

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3743
COMPANY NAME : SUNSURIA BERHAD
FINANCIAL YEAR : September 30, 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 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 Group and it leads the Group 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>The Board has clearly outlined the day-to-day operations functions of the Management and the overall responsibilities of the Board through the Board Charter, the Group Policies and Discretionary Authority Limits ("DAL"), 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 proposed business plan and budget are presented by the Management of Sunsuria annually to the Board. The Board reviews and deliberates in detail the Group's annual business plan and budget proposals, 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. The Board conducts a mid-year review of the Annual Business Plan and Budget including the financial performance, where the performance targets set by the Board were compared against the actual performance for the year-to-date.</p>

	<ul style="list-style-type: none"> • Overseeing conduct of the Company’s business The Chief Executive Officer (“CEO”) is responsible for the day-to-day management of the business and operations of the Group with respect to both its regulatory and commercial functions. The Management’s performance under the leadership of the CEO is monitored by the Board through quarterly status report which is tabled to the Board and includes a comprehensive summary of the Group’s operating drivers and financial performance during each reporting period. • Identifying Principal Risks and ensuring implementation of internal controls and mitigation measures The Board through the Risk Management Committee (RMC) oversees the risk management framework of the Group. The RMC advises the Audit Committee and the Board on areas of high risk and the adequacy of the compliance and control procedures throughout the organisation. A periodical update on the key risk profile of the Group is presented by the RMC to the AC and the Board. The RMC reviews the major risks that the Group faces in its business and operations, and the management controls the processes that are in place to manage those risks. The systems are designed to manage and not eliminate risks and to provide reasonable assurance against any misstatement or loss. Key risks deliberated by the RMC in 2018 included stock inventory risk, regulatory risk and customer satisfaction 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 shareholder 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.
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 Chairman is primarily responsible for the workings of the Board so as to ensure the smooth functioning of the board in the interest of good governance.</p> <p>As the Executive Chairman, Tan Sri Datuk Ter Leong Yap is responsible for the leadership, governance and management of the Board ensuring its effectiveness on all aspects of its role and setting its agenda. The Executive Chairman is also responsible for setting the vision, values and standards for the Company. He also provides support and guidance to senior management officers on operation matters as well as groom and mentors senior management officers to achieve high levels of professionalism and excellent performance.</p> <p>The roles and responsibilities of the Chairman of the Board is set out in the Board Charter which is available on the Company's website at www.sunsuria.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Executive Chairman and CEO are held by different individuals to ensure a balance of power and authority between the Executive Chairman and CEO. There is a clear segregation of roles and responsibilities between the Executive Chairman and the CEO as set out in the Board Charter.</p> <p>Tan Sri Datuk Ter Leong Yap, the Executive Chairman, plays an instrumental role in providing the Company with strong strategic leadership and vision.</p> <p>The CEO of the Company, Koong Wai Seng, holds the primary executive responsibility for the Group's business performance and manages the Group in accordance with the strategies, decisions and policies adopted by the Board. The CEO is responsible to lead the management team in the day-to-day operations of the Company, ensuring organisational effectiveness and efficiency. He relinquishes the Chairman, who plays an executive role, from such responsibilities. By virtue of his position as a Board member, he also acts as the intermediary between the Board and the Senior Management Team. The CEO is also involved in the management of sustainability, social and environmental responsibilities of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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 two company secretaries, one of whom is a member of the Malaysian Institute of Accountants (“MIA”) and the other an Associate member of The Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”). Both of them are qualified to act as Company Secretary under Section 235(2) the Companies Act, 2016.</p> <p>The Companies Secretaries 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 Secretaries to enable them to discharge their duties effectively. The Company Secretaries attended all Board and Board Committee’s meetings in the financial year 2018. The Company Secretaries, together with the Directors, are responsible for the proper conduct of the meetings according to applicable rules and regulations. The Company Secretaries regularly update and advise the Board on new statutes, regulations and directives issued by regulatory authorities.</p> <p>The Company Secretaries constantly keep themselves 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, MAICSA, MIA, Bursa Securities, etc. Based on the Board annual effectiveness survey, the Board is satisfied with the support rendered by the Company Secretaries in discharging their functions.</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 in order to facilitate the Directors' time planning. The Secretary provides Directors with all the meeting dates of the Board and Board Committee, the Annual General Meeting as well as closed period for dealing in securities of the Company by Directors.</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 ample 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</p>

