

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5263
COMPANY NAME : SUNWAY CONSTRUCTION GROUP BERHAD
FINANCIAL YEAR : December 31, 2020

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 the leadership of the Company and its subsidiaries ("Group") and is collectively responsible for the achievement of its objectives and goals. It formulates and reviews the Group's strategic direction, core values and management of the Group to ensure that the Group operates with integrity and in compliance with all the applicable laws, rules and regulations. In addition, it is also responsible to ensure good corporate governance culture is practised within the Group.</p> <p>The Board is guided by its Board Charter which outlines its duties and responsibilities. The Board Charter is available at the Company's website at www.sunwayconstruction.com.my/investor-relations/. The Board has also set up Board Committees to assist and to effectively discharge its functions and responsibilities.</p> <p>The Board assumes, amongst others, the following principal roles and responsibilities in fulfilling its leadership and stewardship roles as well as meeting its fiduciary duties:</p> <ul style="list-style-type: none">• <i>Setting the vision, mission, objectives, goals and strategic plans for the Group with a view to maximising shareholders' value as well as ensuring long term sustainability of the Group's performance.</i> <p>It has in place an annual business plan process at the beginning of the year whereby the Group Managing Director ("Group MD"), together with his Senior Management team, discussed with the Board the recommended corporate and operational strategies together with the proposed financial targets, investment plans, capital expenditure and human resource planning for the ensuing year.</p> <p>The Business Plan 2020 ("Business Plan") was tabled to the Board for deliberation and approval on 7 January 2020. The Business Plan</p>

	<p>provides global and domestic macro-economic trends as well as construction sector overview. At the meeting, the Board and Management discussed the targeted order book highlighting specific projects for tenders, various operational and tactical strategies to achieve asset optimisation, capital management strategy, cost efficiency and containment, and productivity per employee.</p> <p>The Board reviewed, deliberated, provided input and challenged the Management's views and assumptions made in the Business Plan in achieving the projected financial performance targets. The Board also reviewed and approved the capital expenditure budget and set the key performance indicators ("KPIs") for the Company and the Group.</p> <p>The Business Plan was subsequently reviewed on 21 May 2020 and 5 August 2020 as a result of the impact from the Movement Control Order ("MCO") and Conditional MCO implemented by the Government due to the COVID-19 pandemic. The Board members provided their views and comments, as well as setting a stretch target for the revised Business Plan.</p> <ul style="list-style-type: none"> • <i>Monitoring the progress of the Group's strategies, budgets, plans and policies.</i> <p>The Board subsequently at its quarterly meetings, monitored the implementation of the strategic business plan to ensure that the Management meets the objectives as set in order to ensure sustainable growth and generate reasonable returns for the Company and the Group. The Board constructively challenges and contributes to the development of the Group's strategic plan. Guidance, ideas and feedback were provided to the Management in fine tuning its plan.</p> <p>On its meeting held on 6 April 2020, the Board was briefed by the Group MD and Chief Financial Officer ("CFO") on the financial impact arising from the MCO and the COVID-19 pandemic. The Board had requested the Management to formalise an action plan on how the Company should move forward with the new normal amid the pandemic.</p> <ul style="list-style-type: none"> • <i>Monitoring the progress of the Group's businesses to evaluate whether the businesses are properly managed to achieve its targeted returns.</i> <p>The Group MD and the CFO on a quarterly basis briefed the Board on the progress of all on-going construction projects. The Board provided useful perspective and solutions to assist Management in resolving bottle necks and speed up the completion of the projects.</p>
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	<p>The Group MD also reported on outstanding order book, new order book secured, tenders submitted and progress of achieving the order book target as per the Business Plan. On a quarterly basis, the Group MD also reported on issues such as staff strength, staff turnover rate, work place safety record, inventories level such as steel bars and machinery utilisation rate.</p> <p>The Group MD and CFO also reported on the Group's quarterly financial performance and results. The actual results were compared against the Business Plan or Revised Business Plan targets at the quarterly Board meetings held on 20 February 2020, 21 May 2020, 18 August 2020 and 19 November 2020. This enabled the Board and Management to keep track of the budgeted KPIs against the actual results. Variances were highlighted and explained by the management as well as the action plans undertaken to rectify/mitigate the situation.</p> <p>At each meeting, the Board and Management monitor closely key performance indicators such as return on capital employed, gearing level, inventories level, machine utilisation rate, capital expenditure, Ringgit productivity per employee etc. The Board was also kept informed of the key strategic initiatives, its development and significant operational issues.</p> <p>The Board also reviewed Management's measurement of key material sustainability factors such as health and safety, environmental and social factors as well as issues of governance.</p> <ul style="list-style-type: none"> • <i>Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks.</i> <p>The Board, through the Risk Management Committee ("RMC") sets risk tolerance levels, objectives, performance targets and policies to manage the key risks faced by the Group. A Risk Management Policy, is in place to enable the Group to identify, assess and manage/mitigate these risks. The Board, through the RMC, in its quarterly meeting, reviews and comments on the risk management report which highlights the key risks of the Group as well as action plans to manage or mitigate the said risks on a quarterly basis.</p> <p>The details of the risk management framework are set out in the Statement on Risk Management and Internal Control of the Company's Annual Report 2020.</p> <ul style="list-style-type: none"> • <i>Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.</i>
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	<p>The Board, through the Audit Committee (“AC”), oversees the internal control systems and management information systems of the Group. The AC is assisted by the Internal Audit Department (“IAD”) in reviewing and monitoring the adequacy and integrity of the Group’s aforesaid systems.</p> <p>The Internal Audit Plan will be tabled by the Head of IAD at every beginning of the year for review and approval by the AC. The 2020 Internal Audit Plan was tabled to the AC at its meeting held on 20 February 2020. The Audit Plan outlining among others, the scope of works, audit methodology and audit timetable.</p> <p>The Head of IAD, at the AC’s quarterly meetings held on 20 February 2020, 21 May 2020, 18 August 2020 and 19 November 2020, reported the planned audit findings arising from the internal audit activities conducted by her team. The AC then deliberated on the actions taken by the Management to address the issues highlighted in the audit findings.</p> <p>Minutes of the meetings of the AC were presented to the Board at its meetings. The Chairman of the AC reported to the Board on all the principal risks and internal controls related matters and recommendations deliberated by the AC.</p> <p>The details of the internal control system are set out in the Statement on Risk Management and Internal Control of the Company’s Annual Report 2020.</p> <ul style="list-style-type: none"> • <i>Considering management’s recommendations on key issues including acquisitions, material investment and divestments, restructuring, funding and significant capital expenditure.</i> <p>All significant management’s proposals were presented to the Board for consideration and approval. Management also kept the Board informed on the progress of the proposals at subsequent board meetings.</p> <p>During the financial year 2020, the Board had deliberated and approved several business proposals. The proposals, amongst others, included new regional/overseas expansion, potential renewable energy venture, proposed joint ventures to participate in major tenders and significant capital expenditure.</p> <p>The Board had actively participated in the discussions and provided constructive comments and recommendations to the management on each of the proposals.</p> <ul style="list-style-type: none"> • <i>Human resources planning and talent development in particular, management succession planning.</i>
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	<p>The Board, through the Nomination and Remuneration Committee (“NRC”), oversees the management succession planning of the entire Group.</p> <p>The NRC together with the Head of Human Resources (“HR”), develop the performance scorecards of the Group MD, CFO and Managing Director (“MD”) of Sunway Construction Sdn Bhd (“SCSB”), a main subsidiary of the Company, based on the strategic objectives which were aligned to the business plan and corporate goals set by the Board.</p> <p>On 18 August 2020, the NRC reviewed and approved the proposed new organisation structure which was a clearer and streamlined structure. On 19 November 2020, the NRC was briefed on the management succession plan by the Head of HR and the Group MD of the Company. The potential successors to the key senior management position in the organization was tabled for deliberation. The NRC received assurances that all potential candidates nominated to leader positions were of sufficient calibre. A leadership programme was in place to track their readiness in order to provide orderly succession.</p> <p>The Human Resource Department has a systematic program (i.e. Excel in My Career and Leadership (ExCeL) @ Sunway) to identify the next echelon of future leaders. A 2-day program will be conducted yearly whereby the identified candidates were given various case studies, role play, stimulations, etc. to assess their leadership capabilities. The program enabled a more personalised, purposeful and focused career development journey to assist the candidates to realise their leadership potential. For 2020, in view of the COVID-19 pandemic, the program has been postponed to 2021.</p> <p>The NRC also conducted an annual talent review with the Head of HR. The review encompassed comprehensive management succession planning for all key management positions across the business units. The identified successors for top management would be presented to the NRC for review and endorsement on an annual basis. Currently, all senior management have one or more potential successors in one or more of these stages i.e. ready now, ready soon or ready later.</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

