industry, he has successfully transformed Sunsuria into a multi-faceted and well-established property developer, delivering innovative and high-quality properties in Malaysia.</p> <p>The Board is of the view that it is in the best interest of the Company to maintain the current arrangement so that the Group could benefit from the profound Chairman who is highly knowledgeable in the businesses of the Group.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a company secretary, who is a member of the Malaysian Institute of Accountants ("MIA") and is qualified to act as Company Secretary under Section 235(2) the Companies Act 2016.</p> <p>The Company Secretary has always supported the Board and played an important role to facilitate the overall compliance with the Companies Act 2016, the Main Market Listing Requirements of Bursa Securities and other relevant laws and regulations. All Directors have access to the advices and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary attended all Board and Board Committee's meetings in the financial year 2019. The Company Secretary, together with the Directors, are responsible for the proper conduct of the meetings according to applicable rules and regulations. The Company Secretary regularly update and advise the Board on new statutes, regulations and directives issued by regulatory authorities.</p> <p>The Company Secretary constantly keep herself abreast of the regulatory changes and corporate governance developments through the necessary training programmes, conferences, seminars and/or forums organised by the Companies Commission of Malaysia, Malaysia Institute of Accountants, Bursa Securities, etc. The Board is satisfied with the support rendered by the Company Secretary in discharging her function.</p> <p>Further details on the role of the Company Secretary are set out in the Company's Board Charter.</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>An annual Board Meeting Schedule ("Schedule") is prepared and circulated to the Board in advance of each new financial year to facilitate better planning by all Directors. The Secretary provides Directors with all the meeting dates of the Board and Board Committee, the Annual General Meeting as well as the closed periods for dealings in securities of the Company.</p> <p>The Board normally meets quarterly to review financial, operational and business performances. Prior to each scheduled Board meeting, all the Board members are provided with the requisite notice, agenda and Board Papers containing information relevant to the business of the meeting, which are distributed in sufficient time prior to the meetings to enable them to have the time to peruse the papers to assess all aspects of the Group's performance. The meeting papers are disseminated electronically to enable Directors and committee members to access meeting documents and company information in a timely and more efficient manner, thus improving Board performance and overall effectiveness of decision-making. They can request for further information or clarification from Management to ensure effectiveness of the proceedings at the meeting, if necessary.</p> <p>During the intervals between quarterly Board Meetings, additional or special Board Meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration.</p> <p>Any matters requiring the sanction of the Board may be sought by way of Directors' circular resolutions. All circulation resolutions approved by the Board are tabled for notation at the next Board Meeting.</p> <p>The Company Secretary has the responsibility of ensuring that the minutes of the meeting accurately reflect the deliberations and the decisions of the Board, including whether any Director has abstained from voting or deliberation on a particular matter. Upon conclusion of the meeting, the minutes are circulated and every Director has the opportunity to review and make corrections to the minutes. Upon confirmation by the Board or Board Committees at the following meetings, the minutes will be signed by the Chairman of the said meeting as a correct record of the meeting proceedings. Actionable items would be recorded as matters arising until they are eventually resolved.</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 is guided by the Board Charter which is an authoritative policy documents that sets out the Board’s strategic intent, authority and terms of reference. It also serves as a primary reference for the Directors of their fiduciary duties as directors of the Company. which outlines the duties and responsibilities of the Board, matters reserved for the Board’s deliberation and decision-making, and those matters which the Board may delegate to the Board Committees.</p> <p>The Board Charter covers inter-alia, the role of the Board, duties and responsibilities and roles of the Chairman, Executive Directors and Non-Executive Directors. It provides insight to the function of the Board and setting up of Board Committees and their Terms of References. The Board reserves full decision-making powers on matters covering areas such as strategic setting, implementation and supervisory, monitoring of financial performance, controls and assurance.</p> <p>In August 2019, the Board reviewed and approved revisions to the Board Charter to ensure it is in line with the Board changes and delegation of powers and authorities subsequent to the departure of the CEO.</p> <p>The Board will periodically review and update the Board Charter in accordance with the needs of the Company and any regulations that may bring an impact in the corporate governance practices of the Company and the responsibilities of the Board in discharging its governance function.</p> <p>The Board Charter is made available on the Company’s website at www.sunsuria.com.</p>
Explanation for departure	:	