	items would be recorded as matters arising until they are eventually resolved.	
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>The Board reviews the Board Charter and make any necessary amendments to ensure they remain consistent with the Board’s objectives, current law and practices. Any amendments to the Board Charter will be made available on the Company’s website at www.sunsuria.com/investor-relations</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors and employees are expected to safeguard the integrity and protect the reputation and performance of Sunsuria Group by behaving ethically and professionally at all times.</p> <p>The Company's Code of Conduct and Ethics ("the Code") is comprehensively listed within the Company's Employee Handbook which 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>The objective of the Code is to provide guidance on the standards of behaviour expected of all Directors and employees of the Group. The standards of behaviour are derived from the Group's Core Values and Business Principles. All the Directors and employees shall always observe and ensure compliance with all the applicable laws and regulations in the discharge of their duties.</p> <p>As described in the Board Charter, the Board is also guided by the Code of Ethics for Directors issued by the Companies Commission of Malaysia. The Directors are expected to adhere to the highest ethical standards and corporate governance.</p> <p>The Board Charter is available on the Company's website.</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	:	
Explanation for departure	:	<p>The Company has established a policy and procedure in its Employee Handbook to allow for its employees to raise any grievances to the Management or Human Resource. If necessary, an independent party may be appointed by the Management to probe deeper into the case if the grievance involves Human Resource. A Grievances Meeting will be formed to investigate the matter. If an investigation concludes that a misconduct or unethical act has been committed, the matter should be handled in accordance with the existing Disciplinary procedures specified in the Employees' Handbook adopted by the Company.</p> <p>The Employees' Handbook is made available to all employees via the Company's intranet.</p> <p>The Board believe that the existing policy and procedures under the Employee Handbook demonstrates the Company's commitment towards promoting integrity and open communication in the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board is targeting to formalise a set of Whistleblowing Policy, as part of its efforts to enhance its existing Grievances policy.
Timeframe	:	Within 1 year

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As at the date of this report, the Board comprises five (5) members, of whom two (2) are Executive Directors, one (1) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors. The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.</p> <p>The Board and Nomination and Remuneration Committee (NRC) believe that the Non-Executive Directors demonstrates characteristics of independence and bring constructive and independent deliberations to the Board.</p> <p>Although the Chairman of the Board is an executive director, the Board has the majority presence of Non-Executive Directors, of whom two (2) are Independent Non-Executive Directors. 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. The Executive Chairman encourages expression of opinions and healthy debates by all directors, allowing sufficient time to discuss issues and ensuring that all Directors are allowed to fully and actively contribute to the deliberations and the Board's decision fairly reflects Board consensus. 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 upmost importance when key decisions are made by the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will through the NRC review the size, composition structure of the Board and its effectiveness in the financial year 2019.
Timeframe	:	Within 2 years

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	:	N/A

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

Intended Outcome

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

Practice 4.5

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

Application	:	Applied
Explanation on application of the practice	:	The Board currently comprises 5 directors, two of whom are female. While there is no specific policy on gender but Sunsuria's corporate culture within the Group embraces gender diversity, which is demonstrated by the appointment of Datin Loa Bee Ha and Tan Pei Geok as Directors of Sunsuria Berhad, which fulfil the requirement of 30% gender diversity. While the Board promotes diversity, due recognition to the financial, technical experience and skill-sets of the Directors' concern and business imperatives are also factors being considered in the recruitments for Board candidates.
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 NRC 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>	
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>With effect from 2 October 2018, the Board has merged the existing Nomination Committee and Remuneration Committee into a single committee known as Nomination and Remuneration Committee (NRC). The NRC is chaired by 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, Non-Independent Non-Executive Director.</p> <p>The details of Tan Pei Geok's profile is available in the Annual Report and the Company's website.</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. The criteria for the evaluation is guided by the 3rd edition of the Corporate Governance Guidebook issued by Bursa Malaysia. The assessment consists of the following:</p> <ul style="list-style-type: none"> (a) Board and Board Committee's evaluation; (b) Assessment of character, experience, integrity, competence and time commitment of Directors; (c) Assessment on mix of skills and experience; and (d) Evaluation of level in dependence of an Independent Director. <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>
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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Nomination and Remuneration Committee (NRC) reviews the levels of remuneration offered to the Directors to ensure that they are sufficient to attract and retain Directors with the relevant experience and expertise needed to manage the Group successfully, while at the same time taking into consideration the state of economy in general and the performance of the industry and the Group in particular.</p> <p>The Executive Directors 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> <p>During the financial year, the Remuneration Committee, prior to its merger with Nomination Committee, reviewed and approved salary increment and quantum of bonus payment of Executive Directors against the key performance indicators and the final performance ratings of the Executive Directors. It had also taken into consideration the external market data in its decision i.e. benchmarking against remuneration packages of relevant positions with similar industry and business size.</p> <p>The remuneration of the Non-Executive Directors takes into account not only their experience and level of responsibilities but also the industry's benchmark as well as complexity of Group's business. The remuneration packages of Non-Executive Directors who served on the Board and Board Committees is reviewed by the NRC annually and thereafter recommended to the Board for their consideration with the Director concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The</p>