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 Board is led by Dato' Ir Goh Chye Koon, the Independent Non-Executive Chairman of the Company. He has extensive experience in the construction industry which is essential for the continued growth of the Company.</p> <p>The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The role of the Chairman is as follows:</p> <ul style="list-style-type: none">(a) leading the Board in setting the values and standards of the Company;(b) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;(c) setting the Board agenda and ensuring the provision of accurate, timely and clear information to Directors;(d) ensuring effective communication with shareholders and relevant stakeholders; and(e) ensuring that members of the Board work together with the Management in a constructive manner to address strategies, business operations, financial performance and risk management issues. <p>The roles and responsibilities of the Chairman of the Board are clearly spelt out in paragraph 4.1 of the Board Charter which is available on the Company's website at www.sunwayconstruction.com.my/investor-relations/ under 'Corporate Governance' section.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>Dato' Ir Goh Chye Koon is the Independent Non-Executive Chairman of the Board while Mr Chung Soo Kiong is the Group MD of the Group. The roles of the Chairman are stated in Practice 1.2 of this report.</p> <p>The Group MD acts as the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions. He has the executive responsibility for the day-to-day operation of the Company's business including the execution of business policies and all operational decisions in managing the Company. All Board authorities conferred on the Management is delegated through the Group MD and this will be considered as the Group MD's authority and accountability as far as the Board is concerned.</p> <p>The Group MD leads a senior management team in formulating comprehensive medium to long-term business strategies and financial projections so as to achieve the Group's targeted revenue, profits and market capitalization growth. The objectives are to generate a reasonable return on investment for the Company's shareholders. He also spearheads the Group's synergy initiatives, directs and reviews the overall business activities of the various Business Units and Corporate Function so as to ensure the integrated efforts of these units contribute to the optimum utilization of corporate resources and expertise in the attainment of the Group's long-term sustainability and objectives.</p> <p>The separate roles and responsibilities of the Chairman and Group MD are clearly defined in the Board Charter, which could be accessed by the public in the Company's website at www.sunwayconstruction.com.my/investor-relations/ under the 'Corporate Governance' section.</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

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 2 Company Secretaries who are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. Both of them are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Board has unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries attended all Board and Board Committees' meetings in the financial year 2020. 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 ensure that deliberations at Board and Board Committee meetings are properly documented and subsequently communicated to the relevant management for their further actions.</p> <p>The Companies Secretaries constantly keep themselves updated of the regulatory changes and corporate governance developments by attending workshops, conferences and training programmes organised by MAICSA, Bursa Malaysia Securities Berhad ("Bursa Securities"), ICLIF Executive Education Center, etc. Based on the Board annual effectiveness evaluation survey, the Board is satisfied with the support rendered by the Company Secretaries in discharging its functions.</p> <p>During the financial year ended 31 December 2020, the Companies Secretaries briefed the Board on the following developments in laws and regulations:</p> <ul style="list-style-type: none">(a) Amendments to the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities in relation to the anti-corruption measures. The amendments took effect on 1 June 2020;(b) Introduction by the Securities Commission Malaysia ("SC") of the Annual General Meeting Corporate Governance Checklist for Shareholders ("AGM CG Checklist"). The AGM CG Checklist aimed to promote meaningful dialogue between shareholders and Board of Directors at the Annual General Meeting ("AGM");

	<p>(c) Press release by the Companies Commission of Malaysia (“CCM”) on the following directives amid the COVID-19 pandemic:</p> <ul style="list-style-type: none"> • Closure of CCM offices nationwide during the Movement Control Order (“MCO”) period; • All transactions with CCM and lodgement of documents with the CCM will resume after the MCO; • Moratorium period will be granted whereby late filing fee will be exempted during the moratorium period; and • Companies could apply for an extension of time to hold their AGM more than 6 months from its financial year end after the MCO ends. <p>(d) Voting policy of Employees Provident Fund Board on resolutions tabled at annual general meeting;</p> <p>(e) Flexibilities granted by Bursa Securities as per its letters dated 17 March, 24 March and 26 March 2020 amid the COVID-19 pandemic:</p> <ul style="list-style-type: none"> • Echoing the directive of CCM in the AGM extension; • Allowing listed issuer to separate its AGM notice from the annual report; • Listed issuer might apply to Bursa Securities for an extension of time (“EOT”) if it is unable to submit its quarterly report and annual report within the timeline; and • Granted one-month extension for issuance of quarterly report and annual report that include financial statements which were due on 31 March and 30 April 2020; <p>(f) Voting policy of Permodalan Nasional Berhad on resolutions tabled at AGM;</p> <p>(g) Amendments to the Listing Requirements of Bursa Securities in relation to the application of corporate exercises via electronic means. These amendments would be effective for any rights issue, issuance of convertible securities or Dividend Reinvestment Scheme on or after 2 February 2021;</p> <p>(h) Further flexibilities granted by Bursa Securities as per its letter dated 16 April 2020 on the following:</p> <ul style="list-style-type: none"> • Further extension of time for submission of quarterly and annual reports until 30 June 2020; and • Allow listed issuer to seek higher general mandate of not more than 20% of the total number of issued shares for issue of new securities. This mandate shall be utilised until 31 December 2021. <p>(i) Guidance on the Conduct of General Meetings issued by the SC on 18 April and 14 May 2020 for all listed issuers in conducting their general meetings during the period of MCO and outside MCO where safe distancing requirement is required.</p> <p>(j) Initiatives introduced by the CCM on 10 April 2020 to ease the burden of the business community and corporate sector;</p> <p>(k) Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries issued by the SC on 30 July 2020;</p> <p>(l) Disclosure Guidance on COVID-19 Related Impacts and Investment (ICN 1/2020) issued by Bursa Securities;</p> <p>(m) Amendments to the Listing Requirements of Bursa Securities in enhancing requirements for new issue of securities to facilitate</p>
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	<p>better understanding of corporate proposals and addressing gaps and enhancing board integrity for greater shareholder protection and confidence;</p> <p>(n) Further flexibility granted by Bursa Securities to facilitate secondary fund raising by eligible listed issuers through an enhanced rights issue framework; and</p> <p>(o) The Corporate Governance Monitor 2020 report issued by the SC on the level of adoption of most of the practices recommended in the Malaysian Code of Corporate Governance.</p> <p>The Company Secretaries in collaboration with the Share Registrar together with an IT consultant firm had implemented the Company's first virtual AGM using Remove Participation and Voting facility whereby shareholders can participate in the AGM and vote online at the Company's 6th AGM held on 5 August 2020. The online polling system had been verified by BDO Consulting Sdn Bhd, an independent scrutineer.</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>The Company Secretaries tabled the annual meeting calendar in advance of each new year. The schedule of pre-planned meetings of the Board and Board Committees, Annual General Meeting as well as Closed Periods for dealing in securities of the Company by Directors are uploaded onto the Directors' electronic devices.</p> <p>The Board normally meets quarterly to review financial, operational, and business performances. The meetings are scheduled in advance in the third quarter of the preceding year to allow the Board members to plan their schedules. Notices and agenda of meetings duly endorsed by the Chairman of the Board or Board Committees together with the relevant board papers are normally distributed at least one week prior to the meetings for the Directors to study and evaluate the matters to be discussed. Occasionally, Board meetings or Committee meetings may be held at short notice, when decisions of a time-critical nature need to be made.</p> <p>In response to technological advancement and part of the Group's green initiatives, the Group has implemented paperless meetings where board papers are uploaded onto a secure online platform and is accessible via laptop, tablet devices and mobile phone. The Directors are able to download and have access to the electronic board papers conveniently and immediately wherever they may be. The board papers provided include inter alia, financial results, business plan and budget, progress report on the Group's developments, risk management and internal control reports, minutes of meetings of Board and Board Committees, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval.</p> <p>A Director who has an interest in any proposal or transaction, either direct or indirect, which is being presented for the Board's approval, will declare his or her interest and abstain from deliberation and voting of the same at the Board meeting. All conflicts of interests disclosed will be recorded in the minutes of the meeting.</p> <p>All Directors' Circular Resolutions are approved using online electronic means resulting in efficient and timely Board decision and facilitating speedy Management implementation.</p>