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

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 Company's Code of Conduct and Ethics for the employees of the Group comprehensively listed within the Company's Employee Handbook provides the ethical framework to guide actions and behaviours of all Directors and its employees while at work. The Employee Handbook is accessible through the corporate intranet.</p> <p>In addition to the Company's Code of Conduct and Ethics, the Directors are guided by a high standard of ethical behaviour in accordance with the Directors' Code of Conduct and Ethics. The Directors' Code of Conduct and Ethics was adopted by the Board on 28 August 2019.</p> <p>The Directors' Code of Conduct and Ethics provides principles and standards relating to Directors' duties and serves as a guideline for the Board to act in the best interest of the Company, and fulfil their fiduciary obligations to all its stakeholders. It covers, amongst others, the areas of transparency, integrity, accountability, conflicts of interest, anti-corruption/bribery, confidentiality, insider trading, anti-money laundering, proper use of the Company's assets, and compliance with laws, rules and regulations.</p> <p>A copy of the Directors' Code of Conduct and Ethics is available on the Company's website at www.sunsuria.com.</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>In line with the Group's Integrity Policy, the Whistleblowing policy established since 18 December 2018 enables employees and associates within Sunsuria Group to report any genuine concerns about misconduct, wrongdoings, corruption and instances of fraud, and/or abuse that they encounter involving the interests of the Company and to provide protection for its employees and associates who report such allegations.</p> <p>Confidentiality of the matters raised and the identity of the whistle blowers are protected under the policy. Any concerns raised will be investigated and the outcome will be reported to the Audit Committee. If a violation is determined at the conclusion of an investigation, effective remedial action commensurate with the severity of the offence will be taken. Necessary steps will also be implemented to prevent similar situation from arising.</p> <p>The Human Resources Division shall maintain records of the date and content of feedback they received from various whistle blowing reporting channels and the records will be tabled to the Audit Committee on a half-yearly basis.</p> <p>The Whistleblowing Policy is available on the Company's website at www.sunsuria.com.</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	:	Applied
Explanation on application of the practice	:	<p>As at the date of this report, the Board comprises four (4) members, of whom one (1) is Executive Director and three (3) Independent Non-Executive Directors which fulfils the requirement of the Board comprising the majority of independent directors.</p> <p>The role of these Independent Directors is particularly important in ensuring that the strategies proposed by the Management are fully discussed and evaluated, having considered the long-term interest of all interested parties, including shareholders, employees, customers, suppliers and the community as a whole. Nevertheless, the Board operates in a manner ensuring that Directors provide constructive opinions, advice and exercise independent judgement and that interest of the Group and its stakeholders are given its utmost importance when key decisions are made by the Board.</p> <p>The Independent Directors do not participate in the day-to-day management of the Company and do not engage in any business dealings and are not involved in any other relationship with the Company (other than in situations permitted by the applicable regulations) which could materially interfere with the exercise of their independent judgement.</p> <p>All Independent Directors meet the criteria for independence as prescribed under the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Company's policy on assessment of Directors'</p> <p>The Nomination and Remuneration Committee and the Board have upon their assessment for the financial year under review concluded that all Independent Directors of the Company continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The Board was satisfied with the level of independence demonstrated by all Independent Directors.</p> <p>The profiles of the Board members are set out in the Annual Report 2019 and the Company's website at www.sunsuria.com.</p>
Explanation for departure	:	