	Board will then recommend the payment of the Directors' fees payable to Non-Executive Directors to the shareholders for approval at the Annual General Meeting in accordance with Section 230(1) of the Companies Act 2016.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will formalise the manner in which remuneration of Directors and senior management are determined.
Timeframe	:	Within 1 year

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	:	The Board has in place a Nomination and Remuneration Committee (NRC) which comprises wholly of Non-Executive Directors. The role 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. The duties and responsibilities of the NRC are provided in the Terms of Reference, which is available at the Company's website.
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	:	Detailed disclosure on named basis for the remuneration of individual directors which include their fees, salary, bonus, benefits in-kind and other emoluments are provided in the Corporate Governance Overview Statement in the Annual Report.	
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	:	Details of the remuneration of top five Senior Management is not disclosed.	
		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. 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.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board has decided not to disclose the top 5 senior management's remuneration.	
Timeframe	:	Others	

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	:	N/A

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 Tan Pei Geok, an Independent Non-Executive Director who is a member of the Certified Practising Accountants (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 and were not former key audit partners and 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.</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 was approved by the Board on 24 May 2018., 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 is to undertake 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 2018, Deloitte PLT in its presentation on the Audit Review Memorandum to the AC, declared its independence from the Group in relation to its engagement as External Auditors of the 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 2018.</p> <p>In compliance with the requirements of the Malaysian Institute of Accounts, the External Auditors will rotate their engaging partner-in-charge of the Audited Financial Statements of the Company and the Group once every 5 years and the said engaging 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 the Sunsuria Group. At present, the current audit engagement partner has held the position for only one (1) year.</p>
Explanation for departure	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	N/A

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>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 current members of the AC, namely Tan Pei Geok and 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>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 broaden their knowledge and to keep abreast of the relevant changes in law, regulations, risk management and business environment. Trainings attended by the AC members during the financial year 2018 are provided in the Corporate Governance Overview Statement in the Annual Report 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established an effective risk management and internal control framework as set out in the Statement on Risk Management and Internal Control. The AC assists the Board in reviewing the adequacy and effectiveness of the Group's risk management framework and system of internal control.</p> <p>The Risk Management Committee meets on a half yearly basis to evaluate and deliberate on the risk management activities presented by the Management of business units, and recommend the appropriate measures to mitigate their business risk exposures.</p> <p>The AC meets quarterly to evaluate and effectiveness of the Group's internal control systems by reviewing the audit findings and recommendations to improve any weakness or non-compliance and the respective responses from the business unit Management thereto, to ensure that all key risks and control measures are being properly addressed.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has disclosed the key features of its risk management and internal control system in the Statement on Risk Management and Internal Control in the Group's Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	N/A

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 (AC) 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 operating 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> <ul style="list-style-type: none"> (i) various announcements and disclosures made to Bursa Securities including the quarterly announcements on financial results; (ii) press releases and announcements to Bursa Securities and to the media; (iii) Company's annual report; (iv) Dialogues and presentations at general meetings to provide an overview and clear rationale with regards to the proposals tabled for approval to shareholders; and (v) 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	:	

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

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 Forth-Ninth Annual General Meeting (AGM) was at least 28 days. The notice was sent on 8 February 2018 and the date of the AGM was on 8 March 2018.</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 Forth-Ninth Annual General Meeting (AGM) of the Company held on 8 March 2018, all Directors, including the members of the Audit Committee, Nomination and Remuneration Committee attended and participated at the said 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 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 AGM to respond to the shareholders queries. The proceedings of the AGM are recorded in the minutes of meeting. The summary of key matters discussed at the AGM is disclosed on the Company's website within 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 Forty-Ninth Annual General Meeting (49th AGM) held on 8 March 2018. With poll voting, shareholders or proxies present at the meeting will be entitled to vote on a 'one-share, one-vote' basis. The Company encourages the shareholders to participate at its AGM and allows for shareholders, who are unable to attend its AGM to appoint their respective proxies to vote on their behalf at the 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><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	The Company would need time to explore the availability of a suitable and reliable voting system to facilitate voting in absentia and remote participation by shareholders. The Company will need to carefully consider all factors including all applicable requirements, framework and processes, communication with shareholders and concerns regarding cyber security prior to implementing such voting systems.
Timeframe	:	Others

**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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