	<p>Upon conclusion of each meeting, the minutes of meetings will normally be circulated for comments and for follow up actions by the Management within a month from the date of meeting.</p> <p>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 proceedings of the meeting. Actionable items would be recorded in the minutes as matters arising until they are eventually resolved.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a Charter which clearly defines the respective roles and responsibilities of the Board, Board Committees, individual directors and Management as well as issues and decisions reserved for the Board. It is periodically reviewed by the Board to be in line with the relevant regulations and corporate governance. On 19 November 2020, the Board had reviewed its Board Charter to ensure that it is in line with the Listing Requirements of Bursa Securities and the MCCG. It is available on the Company's website at www.sunwayconstruction.com.my/investor-relations/.</p> <p>As stated in the Board Charter, the Board is in charge of leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act for a proper purpose and in good faith in the best interest of the Company. The Board members shall exercise reasonable care, skills and diligence in discharging their duties.</p> <p>As for the day-to-day management of the Group, it is delegated to the Group MD. This formal structure of delegation is further cascaded by the Group MD to the management team. The Group MD and Management remain accountable to the Board for the authority that is delegated and for the performance of the Group.</p> <p>The Board, however, takes full responsibility for the oversight and overall performance of the Company. The Board reserves full decision-making powers, amongst others, on the following matters:</p> <ul style="list-style-type: none">• Conflict of interest issues involving substantial shareholders or Directors and senior management in decision making positions;• Material acquisitions and disposals of undertakings not in the ordinary course of business;• Material investments in capital projects;• Material bid/tenders for construction projects and investment proposals;• Overseas ventures;

	<ul style="list-style-type: none"> • Annual business plan and budgets (including major capital commitments); • Material corporate or financial exercise/restructuring; • Declaration of dividend; • Directors' Fees and allowances; • Annual and interim financial results; • Management approval authority limits; • Donation above RM100,000.00; and • Corporate Governance issues and related polities. <p>The Group MD is supported by his team of Management on the day-to-day operations. The responsibilities of the Management are to:</p> <ul style="list-style-type: none"> • Formulate, recommend and implement the strategic objectives of the Company; • Translate the approved strategic plan into operation and financial action plans; • Manage the Company's human, physical and financial resources to achieve the Company's objectives; • Operate within the delegated authority limits set by the Board; • Assume the day-to-day responsibilities for the Group's conformance with relevant laws and regulations, its compliance framework and all other aspects of the day to-day running of the Group; • Develop, implement and manage the Company's risk management and internal control systems within the risk appetite and framework; • Develop, implement and update policies and procedures; • Keep pace with industry and economic trends in the Company's operating environment; and • Provide the Board with accurate, timely and clear information to enable the Board to perform its responsibilities. <p>In relation to the Independent Non-Executive Directors, they are actively engaged in the following functions:</p> <ul style="list-style-type: none"> • Independent review of the performance of the operations of the Group; • Advising and monitoring corporate governance framework, policies and practices; • Oversight over risk management as well as internal controls systems; and • Providing independent insights and value add to management proposals as well as protecting the interests of the minority shareholders. <p>The Independent Non-Executive Directors regularly engage in discussion with senior management, Internal Audit Department, Risk Management team, External Auditors and other relevant parties to ensure that the concerns and issues raised in regard to the business operations of the Group are properly addressed on a proactive basis.</p>
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	The Board also delegates certain responsibilities to the Board Committees, all of whom operate within their defined terms of reference. Notwithstanding this, the Board remains responsible for its fiduciary duties.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised a Code of Conduct and Business Ethics policy ("Code") which provides an ethical framework to guide the actions and behaviours of all Directors and its employees while at work. The Code is available on the Company's website at www.sunwayconstruction.com.my/investor-relations/.</p> <p>The Code reflects the Company's emphasis on high integrity and the need for effective corporate governance compliance measures in the conduct of the Group's business domestically and internationally. It emphasizes and advances the principles of honesty, discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and well-being of the Group.</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, and where applicable, counterparts, suppliers and business partners. 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 applicable laws and regulations in the discharge of their duties.</p> <p>In line with good corporate governance practices, the Management and Board of the Company encourage all employees and stakeholders of the Group to report suspected inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuses involving the Group's resources. No individual will be discriminated or suffer any act of retaliation for reporting in good faith.</p> <p>All employees of the Group are required by the Group Human Resources to read and sign off their commitment in adhering to the Code at all time during their services with the Group.</p> <p>The Board had set up an Anti-Bribery and Corruption Task Force ("ABC Taskforce") which comprises senior personnel from various divisions,</p>

	<p>i.e. Operations, Contracts, HR, Finance, Legal and Internal Audit. This initiative is in response to the corporate liability provision of the Malaysian Anti-Corruption Commission (Amendment Act 2018).</p> <p>The ABC Taskforce has formulated an Anti-Bribery and Corruption Policy (“ABC Policy”) which had been approved by the Board on 7 January 2020. Under the ABC Policy, the Group aims to adopt a zero tolerance policy against all forms of bribery and corruption. The Group is committed to conduct its business in the highest ethical standards. The ABC Policy will be fully implemented to comply with the provisions of Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 and MACC (Amendment) Act 2018.</p> <p>The ABC Taskforce had also established a comprehensive anti-bribery and corruption compliance programme (“ABCC Programme”). The ABCC Programme has been carried out in 2019 and fully completed on 1 June 2020. Upon completion of the ABCC Programme, the ABC Taskforce had been dissolved and subsequently an Anti-Bribery and Corruption Compliance Officer (“ABC Compliance Officer”) has been appointed on 18 August 2020 to take charge of the anti-bribery and corruption compliance matter of the Company.</p> <p>The ABC Policy provides guidance to the employees and persons associated with the Group concerning how to deal with bribery and corruption and related issues that may arise in the course of business. It covers the Group’s policy on gifts, entertainment and hospitality; donations, sponsorship and corporate responsibilities; political contributions; facilitation payments and kickbacks, money laundering, dealing with associates and third parties, dealing with public officials; recruitment of employees and whistleblowing policy. The Group’s associates, partners, agents, vendors, suppliers, contractors, consultants and other third party service providers shall be required to sign a separate agreement to signify their undertaking to comply with this ABC Policy.</p> <p>The ABC Policy is under the oversight of the AC. The AC will be assisted by the IAD in the process of reviewing the effectiveness and compliance to the ABC programme and policy. The IAD will include a review on the ABC programme in its annual audit plan.</p> <p>The RMC is responsible in ensuring that structured policies and procedures on anti-corruption are in place. It places great emphasis on corruption as part of its annual risk assessment of the Group</p> <p>An Anti-Money Laundering Policy (“AML Policy”) had been developed and approved by the Board on 7 January 2020. The AML Policy provides guidance to the employees of the Group on anti-money laundering governance. It reiterates the Group’s commitment to comply with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 as well as terrorism financing. The Group</p>
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	<p>strongly objects to all practices related to money laundering including dealings in the proceeds of criminal activities and terrorism financing.</p> <p>The Group would provide regular trainings and communications to its employees and associates to educate them on the requirements and obligations of the ABC Policy and AML Policy.</p> <p>Both policies are published at the Company's website at www.sunwayconstruction.com.my.</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 core value of integrity, the Management and Board encourage all employees and stakeholders of the Group to report suspected inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuses involving the Group's resources.</p> <p>The Company has in place a Whistleblowing Policy & Procedures and it was published in its website. The objective of this policy and procedure is to provide a mechanism for all levels 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 on a timely basis for management action.</p> <p>The whistleblowing procedure is intended to be used as an ultimate remedy if no other means are available to address the matter. For the employees, if they wish to raise a specific concern, they are encouraged to try to resolve the matter through existing procedures and first discuss the matter with their line supervisor(s) or head of department or Profit Centre Manager before initiating the whistleblowing procedure.</p> <p>Employee or member of the public who has knowledge or is aware that of any improper conduct within the Group is encouraged to disclose through the following reporting channels:</p> <p>Whistleblowing Hotlines Tel: (603) 5639 8025 Email: whistleblowing@sunway.com.my</p> <p>The faxes and e-mails sent to these channels will be directed to the Head of IAD and the Chairman of the AC.</p> <p>If the reporting individual is unsure of the type of evidence needed for the IAD to begin an investigation, the employee is encouraged to make use of the "Whistleblowing Report Form" provided in the Company's</p>