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

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	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
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 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 recognises the importance of Directors having a diverse and relevant range of skills, background, knowledge and experience to ensure effective governance of the business.</p> <p>Based on the review of the Board Composition in 2019, the Board agreed to maintain the Board size at 4. In spite of the compact Board size, the Board is confident of effective oversight, delegation of responsibilities and productive discussions amongst members of the Board.</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>50 – 55</th> <th>56 – 60</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>1</td> <td>3</td> <td>2</td> <td>2</td> </tr> </tbody> </table> <p>The Board has delegated the responsibility for recommending a potential candidate to fill a board vacancy to the Nomination and Remuneration Committee (“NRC”) but the ultimate decision on the appointment of a candidate is solely that of the Board as a whole.</p> <p>The NRC is tasked with the responsibility of assessing and recommending the right candidates to the Board and will take into consideration the diversity of the Board’s composition which inter alia, includes, gender, competencies, experience, integrity, time commitment, etc. The members of the Board contribute across industry knowledge, experience perspective and specific subject matter expertise in a range of strategic, operational and financial aspects that are critical to the long-term success of Sunsuria Group. This indicates that Board maintains its focus on its composition, thereby working to ensure that the Executive and Non-Executive Directors continue to have an appropriate balance of skills, experience and independence.</p> <p>The appointment of Senior Management is delegated to the Company’s Human Resource and they will focus on the working experience, skills, competencies, integrity and commitment in the assessment of any potential candidate for recruitment as Senior Management personnel prior to recommending them to the Chief Executive Officer/Executive Chairman of the Company for consideration, approval and recruitment.</p>		Age Group		Gender		50 – 55	56 – 60	Male	Female	Number of Directors	1	3	2	2
	Age Group			Gender												
	50 – 55	56 – 60	Male	Female												
Number of Directors	1	3	2	2												
Explanation for departure	:															
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	The Board currently comprises four (4) directors, two (2) of whom are female. While there is no specific policy on gender but Sunsuria's corporate culture within the Company embraces gender diversity, which is demonstrated by the appointment of Datin Loa Bee Ha and Ms Tan Pei Geok as Directors of Sunsuria Berhad, which fulfil the requirement of 30% gender diversity. In addition, the Board intends to pursue gender, age and ethnicity diversity across the Group as a combination of personalities that provides a comprehensive range of perspectives and experiences resulting in improved quality of decision making.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>In order to balance the Board's composition to ensure that the Executive and Non-Executive Directors continue to have an appropriate balance of skills, experience and independence, the Nomination and Remuneration Committee will need to consider the set of skills, and experience required and selects individual based on review of their individual merits regardless of gender, age, religion and age.</p> <p>The selection of candidates to be considered for appointment as Directors is facilitated through the recommendations from the Directors, major shareholder or external parties including the Company's contacts in related industries, finance, legal and accounting professionals. The NRC meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board and where applicable, to the Committees.</p> <p>There was no new appointment to the Board during the financial year under review.</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 existing Nomination and Remuneration Committee (“NRC”) is a merged function of the Nomination and Remuneration and is chaired by Ms Tan Pei Geok, an Independent Non-Executive Director.</p> <p>The other members of the NRC are Dato’ Quek Ngee Meng, Independent Non-Executive Director and Datin Loa Bee Ha, Independent Non-Executive Director.</p> <p>The profile of Ms Tan Pei Geok is available in the Annual Report 2019 and the Company’s website at www.sunsuria.com.</p> <p>The specific responsibilities of the Chairman of the NRC are set out in its Terms of Reference, which is available on the Company’s website at www.sunsuria.com.</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 Nomination and Remuneration Committee (“NRC”) carries out an annual evaluation of the effectiveness of the Board as whole, the Board Committees and the contribution or performance of each individual Director. The NRC also assist the Board in assessing the independence of the Independent Directors annually.</p> <p>The annual evaluation, which was internally facilitated, involves individual Director and Committee members completing separate evaluation performance questionnaires regarding processes of the Board and its Committees, their effectiveness and where improvements could be considered.</p> <p>The Board and its Committees are assessed in the areas of Board mix and balance, composition, compliance and governance, conduct at meeting, business knowledge, skills and competencies, communication and value-added contribution, quality of information and decision making, performance management, Board dynamics and relationships. The individual Directors’ evaluation process involves peer-to-peer assessment and self-assessment (in the case of Independent Directors), where assessment criteria are based on integrity and ethics, governance, strategic perspective, judgement and decision making, teamwork, communication, commitment, ability to challenge and ask right questions and independence of the Independent Directors.</p> <p>The assessment and comments by all Directors were summarised and discussed at the NRC meeting which were then reported to the Board at the Board meeting held thereafter. These assessments and evaluations carried by the NRC are properly documented.</p> <p>The Board embraces a healthy culture of openness and debate, which enables constructive feedback to be given freely and without constraints during assessments.</p> <p>Based on the results of the evaluations for the financial year under review, the Board concluded that the Board as a whole and its Committees have been effective in discharging their oversight responsibilities and there was an appropriate size and mix of skills, experience and core competencies in the composition of the Board and that each of the Directors possesses the required competence and has fulfilled their responsibilities and obligations as members of the Board/Board Committees.</p>