	<p>portal under the Governance Portal. The employee may send this form via local postal service if he/she wishes to remain anonymous.</p> <p>The Head of IAD will maintain a record of the complaints and will track their receipt, investigation and resolution. The IAD will investigate each claim independently based on standard internal audit practices and fraud response procedures. Upon completion of each investigation, IAD will prepare a report to the Chairman of the AC for further action. The Head of IAD shall prepare a summary report and present it to the AC on a quarterly basis.</p> <p>During the financial year 2020, the Head of IAD did not receive any whistleblowing report.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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>The Board comprises majority Independent Directors. Out of the 7 Directors, 4 of them are Independent Non-Executive Directors. The Chairman of the Board is an Independent Non-Executive Director.</p> <p>The Independent Non-Executive Directors were reviewed and assessed on 20 February 2020 to determine their independence status. Based on the reviews and assessment, all the Independent Non-Executive Directors met the independence standards prescribed under the Listing Requirements of Bursa Securities. They had confirmed their ability to protect the minority interest and ensure that there are proper checks and balances.</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 Company has a formal policy on selection process and assessment criteria for appointment of new directors. The policy details the processes and the criteria for selection and assessment of potential candidates for election to the Board. It sets out the criteria for assessment of the appropriateness of the board mix and composition.</p> <p>Based on the policy, the Board has delegated the responsibility for recommending a potential candidate to fill a board vacancy to the NRC but the ultimate decision on the appointment of a candidate is solely that of the Board as a whole.</p> <p>The NRC will source for potential candidates for board appointment from professional bodies such as the Institute of Corporate Directors Malaysia (ICDM), Malaysian Directors Academy (MINDA), Malaysian Institute of Directors, etc. Nomination for candidates may also come from the Directors and shareholders. The NRC will screen the initial selection of the candidates and assessed the candidates before recommending to the Board for approval. This is to ensure that the candidate possesses the appropriate knowledge, skills, competencies, experience, integrity and time to effectively discharge his/her role as a director. Besides that, the NRC will also take into consideration diversity of the Board's composition which inter alia, includes gender, ethnicity, age, etc.</p> <p>The Board had adopted a Diversity and Inclusion policy. The Group is committed to encouraging diversity and inclusion in the workplace. The Group aims to create a culture that respects and values each other's differences, promotes equality and diversity, and encourages individuals to grow and develop in order to realize their full potential. Diversity and inclusion are closely tied to the Group's core values of integrity, humility and excellence which are embedded into every facet of the Group's business and goals. Nonetheless, the Board will also prioritise selection criteria based on an effective mix of competencies and skills as well as relevant experience and knowledge in order to strengthen the Board.</p> <p>The Board assessed and reviewed the competencies of each Director using Board Skills Matrix. It will be used as a guide when deciding on future appointment of new Director(s) to identify any complementary skills.</p>

	<p>The Company's Constitution provides that 1/3 of the Board is subject to retirement by rotation at each Annual General Meeting ("AGM"). Each Director shall retire once at least in each three years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment.</p> <p>Pursuant to Clause 106 of the Company's Constitution, Dr Sarinder Kumari A/P Oam Parkash, Mr Evan Cheah Yean Shin and Mr Chung Soo Kiong will retire by rotation at the coming 7th AGM of the Company. All the retiring Directors have agreed to be re-elected as Directors.</p> <p>On 23 February 2021, the NRC has reviewed and assessed the performances of these retiring Directors and has made recommendation to the Board for their re-election and re-appointment at the coming 7th AGM.</p> <p>In order to assist the shareholders in their decision, sufficient information on the directors such as their personal profile, record of attendance of meetings and the shareholdings of each Director (where applicable) are disclosed in the Company's Annual Report 2020.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	During the financial year 2020, the Board has one woman director, i.e. equivalent to 14.3% of the Board composition.	
		The Board acknowledges that the MCCG encourages 30% women representation in the Board composition. Nevertheless, it will take some time for the NRC to search and select a suitable qualified women director to meet the 30% target.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board through the NRC will continue to search for a suitable and well qualified women director.	
Timeframe	:	Others	No time frame fixed. It will be based on availability of suitable candidate at any time.

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has a formal policy on selection process and assessment criteria for appointment of new directors. It sets out the criteria for assessment of the appropriateness of the board mix and composition.</p> <p>The policy allows the Board to engage executive search firms and other channels such as professional bodies e.g. the Institute of Corporate Directors Malaysia (ICDM), Malaysian Directors Academy (MINDA), Malaysian Institute of Directors, etc., to assist in finding candidates with the relevant skills and background. Under the policy, the candidate must possess high standards of ethics, integrity and professionalism, display independent and sound business judgment and have meaningful experience as well as expertise in business, corporate, property, accountancy, law, finance or other relevant endeavours. The qualifications of a candidate will be considered in addition to other factors it deems appropriate based on the current needs and requirements of the Board including specific desired business and financial expertise as well as experience as a director of public listed company, age, gender and ethnic diversity. In addition to the criteria set above, the nominee for an Independent Director's vacancy must fulfil the independence test under the Listing Requirements of Bursa Securities.</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	:	The NRC of the Company is chaired by Dato’ Dr Johari Bin Basri, who is a Senior Independent Non-Executive Director, in the financial year 2020.	
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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The NRC makes an assessment each year to determine the performance of its Board, Board Committees and the individual directors are effective and identify steps for its improvement. The process is facilitated by the Company Secretaries. The Board is satisfied with the current evaluation methodology as each director is able to provide candid, frank opinion and recommendation to improve its performance and the overall governance process of the Group. The Board will engage an independent expert for its future annual evaluation.</p> <p>At the start of the Board evaluation process, the NRC reviewed the scope of the assessment and considered the key areas to focus on. For more effective tracking of results, the board evaluation questionnaires were substantially the same format as that used for the past few years.</p> <p>During the financial year 2020, the NRC was entrusted with the responsibility of carrying out the evaluation process of the Board's performance as well as the Board Committees.</p> <p>There were a total of 7 assessment areas conducted:</p> <ul style="list-style-type: none">(i) Evaluation on Board Effectiveness;(ii) Director's Peer Review;(iii) Board Committee Evaluation;(iv) AC Evaluation;(v) AC Members' Self and Peer Evaluation;(vi) Assessment of the Independent Non-Executive Directors; and(vii) Independent Directors Self-Assessment Checklist. <p>The evaluation formats were tabled to the NRC on 19 August 2020 for discussion and approval. The approved evaluation surveys were uploaded to a dedicated electronic application platform for assessment by the Directors. This process is done at the last quarter of every financial year.</p>

	<p>The annual evaluation of Board effectiveness is conducted internally by way of self and peer assessment covering areas such as Board composition, Board roles and responsibilities, effectiveness of Chairman, legal and regulatory compliance, trainings attended, conduct at meetings, engagement and communication with management and stakeholders, as well as competency and service quality of the Company Secretaries.</p> <p>The evaluation of individual directors is based on a set of performance criteria comprising contribution to interaction, quality of input and understanding of roles and responsibilities.</p> <p>The NRC also undertook annual assessment of the effectiveness of various Board Committees. The assessments are used to identify the Board's strengths and shortcomings as well as to recommend areas for improvement.</p> <p>The Board Committees was assessed on the following aspects:</p> <ul style="list-style-type: none"> (i) Composition; (ii) Able to provide useful recommendation; (iii) Relevant knowledge and expertise in the subject area; (iv) Effective communication; (v) Sufficiency and frequency of meeting; (vi) Rights and authority conferred upon the Committees; (vii) Competency of each Chairman of the Committees; and (viii) Minutes of meeting. <p>The results of the assessments were compiled by the Company Secretaries into summarised Executive Reports which were tabled for review and discussion by the NRC at its meeting. The Executive Summary Report was tabled to the Board for further deliberation on 23 February 2021. At the aforesaid Board Meeting, all critical comments and recommendations for improvement contained in the Report were highlighted by the NRC Chairman for immediate actions. The deliberations of the NRC and the Board were duly minuted in the respective meetings. All recommended improvements were immediately acted upon.</p> <p>Overall, the Directors were satisfied with the performance of the Board as a whole. The Director's peer review indicated that all the Directors were of the view that each of them had performed their respective roles and functions effectively and responsibly during the financial year ended 31 December 2020. Each member was satisfied with each other's contribution in sharing their insights and active participation in Board and Board Committees' discussions. All the Board Committees were assessed to be effective in discharging their roles and responsibilities as per the terms of reference.</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 Board will appoint an independent expert to facilitate the Board assessment.	
Timeframe	:	Others	The Board will appoint an independent expert to facilitate the Board assessment in the near future.

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 Group's remuneration policy is available at its website.</p> <p>The Group recognises that in order to attract and retain Directors and Senior Management, it is important to have a fair and competitive remuneration package that commensurate with their experience, skills, responsibilities, performance, contribution as well as industry benchmark. In view of this, the framework and guidelines provided by independent consultant and market data on the remuneration practices of comparable peers are taken into consideration in determining the remuneration package for Executive Director and Key Senior Management.</p> <p>The total remuneration package of the Group MD and Key Senior Management is made up of various components, primarily consisting of fixed monthly salary, performance bonus, incentive pay, employee share option, as well as benefits-in-kind. The Group MD is not entitled to directors' fees and meeting allowances for his/her services.</p> <p>The remuneration of the Group MD and Key Senior Management is structured on the basis of linking rewards to corporate and individual performance. The Group uses SAP SuccessFactors programme to facilitate performance management and measurement process for the Group MD and Key Senior Management. The review is conducted on a half-yearly basis.</p> <p>The NRC had reviewed and discussed the mid-year performances of the Executive Directors on 19 August 2020 against their approved key performance indicators ("KPIs"). On 23 February 2021, the NRC discussed on the individual final performance ratings assigned to the Group MD and the Key Senior Management.</p> <p>For Non-Executive Directors, the level of remuneration reflects their experience, level of responsibilities and industry's benchmark as well as complexity of the Group's business. The remuneration of Non-Executive</p>

	<p>Directors consists of fixed directors' fees per annum and meeting allowances for every Board or Board Committee meeting attended. The fees have been benchmarked against peers of similar size. The Board conducts annual review of annual fees for the Non-Executive Directors.</p> <p>The fees for the Non-Executive Directors are not linked to the financial results of the Company. Non-Executive Directors are not entitled to any performance bonus nor any incentive arrangements. For purpose of ensuring the independence of Independent Non-Executive Directors, they will not be eligible for employees share option scheme.</p> <p>The Board as a whole resolve on the fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Non-Executive Directors are subject to the approval of shareholders at the AGM. For the financial year ended 31 December 2020, the Board Chairman is entitled to directors' fee of RM180,000 per year while the rest of the Non-Executive Directors are entitled to directors' fees of RM100,000 per individual per year. The meeting allowance is set at RM500 per individual per meeting.</p> <p>In addition to the directors' fees, the Chairman and members of the AC are entitled to AC's fees in respect of their governance and oversight responsibilities in relation to the Company's financial reporting, internal control system, risk management system, internal and external audit function.</p> <p>Currently, the AC's fees are set at RM6,000 for the Chairman per annum and RM3,000 for each member per annum.</p> <p>The amount of AC's fees is benchmarked against public listed companies of similar size and industry. The AC's fees are subject to shareholders' approval. The fees will be reviewed as and when the need arises. The AC's fees are payable annually together with the payment of the directors' fees.</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 established a NRC to ensure that remuneration arrangements support the strategic aims of the Group's businesses and to enable the recruitment, motivation and retention of Executive Director and Senior Management.</p> <p>During the financial year 2020, the NRC comprised all Non-Executive Directors, namely Dato' Dr Johari Bin Basri as Chairman, Dato' Ir Goh Chye Koon, Dato' Siow Kim Lun, Dr Sarinder and Tan Sri Dato' (Dr) Chew Chee Kin as members. Majority of them are Independent Directors.</p> <p>The NRC, with the assistance of the Head of HR, evaluates the performances of the Group MD, CFO and MD of SCSB twice a year. The Group MD, CFO and MD of SCSB were assessed based on a set of pre-approved KPIs using balanced score card. The KPIs of Group MD and MD of SCSB include order book achieved, budgeted financial targets, employees' engagement score, leadership competencies, people development, management succession planning, environmental, safety and health score etc. The CFO's KPI includes Company's financial performance, financial statutory reports, people development and engagement as well as leadership competencies.</p> <p>Based on the performance appraisals, the NRC determines the performance bonus for the Group MD, CFO and MD of SCSB. The NRC also reviews the remuneration package of the Group MD, CFO and MD of SCSB to ensure that it is commensurate with the scope of responsibilities and performance achieved as well as benchmarked against its peers in the same industry.</p> <p>The terms of reference of the NRC is set out at the Company's website at www.sunwayconstruction.com.my.</p>

	<p>During the financial year, the NRC had deliberated and endorsed the following matters relating to performance and remuneration:</p> <p>(a) On 20 February 2020, the NRC reviewed and discussed the 2019 year-end performance appraisal of the Group MD, CFO and the MD of SCSB. The actual results achieved by the Group MD and CFO of the Company and the MD of SCSB were compared against their targeted KPIs. Non achievement of KPIs were explained and justified. Based on the performance scorecard, the NRC recommended their annual increments and performance bonuses for the Board's approval.</p> <p>(b) On 21 May 2020, in view of the subsequent financial impact arising from the COVID-19 pandemic and for business sustainability, an Austerity Actions Plan ("Plan") was tabled to the NRC for endorsement. Under the Plan, salary and allowances reduction would be implemented to certain level of employees. In addition, the performance bonuses had been cut to half and this applied to all the employees of the Group, including the senior management.</p> <p>(c) On 18 August 2020, the NRC reviewed and discussed the following:</p> <p>(i) Revised performance scorecards of the Group MD and MD of SCSB to include the elements of 'Organisation Effectiveness' and 'Business Continuity Plan'; and</p> <p>(ii) Mid-year performance review of the Group MD and CFO of the Company as well as the MD of SCSB.</p> <p>(d) On 19 November 2020, the NRC reviewed the Remuneration Policy for Directors and Senior Management. It was noted that the existing policy was still relevant and valid. Therefore, no changes to the policy was required.</p> <p>At the invitation of the NRC, the Company's Head of HR and the Group Chief HR Officer and the Group MD attended the said meeting(s) to facilitate the discussions.</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

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

Practice 7.1

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

Application	:	Applied																																																																																	
Explanation on application of the practice	:	<p>The remuneration received and receivable by each of the Directors for financial year 2020 is set out in the tables below:</p> <p>(1) Non-Executive Directors</p> <table><tr><th rowspan="2">No.</th><th rowspan="2">Name</th><th colspan="5">(RM'000)</th></tr><tr><th>Director's Fee #</th><th>AC's fee #</th><th>Meeting Allowance</th><th>Other Emoluments</th><th>Total</th></tr><tr><td>1.</td><td>Dato' Ir Goh Chye Koon</td><td>180</td><td>3</td><td>11.5</td><td>-</td><td>194.5</td></tr><tr><td>2.</td><td>Dato' Dr Johari Bin Basri</td><td>100</td><td>3</td><td>11.5</td><td>-</td><td>114.5</td></tr><tr><td>3.</td><td>Dato' Siow Kim Lun</td><td>100</td><td>6</td><td>11.5</td><td>-</td><td>117.4</td></tr><tr><td>4.</td><td>Dr Sarinder Kumari</td><td>100</td><td>3</td><td>11.5</td><td>-</td><td>114.5</td></tr><tr><td>5.</td><td>Dato' Chew Chee Kin</td><td>100</td><td>-</td><td>6.5</td><td>-</td><td>106.5</td></tr><tr><td>6.</td><td>Evan Cheah Yean Shin</td><td>100</td><td>-</td><td>6</td><td>-</td><td>106</td></tr></table> <p>Note: # Subject to shareholders' approval at the forthcoming 7th AGM.</p> <p>(2) Executive Director/Group Managing Director and His Alternate Director</p> <table><tr><th rowspan="2"></th><th colspan="6">(RM'000)</th></tr><tr><th>Salary</th><th>Bonus/ Incentive</th><th>Defined Contribution Plan (i.e. EPF)</th><th>Benefits-in-kind</th><th>Other emoluments</th><th>Total</th></tr><tr><td>Chung Soo Kiong</td><td>966.8</td><td>86.3</td><td>126.4</td><td>24.3</td><td>-</td><td>1,203.8</td></tr><tr><td>Liew Kok Wing</td><td>816.4</td><td>73.0</td><td>105.9</td><td>19.6</td><td>10.0</td><td>1,024.9</td></tr></table> <p>Note: Remuneration received from a major subsidiary company.</p>	No.	Name	(RM'000)					Director's Fee #	AC's fee #	Meeting Allowance	Other Emoluments	Total	1.	Dato' Ir Goh Chye Koon	180	3	11.5	-	194.5	2.	Dato' Dr Johari Bin Basri	100	3	11.5	-	114.5	3.	Dato' Siow Kim Lun	100	6	11.5	-	117.4	4.	Dr Sarinder Kumari	100	3	11.5	-	114.5	5.	Dato' Chew Chee Kin	100	-	6.5	-	106.5	6.	Evan Cheah Yean Shin	100	-	6	-	106		(RM'000)						Salary	Bonus/ Incentive	Defined Contribution Plan (i.e. EPF)	Benefits-in-kind	Other emoluments	Total	Chung Soo Kiong	966.8	86.3	126.4	24.3	-	1,203.8	Liew Kok Wing	816.4	73.0	105.9	19.6	10.0	1,024.9
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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