	Notwithstanding the recent downsizing of the Board, the NRC is satisfied that the current Board size and composition remains appropriate, taking into account the Group's businesses and the size of its business operations.	
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 Company has in place a Directors and Senior Management Remuneration Policy to ensure the Directors and Senior Management of the Company are governed by the comprehensive remuneration criteria, based in their level of responsibility of the position occupied, the competencies required and contribution made towards the Company's long-term business strategy.</p> <p>The Executive Directors and Senior Management remuneration are structured to link rewards to the Group and individual performance whilst for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities and participation by the particular Non-Executive Director concerned.</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 Board has in place a Nomination and Remuneration Committee ("NRC") which comprises wholly of Non-Executive Directors.</p> <p>The Remuneration function of the NRC is to review and recommend the remuneration of the Board and Senior Management in all its forms and to assist the Board in formulating framework and structure for the remuneration of Directors and Senior Management.</p> <p>The activities of the NRC during the financial year are as follows:</p> <ul style="list-style-type: none">• The effectiveness of the size mix and the composition of the Board and Board Committees• The contribution of individual Directors in relation to the effective decision-making of the Board.• The independence of Independent Directors.• The re-nomination of the Director who was due for retirement at the Company's Annual General Meeting.• The Salary increment, performance bonus KPIs for Executive Directors.• The director's fee for Non-Executive Director payable from 20 March 2019 to the next Annual General Meeting in March 2020, on a monthly basis, subject to the shareholders' approval.• Assessed and evaluated the training needs of the Directors.• The Proposed adoption of Directors and Senior Management Remuneration Policy.• The Proposed adoption of Board Diversity Policy.• The Re-designation of Datin Loa Bee Ha from Non-Independent Non-Executive Director to Independent Non-Executive Director.• The Reconstitution of the Risk Management Committee. <p>The duties and responsibilities of the NRC are provided in the Terms of Reference, which is available at the Company's website at www.sunsuria.com.</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 :	In line with best corporate governance practice, the disclosure of the Directors' remuneration on a named basis for the financial year 2019, paid by the Company (no remuneration was paid by the subsidiaries of Sunsuria) is as follows:						
	Company (RM)						
Directors	Fee	Salary	Other Emolument	Benefit-in-kind	Bonus	Total	
Executive Directors							
Tan Sri Datuk Ter Leong Yap	-	2,305,470	456,741	50,188	1,324,960	4,137,359	
Mr Koong Wai Seng (resigned on 30.08.2019)	-	694,347	102,888	33,067	156,000	986,302	
Total	-	2,999,817	559,629	83,255	1,480,960	5,123,661	
Non-Executive Directors							
Ms Tan Pei Geok	72,000	-	-	-	-	72,000	
Dato' Quek Ngee Meng	60,000	-	-	-	-	60,000	
Datin Loa Bee Ha	60,000	-	-	-	-	60,000	
Total	192,000	-	-	-	-	192,000	
Explanation for departure :							
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>							

Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure												
Explanation on application of the practice	:													
Explanation for departure	:	<p>Details of the remuneration of top five Senior Management is not disclosed.</p> <p>The Board is of the view that the disclosure of the top five Senior Management's remuneration is not in the best interest of the Company. Such disclosure may put Sunsuria in a disadvantageous position as the Group faces challenges in talent management and retention due to the highly competitive property industry.</p> <p>However, the Board assures that there is a robust internal process to ensure that the remuneration of senior management is fair and competitive when benchmarked internally for equitability and externally with the market.</p>												
		<p><u>Alternative Practice</u></p> <p>The total remuneration paid to the Key Management Personnel is RM1,306,000 for the financial year ended 30 September 2019.</p> <p>The table below summarises the main component that shall form the remuneration packages of Directors and Key Senior Management of the Company:</p> <p><u>Executive Directors and Senior Management</u></p> <table border="1"> <thead> <tr> <th>Category – Fixed / Variable</th> <th>Component</th> <th>Component description</th> </tr> </thead> <tbody> <tr> <td>Fixed</td> <td>Based Salary</td> <td>A monthly payment shall be provided to Executive Directors and Senior Management personnel based on job nature of the position including responsibility, complexity, level of skills and experiences and other market conditions.</td> </tr> <tr> <td>Fixed</td> <td>Benefits/ Emoluments</td> <td>Benefits may be provided to Directors and Senior Management personnel comprising common benefits e.g. annual leave, Employee Provident Fund (EPF), medical and life insurance, staff purchase discounts, and perquisites e.g. company car/car allowance, driver.</td> </tr> <tr> <td>Variable</td> <td>Bonus</td> <td>A performance-based remuneration (e.g. short term incentive – bonus, long term incentive – share options, if any) determined based on individual performance indicators and individual contribution</td> </tr> </tbody> </table>	Category – Fixed / Variable	Component	Component description	Fixed	Based Salary	A monthly payment shall be provided to Executive Directors and Senior Management personnel based on job nature of the position including responsibility, complexity, level of skills and experiences and other market conditions.	Fixed	Benefits/ Emoluments	Benefits may be provided to Directors and Senior Management personnel comprising common benefits e.g. annual leave, Employee Provident Fund (EPF), medical and life insurance, staff purchase discounts, and perquisites e.g. company car/car allowance, driver.	Variable	Bonus	A performance-based remuneration (e.g. short term incentive – bonus, long term incentive – share options, if any) determined based on individual performance indicators and individual contribution
Category – Fixed / Variable	Component	Component description												
Fixed	Based Salary	A monthly payment shall be provided to Executive Directors and Senior Management personnel based on job nature of the position including responsibility, complexity, level of skills and experiences and other market conditions.												
Fixed	Benefits/ Emoluments	Benefits may be provided to Directors and Senior Management personnel comprising common benefits e.g. annual leave, Employee Provident Fund (EPF), medical and life insurance, staff purchase discounts, and perquisites e.g. company car/car allowance, driver.												
Variable	Bonus	A performance-based remuneration (e.g. short term incentive – bonus, long term incentive – share options, if any) determined based on individual performance indicators and individual contribution												

			<p>to the business and may be awarded to Executive Directors and Senior Management personnel to foster a high performance work culture and as an incentive to attract and retain talent.</p> <p>Goals and performance expectation are set at the beginning of the financial year and will be reviewed mid and end of the year.</p> <p>The Company adopts pay-for-performance philosophy. There is a transparent performance-linked rewards framework in place.</p>
	Fixed	Base Fees	A fixed retainer sum shall be provided to Non-Executive Directors for their on-going contribution to the Board.
	Fixed	Committee Fees	A fixed additional fee is paid to Non-Executive Directors for chairing or participating in the Audit Committee.
			<p>The Board also assures that there is a robust internal process to ensure that the remuneration of senior management is fair and competitive when benchmarked internally for equitability and externally with the market.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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>The Audit Committee (“AC”) comprises three members who are Non-Executive Directors.</p> <p>The AC is chaired by Ms Tan Pei Geok, an Independent Non-Executive Director, who is a member of the Certified Practising Accountants (i.e. CPA Australia) and the Malaysian Institute of Accountants (“MIA”). She is not the Chairman of the Board, so as not to impair the objectivity of the Board’s view of the AC’s findings and recommendations.</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>All the Audit Committee members are Non-Executive Directors. They are neither former key audit partners nor employees of the External Auditors of the Group.</p> <p>The Company has adopted the policy for a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee in the terms of reference of the Audit Committee on 24 May 2018.</p> <p>The terms of reference of the Audit Committee are set out in the Company's website at www.sunsuria.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Terms of Reference of the Audit Committee ("AC") states that the AC is responsible to assess the suitability, objectivity and independence of the External Auditors annually.</p> <p>The Company has adopted an External Auditors' Policy which sets out the procedures on the appointment and re-appointment of External Auditors, the annual assessment of the External Auditors as well as the declaration of the independence by the External Auditors as specified in the By-Laws issued by the Malaysian Institute of Accountants.</p> <p>The AC undertakes annual assessment of the performance, suitability and independence of the External Auditors based on the quality of service, sufficiency of resources, communication and interaction, and the independence, objectivity and professionalism. The other areas of assessment include amongst others, External Auditors' calibre, audit team, audit scope and audit fees.</p> <p>On 27 November 2019, Deloitte PLT had through its presentation on the Audit Review Memorandum to the AC, declared its independence of Sunsuria Group in relation to its engagement as External Auditors of Sunsuria Group in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year 2019.</p> <p>In compliance with the requirements of the Malaysian Institute of Accounts, the External Auditors will rotate their engagement partner-in-charge of the Audited Financial Statements of the Company and the Group once every 5 years and the said engagement partner cannot be re-engaged to undertake a significant role in the audit of the Company for at least two (2) successive years. This is to ensure that the External Auditors maintain their independence from Sunsuria Group. At present, the current audit engagement partner has held the position for only one (1) year.</p> <p>The Board through the AC has considered the nature of the non-audit services rendered by the external auditors and their affiliated companies during the financial year under review and has determined that the provision of such services did not compromise the external auditors' independence and objectivity as the amount of fees paid for the services was not significant when compared to the total fees paid to the external auditors. Details of fees paid for non-audit services are set out on page 72 of the Annual Report 2019.</p>