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	:	Due to the highly competitive industries in which the Group is operating, the Group faces challenges in talent management and retention. Therefore, the Board is of the opinion that disclosing the remuneration of senior management would be a disadvantage to the Group.	
		The Company's Remuneration Policy for Directors and Senior Management has alternatively explained how the senior management is rewarded. The policy is available at the Company's website at www.sunwayconstruction.com.my/investor-relations/ .	
<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	Not disclosing

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 AC is led by Dato' Siow Kim Lun, an Independent Non-Executive Director who is not the Chairman of the Board.</p> <p>The AC comprises four (4) members, all of them are Independent Non-Executive Directors. The members of the AC are:</p> <table border="1"><thead><tr><th>No.</th><th>Director/Designation</th><th>Membership</th></tr></thead><tbody><tr><td>1</td><td>Dato' Siow Kim Lun (Independent Non-Executive Director)</td><td>Chairman</td></tr><tr><td>2</td><td>Dato' Ir Goh Chye Koon (Independent Non-Executive Chairman)</td><td>Member</td></tr><tr><td>3</td><td>Dato' Dr Johari Bin Basri (Senior Independent Non-Executive Director)</td><td>Member</td></tr><tr><td>4</td><td>Dr Sarinder Kumari A/P Oam Parkash (Independent Non-Executive Director)</td><td>Member</td></tr></tbody></table> <p>A detailed report of the AC is set out in the Audit Committee Report in the Company's Annual Report 2020.</p>		No.	Director/Designation	Membership	1	Dato' Siow Kim Lun (Independent Non-Executive Director)	Chairman	2	Dato' Ir Goh Chye Koon (Independent Non-Executive Chairman)	Member	3	Dato' Dr Johari Bin Basri (Senior Independent Non-Executive Director)	Member	4	Dr Sarinder Kumari A/P Oam Parkash (Independent Non-Executive Director)	Member
No.	Director/Designation	Membership																
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3	Dato' Dr Johari Bin Basri (Senior Independent Non-Executive Director)	Member																
4	Dr Sarinder Kumari A/P Oam Parkash (Independent Non-Executive Director)	Member																
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	:	The Company’s policy allows a former key audit partner to observe a cooling-off period of at least 3 years before being appointed as a member of the AC in the terms of reference of the AC. The terms of reference of the AC are set out 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

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 AC has direct oversight of Group audit. It is stated in the terms of reference that the AC is responsible for assessing the suitability, objectivity, effectiveness and independence of the External Auditors annually.</p> <p>The Company has in place a Policy on Selection of External Auditors and a Non-Audit Services Policy. The objectives of the policies are to outline the criteria and procedures for the AC to assess and select the External Auditors and to monitor the provision of non-audit services by the External Auditors. The Policies are available online at the Company's website.</p> <p>In the AC meeting held on 23 February 2021, the Audit Partner of Messrs BDO PLT ("BDO") confirmed that BDO had been independent throughout the audit engagement 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 2020. In addition, the provision of non-audit services by the External Auditors was not in conflict with their audit function.</p> <p>The annual assessment of the External Auditors encompassed areas such as objectivity and independence, competency, quality of services, communication and interaction, audit planning, delivery, fees and adequacy of resources.</p> <p>The results of the External Auditor's Assessment Report for year 2020 were tabled to the AC on 19 April 2021. The AC was satisfied that the External Auditors were independent, effective and adequately resourced. As such, the AC had recommended for shareholders' approval, BDO's proposed re-appointment as External Auditors for the financial year ended 31 December 2021 at the forthcoming 7th AGM of the Company. The Board at its meeting held on 19 April 2021, approved the AC's recommendation</p> <p>The External Auditors will rotate their engaging partner in charge of the audited financial statements of the Company and the Group once every seven (7) years to maintain their independence from the Group in accordance with the Malaysian Institute of Accountants' By-Laws.</p>

	The current audit engagement partner has held the position for only six (6) years. The Policy on Selection of External Auditors provides that Management shall on behalf of the Board, invite quotations from audit firms at any time or up to seven (7) years at the Board's discretion for the appointment/re-appointment of the External Auditors.	
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	:	

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 AC comprised a mix of qualified and experienced professionals in the fields of accountancy, banking and finance, capital market, economics, civil and mechanical engineering, construction, safety and health, general management, strategic planning and human capital development.</p> <p>Dato' Siow Kim Lun, the Chairman of the AC, has fulfilled the requirement under Paragraph 15.09(1)(c)* of the Listing Requirements of Bursa Securities. Accordingly, the Company complies with Paragraph 15.09 of the Listing Requirements of Bursa Securities.</p> <p>All the members of the AC are financially literate and are able to understand and grasp complex issues brought to its attention including the financial reporting standards, related party transactions and internal control issues.</p> <p>The members of the Board, including the AC's members, have during the financial year, attended various training programmes and seminars organised by the relevant regulatory authorities and professional bodies to enhance their knowledge and to keep abreast with the relevant changes in law, regulations, audit standards and internal control systems as well as corporate governance practices. Details of the trainings or seminars attended by the members of the AC during the financial year ended 31 December 2020 are set out in the Corporate Governance Overview Statement under "Director Development and Training" in the Annual Report 2020 of the Company.</p> <p>The members of the AC have also been briefed on the relevant changes in financial reporting standards by the CFO and External Auditors during the AC's meetings held during the financial year.</p>

	<p>In 2020, the Board through the NRC, had assessed the performance of the AC and its members and was satisfied that the AC and its members had performed their duties and responsibilities effectively.</p> <p>A detailed report of the AC's activities for the financial year 2020 is set out in the AC Report which is available in the Annual Report 2020 of the Company.</p> <p><i>Note:</i></p> <p><i>* Paragraph 15.09(1)(c) of the Listing Requirements requires that at least one member of the AC must be a member of the Malaysian Institute of Accountants, or a member of one of the associations of accountants as specified in the Accountants Act 1967, or fulfils such other requirements as prescribed or approved by the Bursa Securities.</i></p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's risk management and internal control framework is set in place to identify, evaluate, mitigate and monitor key risks with significant adverse impact on the achievement of the Group's objectives and strategies.</p> <p>The Board assumes overall responsibility in maintaining a sound system of risk management and internal control that provides reasonable assurance of effective operations and legal compliance including both the Group's internal policies and standard operating procedures.</p> <p>The Group's internal control system includes clear, formalised and documented internal policies, standards and procedures to ensure compliance with internal controls and relevant laws and regulations. It enables all divisions and operating subsidiaries to effectively and efficiently, operate and respond proactively to potential business, operational, financial, compliance and other risks in achieving the Group's goals and objectives. These documents are regularly reviewed to ensure relevance and applicability and are published in the Group's portals for employees' reference.</p> <p>The Group's risk management framework is benchmarked against the ISO31000:2018 Risk Management – Guidelines and is designed to embed Enterprise Risk Management into key activities, initiatives and processes of the Group. This enables the Group to identify, evaluate, mitigate and monitor risks that may prevent the Group from achieving its objectives. In doing so, the stakeholders are assured that their interest is protected. During the financial year, the Group constantly reinforces its risk management framework to remain relevant and effective given the present business environment.</p> <p>The framework is enterprise-wide and outlines policies and practices for effective risk mitigation. It allows the Group to:</p> <ul style="list-style-type: none">• establish clear functional responsibilities and accountabilities within committee structures for management of risks;• enhance and improve corporate governance with a clear, concise and robust structure for the Group;

	<ul style="list-style-type: none"> • determine risk appetite and risk tolerance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of the Group; • set risk policies and limits consistent with the risk appetite and tolerance of the Group; • ensure appropriate skills and resources are applied to risk management. <p>The Board is assisted by RMC in identifying, mitigating and monitoring the critical risks highlighted by the various Business Divisions. The RMC comprises four (4) Independent Non-Executive Directors and a Non-Executive Non-Independent Director, the composition of which is disclosed in Practice 9.3.</p> <p>During the financial year, RMC had held five (5) meetings. In its quarterly meetings held on 20 February 2020, 6 March 2020, 21 May 2020, 18 August 2020 and 19 November 2020, RMC deliberated on the identified key principal risks of the Group and action plans to manage or mitigate the said risks.</p> <p>The Board has established an internal audit function by setting up a IAD within the Group. The IAD assists the AC in reviewing, evaluating and monitoring the effectiveness of the Group's governance, risk management and internal control processes. IAD reports functionally to the AC and administratively to the Group MD or his designate. IAD has full, free and unrestricted access to all the Company's and Group's activities, policies, records, properties and personnel at all levels and agents, in pursuance of its objectives.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's Internal Control system includes clear, formalised and documented internal policies, standards and procedures to ensure compliance with internal controls and relevant laws and regulations. It enables all divisions and operating subsidiaries to effectively and efficiently, operate and respond proactively to potential business, operational, financial, compliance and other risks in achieving the Group's goals and objectives. These documents are regularly reviewed to ensure relevance and applicability and are published in the Group's portals for employees' reference.</p> <p>The policies in place include:</p> <ul style="list-style-type: none">• Anti-Bribery and Corruption (approved on 7 January 2020)• Whistle Blowing• Code of Conduct and Business Ethics• Diversity and Inclusion• Staff Handbook• Industrial Relations• Personal Data Protection Act• General Employment and Recruitment• Support Facilities• Learning & Development <p>The IAD carries out internal audits on divisions and operating units of the Group based on a risk-based audit plan approved annually by the AC. Based on these audits, IAD provides the AC with periodic reports highlighting observations, recommendations and action plans to improve the Group's internal control system. The AC reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group. Additionally, subsidiaries accredited with certifications are audited as scheduled by auditors of relevant certification bodies. Results of these audits are reported to the Management.</p> <p>IAD's functions and summary of its activities are set out in the Audit Committee Report in the Annual Report 2020.</p>

	<p>The Group's risk management framework is benchmarked against the ISO31000:2018 Risk Management – Guidelines and is designed to embed Enterprise Risk Management (ERM) into key activities, initiatives and processes of the Group. This enables the Group to identify, evaluate, mitigate and monitor risks that may prevent the Group from achieving its objectives. In doing so, the stakeholders are assured that their interest is protected. During the financial year, the Group constantly reinforces its risk management framework to remain relevant and effective given the present business environment.</p> <p>The framework is enterprise-wide and outlines policies and practices for effective risk mitigation. It allows the Group to:</p> <ul style="list-style-type: none"> • establish clear functional responsibilities and accountabilities within committee structures for management of risks; • enhance and improve corporate governance with a clear, concise and robust structure for the Group; • determine risk appetite and risk tolerance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of the Group; • set risk policies and limits consistent with the risk appetite and tolerance of the Group; • ensure appropriate skills and resources are applied to risk management. <p>The Statement on Risk Management and Internal Control as set out in the Company's Annual Report 2020 provides an overview of the state of risk management and internal controls within the Group.</p> <p>The RMC, comprising of independent directors in majority and as its Chairman oversees the Group's risk management and internal control. Accountable to the Board of Directors, the RMC meets quarterly to:</p> <ul style="list-style-type: none"> • Identify, assess and monitor key business risks and review risk mitigation strategies; • Review and recommend risk management strategies, policies and levels of risk tolerance; • Ensure infrastructure, resources and systems are in place to manage risks. <p>In 2020, the RMC has duly reviewed, appraised and assessed the efficacy of the controls and progress of action plans taken to mitigate, monitor and manage the Group's risk exposure. RMC had subsequently provided assurance to the Board that the Group's risk management framework and internal controls are operating adequately and effectively in all material aspects.</p>
Explanation for departure	:

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

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted																		
Explanation on adoption of the practice	:	<p>In the efforts of embracing good corporate governance, the Board had established a RMC to oversee the Company's risk management framework and policies.</p> <p>The RMC comprises majority of Independent Non-Executive Directors. The members of the committee are:</p> <table><tr><th>No.</th><th>Director/Designation</th><th>Membership</th></tr><tr><td>1</td><td>Dr Sarinder Kumari A/P Oam Parkash (Independent Non-Executive Director)</td><td>Chairman</td></tr><tr><td>2</td><td>Dato' Siow Kim Lun (Independent Non-Executive Director)</td><td>Member</td></tr><tr><td>3</td><td>Dato' Ir Goh Chye Koon (Independent Non-Executive Chairman)</td><td>Member</td></tr><tr><td>4</td><td>Dato' Dr Johari Bin Basri (Senior Independent Non-Executive Director)</td><td>Member</td></tr><tr><td>5</td><td>Evan Cheah Yean Shin (Non-Independent Non-Executive Director)</td><td>Member</td></tr></table> <p>The Terms of Reference of the RMC is available in the Company's website at www.sunwayconstruction.com.my/investor-relations/ under the section of 'Corporate Governance'.</p>	No.	Director/Designation	Membership	1	Dr Sarinder Kumari A/P Oam Parkash (Independent Non-Executive Director)	Chairman	2	Dato' Siow Kim Lun (Independent Non-Executive Director)	Member	3	Dato' Ir Goh Chye Koon (Independent Non-Executive Chairman)	Member	4	Dato' Dr Johari Bin Basri (Senior Independent Non-Executive Director)	Member	5	Evan Cheah Yean Shin (Non-Independent Non-Executive Director)	Member
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1	Dr Sarinder Kumari A/P Oam Parkash (Independent Non-Executive Director)	Chairman																		
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5	Evan Cheah Yean Shin (Non-Independent Non-Executive Director)	Member																		

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 (“IA”) function is an integral part of the assurance framework and it is performed in-house and undertaken by IAD. The mission of IAD is to enhance and protect the Group’s organisational value by providing risk-based and objective assurance, advice and insight. IAD helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</p> <p>IAD reports functionally to the AC and administratively to the Group MD. The Head of the IAD has unrestricted access to the AC and reports directly to the AC. The IAD has full, free and unrestricted access to all the Group’s activities, policies, records, properties and personnel at all levels, in pursuance of its objectives.</p> <p>IAD is a member of the Malaysian Chapter of the Institute of Internal Auditors (“IIA”) and adopts the International Standards for the Professional Practice of Internal Auditing (“IIA Standards”) laid down in the International Professional Practices Framework issued by the IIA. IAD successfully completed its external Quality Assessment Review (“QAR”) in 2015. It continues to meet or exceed the IIA Standards in all key aspects. IAD carried out its activities based on a risk-based annual audit plan approved by the AC. The planning to conduct another QAR in 2020 has been postponed due to the COVID-19 pandemic.</p> <p>The AC reviews annually the adequacy of the scope, function and resources of the IA to ensure that the responsibilities of IAD are fully discharged.</p> <p>The internal audit reports arising from the audit assignments carried out, were issued to the respective business unit management for their responses and Management were made responsible to ensure that the agreed corrective actions to be taken to address the reported risks and weaknesses were taken promptly within the required timeframes. Follow-up audit engagements were carried out by the IAD to ensure that the key corrective actions were implemented appropriately. The internal audit reports were subsequently tabled to the AC for its review. In its current structure, the IAD has been able to provide the Directors and Senior Management with pertinent information about the weaknesses in the system of internal control allowing the Management to take prompt remedial actions.</p>

	A summary of the IAD's activities during the financial year ended 31 December 2020 is set out in the AC Report contained in the Annual Report 2020.	
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>In accordance with the Internal Audit Charter, the IAD is to act as an independent, objective assurance and advisory function which has been established for purposes of examining and evaluating its system of internal controls, risk management and governance processes in order to assist the members of the management team and the Board of Directors (including members of the AC) in the effective discharge of their responsibilities.</p> <p>At the AC's meeting held on 6 April 2020, the IAD confirmed its organisational independence, where the Head of IAD and all the internal auditors had signed a declaration that they were and had been independent, objective and in compliance with the Code of Conduct and Business Ethics of the Company and the professional standards laid down by the Institute of Internal Auditors ("IIA") in carrying out their duties as internal auditors. The Head of IAD and the audit executives have confirmed that they are free from any relationships or conflicts of interest, which would impair their objectivity and independence in their audit assignments.</p> <p>The IAD is headed by Ms Celia Lee Kat Li, who is a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). IAD has 5 auditors and most of the IAD staff have professional qualifications and are members of the Malaysian Institute of Accountants (MIA).</p> <p>The IAD is a member of the Malaysian Chapter of the Institute of Internal Auditors and adopts the IIA Standards laid down in the International Professional Practices Framework issued by the IIA. The IAD successfully completed its external Quality Assessment Review ("QAR") by Protiviti Pte Ltd of Singapore in 2015. It was concluded that the IAD continues to meet or exceed the IIA Standards in all key aspects. The next assessment which was planned to take place in 2020 had to be postponed due to the COVID-19 pandemic.</p> <p>In accordance with the Terms of Reference of the AC, the AC had in the first quarter of 2021 conducted an annual assessment of the</p>