	Based on the outcome of the annual assessment and having satisfied with the suitability and independence of Messrs Deloitte PLT, the quality and competency of services delivered and sufficiency of the professional staff assigned to the annual audit for the financial year under review, the Board had in November 2019 approved its AC's recommendation on the re-appointment of Messrs Deloitte PLT for shareholders' approval at the forthcoming AGM.	
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	:	The Audit Committee ("AC") comprises wholly of Independent Non-Executive Directors ("NED"). It is provided in the Terms of Reference of the AC that a NED of the Company who satisfies the independent test under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is an Independent Director.

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>The members of the Audit Committee ("AC") has a mix of skill, knowledge and the appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the Terms of Reference of the AC.</p> <p>The Board conducts annual evaluation to review the term of office and performance of the Audit Committee and each of its members in accordance with Paragraph 15.20 of the Listing Requirements.</p> <p>All the members of the AC are financially literate and are able to understand, analyse and grasp complex issues brought to its attention including the financial reporting standards and processes. The Chairman of AC, Ms Tan Pei Geok and the Member of the AC, Datin Loa Bee Ha have vast experience and skills in accounting and finance as well as other fields of expertise, and are highly-qualified to review the accuracy of the Group's financial reporting prior to recommending the same to the Board for approvals.</p> <p>All the AC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>The members of the Board including the AC members, had during the financial year, attended various training programmes and seminars organised by the relevant regulatory authorities and professional bodies to keep themselves abreast of relevant industry developments in accounting and auditing standards, business practices and rules.</p> <p>In addition, the AC is also regularly briefed by the external auditor on key changes in relation to accounting and financial reporting standards.</p> <p>Various trainings attended by the AC members during the financial year 2019 are provided in the Corporate Governance Overview Statement 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 Company has in place an effective risk management and internal control framework to identify and assess risks made in regards to significant business transactions.</p> <p>The Board continually reviews the adequacy and integrity of the Group's risk management and internal control system, which has been embedded in all aspects of the Group's activities, and its alignment with business objectives. The Board is aware that the risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. In this regard, the risk management framework and internal control system can only provide reasonable assurance, and not absolute assurance, against material misstatement of financial information and records or against financial losses or fraud.</p> <p>The key objectives of the Risk Management Framework are as follows:</p> <ol style="list-style-type: none"> 1. Supports the fulfilment of the Group's strategic objectives. 2. Optimise business opportunities and the returns to the Group, and protect the interests of, stakeholders including shareholders, customers and staff, within acceptable level of risks. 3. Promote and embrace education and Risk Assurance Culture. 4. Improve customer service whilst at the same time minimise risk exposure. 5. Safeguard the Group's assets and maintain its reputation and brand values. 6. Identify and assess operational risks and other related business risks in order to improve the Group's operating performance without compromising effectiveness of internal control procedures. 7. Compliance to Group policies, regulations and statutory requirements, including timely reporting of performance.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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 Risk Management Committee ("RMC") was established to uphold risk oversight within the Group. The RMC is chaired by an Independent Non-Executive Director, who is neither the Chairman of the Board nor the Audit Committee.</p> <p>RMC</p> <ol style="list-style-type: none">1. Dato' Quek Ngee Meng – Chairman (Independent Non-Executive Director)2. Ms Tan Pei Geok – Member (Independent Non-Executive Director)3. Tan Sri Datuk Ter Leong Yap – Member (Executive Chairman) <p>The RMC meets every half yearly to review the key risk profile which serves as a tool for heads of departments or business unit management to manage key risks applicable to their areas of business activities on a continual basis.</p> <p>The Group has adopted a Risk Management Framework ("Framework") that outlines policy and on-going process for identifying, evaluating, managing, monitoring and communicating the risks faced by the Group throughout the period under review. It places importance of balancing between risk and reward in making strategic business decisions, a tool in managing both existing and potential risks with the objective of protecting key stakeholders' interest, and compliance with statutory and legal requirements. The Framework sets the risk context and categories such as industry/market, financial, operations, compliance and people in relation to the Group's business activities.</p> <p>The Group's internal audit function, which has been outsourced to an independent professional services firm since 2015, assists the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.</p> <p>During the financial year ended 30 September 2019, outsourced internal audit reviews were carried out in accordance with the riskbased internal audit plan approved by the Audit Committee. Risk-based Internal Audit methodology was adopted, which entails focusing on the inherent risk involved in the activities or system and providing assurance that the risk is being managed by the management within the defined risk appetite level. Based on the internal audit reviews, the findings of the internal audit, including the recommended corrective actions, potential risks, implications and Management responses, were presented directly to the Audit Committee on a quarterly basis.</p>