	performance of the Internal Audit function for the financial year 2020. The results of which was compiled and tabled to the AC at its meeting held on 19 April 2021. The AC was satisfied with the performance of the internal audit function in the financial year 2020. It has concluded that the IAD is able to provide Directors and Senior Management with pertinent information on potential weaknesses in the system of internal control and providing Management with constructive input and ideas for remedial action.	
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>As part of the effort in strengthening its relationship with the shareholders, the Company is committed to continuously disclosing and disseminating comprehensive and timely information to its shareholders as well as to the general investing public. The Board believes that by maintaining consistent and extensive communication with its shareholders, its mutual relationship with its shareholders will be strengthened. This will also enhance the shareholders' understanding of the Group as well as their ability in making informed investment decisions.</p> <p>One of the platforms used is announcements released through Bursa LINK which can also be accessed via the Company's website.</p> <p>The Company has also incorporated a section for "Investor Relations" in its website at www.sunwayconstruction.com.my which provides all relevant information on the Group such as quarterly results, audited financial statements, Board Charter, minutes of general meetings, general announcements, policies, investor presentations, share price and financial information. The information is easily accessible by the public. Annual reports and circulars to shareholders are also made available at this website for review. The annual report of the Company is another main channel of communication between the Group and its shareholders as well as stakeholders. The annual report communicates comprehensive information on the financial results and activities undertaken by the Group.</p> <p>The Board also recognises the importance of shareholders' participation in general meetings and encourages such participation. The Annual General Meeting of the Company provides the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of pertinent and relevant information is encouraged.</p> <p>In 2020, despite the COVID-19 pandemic which has disrupted the ordinary AGM timeline, the Company served the notice of its 6th AGM 32 days before the meeting, well in advance of the 21-day requirement</p>

	<p>under the Companies Act 2016 and the Listing Requirements of Bursa Securities. The additional time given to the shareholders had allowed them to have sufficient time to scrutinise the Annual Report 2019 and to make necessary arrangements to participate in the virtual AGM and to vote remotely using the online platform.</p> <p>The Chairman provided ample time for the questions and answers (Q&A) sessions at the AGM. All suggestions and comments given by the shareholders were attended by the Management for consideration. The Company also distributed together with the notice of the AGM, information on administrative details such as details of the virtual meeting, shareholders' entitlement to participate in the virtual meeting, their right to appoint proxy and information as to who may act as a proxy, steps to participate and vote in the virtual meeting, etc.</p> <p>At the commencement of the virtual AGM, the Group MD gave a detailed briefing with slides presentation on the Group's financial performance.</p> <p>In addition, written questions raised by the shareholders prior to the meeting were addressed at the AGM by the Management and Board members.</p> <p>The Board values constant dialogue and is committed to clear communication with its shareholders and investors. In this respect, as part of the Group's active investor relations programme, discussions and dialogues are held physically or virtually with fund managers, financial analysts, shareholders and the media to convey information about the Group's operational and financial performances, corporate strategy and other matters affecting shareholders' interests. The Group has an established internal corporate disclosure policy and an investor relations team to address all communications with its shareholders, the media and the investing public.</p> <p>The Company disseminates Quarterly Report and Corporate Presentation to all research analysts and investors via email communication as soon as the information is released to Bursa Securities. The Company also provides research analysts and investors continuous updates on the latest order book secured and outstanding order book. During the financial year 2020, the Company had participated in various investor conferences and road shows in Malaysia.</p> <p>In addition to the published Annual Report and Quarterly Reports announced to Bursa Securities, the Group has established a website at www.sunwayconstruction.com.my from which investors and shareholders can access for information.</p> <p>The Company also provides a separate executive summary together with its Annual Report, which highlight key financial information to</p>
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	<p>facilitate shareholders' easy access to such key information. Besides announcing through Bursa Securities' website, all significant corporate development involving the Group are made known through press releases to the media.</p> <p>While 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 release of material and price-sensitive information. The Group has in place an insider trading policy to safeguard confidentiality of its material and price-sensitive information.</p> <p>The Group's website has a section dedicated to shareholders and investor relations which provides detailed information on the Group's businesses and latest developments. Any enquiries on investor related matters may be directed to this email address, irsuncongroup@sunway.com.my or may also be conveyed to the following persons:</p> <ol style="list-style-type: none"> Ms Crystal Teh Head of Investor Relations T (603) 5639 8864 Ms Elaine Lai Manager T (603) 5639 8864 	
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	:	Applied	
Explanation on application of the practice	:	As part of the Group's efforts to improve the quality of communication between the Company and its stakeholders, the Company has embarked on its integrated reporting journey starting with its 2018 Annual Report. With this, the Company aims to illustrate how it transforms its inputs through its unique business model to create value for its stakeholders. The journey is an ongoing one, and the Group will continue to keep abreast with the latest requirements of the integrated reporting framework.	
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 12.1

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 6th AGM in 2020 was more than 28 days. The notice was sent on 3 July 2020 and the date of the 6th AGM was 5 August 2020.</p> <p>The notice period given was well in advance of the 21-day requirements under the Companies Act 2016 and the Listing Requirements of Bursa Securities. The additional time given to the shareholders would allow them to have sufficient time to scrutinise the Annual Report and to make necessary arrangement to attend the meeting.</p> <p>An Administrative Guide which furnished useful information regarding the conduct of the AGM together with the explanatory guide to the use of the electronic polling device were given to the shareholders and proxies.</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>All the Directors of the Company had participated in the 6th AGM held virtually on 5 August 2020, including the Chair of the AC, NRC and RMC, and they were all ready to response to any questions addressed to them.</p> <p>The Group MD, Mr Chung Soo Kiong kick-started the virtual meeting by giving a detailed slide presentation of the Group's operational review and financial performance for the financial year ended 31 December 2019 as well as the projected outlook and strategies for 2020.</p> <p>During the Question & Answer session, the Chairman and the Board responded to all questions raised by shareholders pertaining to the agenda and resolutions tabled before putting them for voting. The Directors, including the Group MD, CFO and External Auditors were in attendance at the AGM broadcast venue to respond to shareholders' online queries.</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	:	Applied
Explanation on application of the practice	:	<p>In support for greater transparency and to allow for a more efficient and accurate voting system, the Company has started electronic poll voting instead of voting by show of hands since its 3rd AGM in 2017.</p> <p>In 2020, the Company had further embraced the digital technology by conducting its 6th AGM fully virtual through live streaming and online remote voting using the Remote Participation and Voting facility ("RPV"). This virtual meeting has enabled shareholders to participate in the AGM of the Company remotely wherever they are. If a shareholder is not able to participate in the AGM due to any reason, he or she could also appoint a proxy to participate remotely and vote online on his or her behalf.</p> <p>The voting at the 6th AGM was conducted on a poll in accordance with Paragraph 8.29A of the Listing Requirements of Bursa Securities. The Company had appointed its Share Registrar, Sunway Management Sdn Bhd as Online Poll Administrator to conduct the polling process, and BDO Consulting Sdn Bhd as Scrutineers to verify the online poll results.</p> <p>For shareholders or proxies who wish to participate in the virtual AGM through the RPV, they are required to register themselves at the Share Registrar's online portal at www.sunwaymanagement.com.my. Detailed registration procedures have been provided to shareholders in the Company's Administrative Details for Shareholders attending the 6th AGM. After verification that one is a shareholder based on the General Meeting Record of Depositors as at 29 July 2020, the relevant shareholder or proxy will be notified via email that his or her registration for the remote participation at 6th AGM is approved.</p> <p>A tutorial video clip on how to access and vote using the online voting platform was uploaded at the Company's website prior to the AGM. On the meeting day itself, prior to and at the start of the virtual AGM, the tutorial video clip on was played again.</p> <p>Shareholders and proxies were allowed to vote online at the beginning of the AGM upon the declaration of the Chairman. The calculation of the online polling results was conducted upon completion of the deliberation of all resolutions tabled at the 6th AGM. Prior to the closure</p>

	<p>of the voting window, shareholders and proxies were given another 10 minutes to vote.</p> <p>Once the voting calculation was completed, the voting results of all votes cast in respect of each resolution was displayed on the screen for viewing by the participants. The Chairman would then declare whether the resolution was carried based on the results shown on the screen.</p> <p>The Scrutineers had previously tested and verified this online poll voting system. Upon verification of the voting results of all resolutions by the Scrutineers, the poll results detailing the number of votes cast for and against each resolution and the respective percentages were announced via Bursa LINK after 5.00 pm on the same day.</p> <p>Minutes of the 6th AGM, once ready, were also made available on the Company 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	:	

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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