	<p>The results of the internal audit reviews, recommendations for improvements, and corrective measures implemented or planned were deliberated during the Audit Committee meetings.</p> <p>During the financial year, the key elements in the Group's review of the adequacy and effectiveness of the risk management framework and system of internal controls include:</p> <ul style="list-style-type: none"> • Developing an appropriate organisation structure for planning, executing, controlling and monitoring business operations with clear lines of responsibility and delegations of authority. • Ensuring uniformity and consistency of practices and controls within the Group, whereby key processes in the Group's management and operations have been formalised and documented in the form of Standard Operating Policies and Procedures ("SOPP"). <p>These SOPPs are subject to review and improvements, particularly through periodic internal audit reviews of selected areas of operations.</p> <ul style="list-style-type: none"> • Preparing annual budgets for business units and presenting them to the Board for approval. Any variances of actual performance against the budget are monitored and reported regularly. The results are consolidated and presented to the Board on a regular basis. • Defining clear authorisation levels for all aspects of the business, which are formalised in the Group's Limits of Authority. • Putting in place the necessary occupational safety and health ("OSH") guidelines, which include setting up a safety committee to enhance OSH procedures and address OSH issues that may arise from time to time. • Convening Audit Committee Meetings at least four (4) times a year to review the effectiveness of the Group's system of internal controls. The Audit Committee meets with the Internal Auditors and External Auditors to review their reports. • Conducting regular internal audit visits to provide independent assurances on the effectiveness of the Group's system of internal controls and recommend to the Management on the areas for improvement. <p>The key features of its risk management and internal control system are disclosed in detail in the Statement of Risk Management and Internal Control in the Annual Report 2019.</p>
<p>Explanation for departure :</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>	

Timeframe	:		
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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	:	Adopted
Explanation on adoption of the practice	:	<p>The Risk Management Committee ("RMC") was established to uphold risk oversight within the Group. The RMC is chaired by an Independent Non-Executive Director, who is neither the Chairman of the Board nor the Audit Committee.</p> <p>RMC</p> <ol style="list-style-type: none">1. Dato' Quek Ngee Meng – Chairman (Independent Non-Executive Director)2. Ms Tan Pei Geok – Member (Independent Non-Executive Director)3. Tan Sri Datuk Ter Leong Yap – Member (Executive Chairman)

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 of the Group is outsourced to an independent professional services firm since 2015 with the primary function of assisting the Audit Committee in discharging its duties and responsibilities. The Internal Auditor provides an independent and objective report on the adequacy, efficiency and effectiveness of the internal control system and procedures in the business units within the Group and the extent of compliance with the Group’s established policies, procedures and guidelines, and also compliance with applicable laws, regulations, directives and other external enforced compliance requirements.</p> <p>The Internal Auditors adopts a risk-based internal audit methodology, which entails focusing on inherent risk involved in the activities or system and providing assurance that the risk is being managed by the management within the defined risk appetite level. The Internal Audit findings including the recommended corrective actions, potential risks, implications and Management responses are presented directly to 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

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>As the internal audit function is outsourced to an independent professional services firm, the internal audit function is free from any relationship or conflict of interest, which could impair their objectivity and independence. The independence of the internal audit function is evidenced from its direct reporting to the Audit Committee and administratively to the Chief Financial Officer of the Group.</p> <p>The Internal Auditor is also able to undertake independent systematic review of the systems of internal controls and procedures of operating units within the Group so as to provide reasonable assurance that such systems continue to operate satisfactorily, effectively, and in compliance with the Group's established policies and procedures.</p> <p>The internal audit function is also guided by the Group's Internal Audit Charter approved by the Audit Committee. The Charter sets out the objectivity, authority, independence, scope and responsibility of the internal audit function, which are consistent with the International Standards for the Professional Practice of Internal Auditing and Code of Ethics.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of being accountable to the shareholders and investors and used various channels of communications to enable the Board and Management to continuously communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, financial community and the public generally. Whilst the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the releases of material and price-sensitive information.</p> <p>The regular channels of communications with stakeholders are through the following:</p> <ol style="list-style-type: none">1. various announcements and disclosures made to Bursa Securities including the quarterly announcements on financial results;2. press releases and announcements to Bursa Securities and to the media;3. Company's annual report;4. Dialogues and presentations at general meetings to provide an overview and clear rationale with regards to the proposals tabled for approval to shareholders; and5. Investor relations section on the Company's website at www.sunsuria.com <p>The Company also organises quarterly briefings and conference calls to fund managers, institutional investors, investment analysts and the media upon the announcement of the Company's quarterly financial results to keep the interested public updated on the progress and the development of the business and prospects 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	:		
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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 11.2

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	:	Sunsuria Berhad is not a Large Company as defined by MCCG 2017.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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	:	<p>The notice period given for the Company's Fiftieth Annual General Meeting ("AGM") was at least 28 days. The notice was sent on 31 January 2019 and the date of the AGM was on 29 March 2019.</p> <p>The notice period given is well in advance of the 21-day requirements under the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The additional time given to shareholders would allow them to have sufficient time to scrutinise the Annual Report and to make necessary arrangement to attend the meeting.</p> <p>The Notice of the AGM also includes Administrative Notes which provides useful information to shareholders regarding details of the AGM, shareholders' entitlement to attend the AGM, their right to appoint a proxy or representative and voting procedures. The explanatory notes for each of the resolution proposed is included in the Notice of the AGM to assist the shareholders to have a better understanding and evaluation of the issues involved to enable shareholders to make informed decisions in exercising their voting rights.</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 12.2

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>At the Fiftieth Annual General Meeting (“50th AGM”) of the Company held on 29 March 2019, all Directors, including the Chair of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee were present in person to engage directly with shareholders and participated at the said 50th AGM.</p> <p>The presence of all directors provided opportunities for shareholders/proxies to engage with each director and also to allow for the shareholders/proxies to raise questions or concerns directly to those responsible.</p> <p>During the 50th AGM, the Chairman invited shareholders to raise questions pertaining to the agenda and resolutions tabled before putting them for voting. The Senior Management team of the Group and the External Auditors were in attendance at the 50th AGM to respond to the shareholders queries.</p> <p>The proceedings of the 50th AGM are recorded in the minutes of the meeting and a summary of key matters discussed at the 50th AGM is published on the Company’s website within a reasonable time.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>To allow for a more efficient and accurate voting system, the Company has started electronic poll voting at its Fiftieth Annual General Meeting ("50th AGM") held on 29 March 2019. With poll voting, shareholders or proxies present at the meeting will be entitled to vote on a 'one-share, one-vote' basis.</p> <p>The Company encourages the shareholders to participate at its 50th AGM and allows for shareholders, who are unable to attend its 50th AGM to appoint their respective proxies to vote on their behalf at the 50th AGM of the Company in accordance with the relevant provisions of the Articles of Association of the Company.</p> <p>The electronic polling process was conducted by Tricor Investor and Issuing House Services Sdn Bhd, the Poll Administrator and results of the poll had been verified by an independent scrutineer, Coopers Professional Scrutineers Sdn Bhd. The voting results of all votes cast in respect of each resolution was instantaneously displayed on-screen at the meeting which could be seen by everyone in the room. The Chairman then declared whether the resolution was carried based on the results shown on the screen.</p> <p><u>Alternative practice</u></p> <p>Shareholders who are unable to attend the meetings may in accordance with the relevant provisions of the Company's Constitution, appoint their respective proxies to vote on their behalf.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

**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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