

SUNWAY BERHAD

(Company No. 921551-D)

BOARD CHARTER

1. INTRODUCTION

1.1 The Board of Directors of Sunway Berhad (“**the Board**”) regards corporate governance as vitally important to the success of the Company’s business and is unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practised in all of its business dealings in respect of its shareholders and relevant stakeholders:

- The Board is the focal point of the Company’s corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible for achieving a high level of good governance.
- This Board Charter shall constitute, and form, an integral part of each Director’s duties and responsibilities.

1.2 This Board Charter is subject to the provisions of the Companies Act 2016 (“**CA 2016**”), the Constitution of the Company, the Main Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Malaysian Code on Corporate Governance 2017 and any other applicable laws or regulatory requirements.

2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and to ensure that the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf of the Company.

In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.

3. THE BOARD

3.1 Role

3.1.1 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 in the best interest of the Company in accordance with the CA 2016. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

3.1.2 Duties of the Board include establishing the corporate vision and mission as well as the philosophy of the Company, setting the aims of the Management and monitoring the performance of the Management.

3.1.3 The main functions and roles of the Board are as follows:

- 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.
- Adopting and monitoring progress of the Company's strategies, budgets, plans and policies.
- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed to achieve its targeted returns.
- Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks. The Board through the Risk Management Committee, sets, where appropriate, objectives, performance targets and policies to manage the key risks faced by the Group.
- Considering Management's recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
- Human resources planning and development.
- Succession planning
- 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.

3.1.4 The Board reserves full decision-making power, amongst others, on the following matters:

- Conflict of interest issues relating to substantial shareholders or directors;
- Material acquisitions and disposals of undertakings not in the ordinary course of business;
- Material investments in capital projects;
- Material bid/tenders for construction projects;
- Overseas ventures;

- Annual business plan and budgets (including major capital commitments);
- Material corporate or financial exercise/restructuring;
- Dividend policy, declaration of dividend and Directors' fees;
- Annual and interim financial results;
- Management approval authority limits; and
- Corporate Governance issues and related policies.

3.1.5 The Board has established a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense.

3.2 Composition and Board Balance

3.2.1 The Board shall consist of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.

3.2.2 The Board members shall comprise a majority Independent Directors.

3.2.3 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.

3.2.4 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

3.2.5 The views of the Independent Directors should carry significant weight in the Board's decision-making process.

3.2.6 The Board may appoint a Senior Independent Director ("**SID**") to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman (if the position of Chairman and SID are held by different individuals) or the President have failed to resolve them.

3.2.7 The tenure of an Independent Director shall not exceed a cumulative term limit of nine (9) years. If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12th) year, annual shareholders' approval must be sought through two-tier voting process as stipulated in the Malaysian Code of Corporate Governance.

3.2.8 If, on any matter discussed at a board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.

3.2.9 The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

3.3 Role of Individual Directors

3.3.1 Directors shall at all times exercise their powers in accordance with the CA 2016, for a proper purpose and in good faith in the best interest of the Company.

3.4 Senior Independent Director

3.4.1 The role of SID includes acting as:

- A sounding board for the Chairman (if the position of Chairman and SID are held by different individual);
- An intermediary for other directors when necessary; and
- The point of contact for shareholders and other stakeholders.

3.5 Appointments

3.5.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination & Remuneration Committee.

3.5.2 New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.

3.5.3 Directors are required to seek prior consent from the Chairman of the Board before they accept any new directorship in public listed companies outside the Group. In the event it involves the Chairman of the Board, the matter shall be decided by the Chairman of the Nomination & Remuneration Committee.

3.5.4 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed.

3.6 Directors' Continuous Education Training

3.6.1 In addition to the Mandatory Accredited Programme (MAP) as required by Bursa Securities, Board members are also encouraged to attend seminars, training programmes organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

3.6.2 The Board is also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements.

3.7 Re-election

3.7.1 The Company's Constitution provides that one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting. Each Director shall retire once at least in each three (3) 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.

3.8 Board Meetings and Supply of Information

- 3.8.1 The Board meets regularly at least once every quarter to facilitate the discharge of their responsibilities e.g. to review financial, operational and business performances. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.
- 3.8.2 Notices and agenda of meetings duly endorsed by the Chairman together with the relevant board papers are normally given at least one (1) week prior to the meetings for the Board to study and evaluate the matters to be discussed.
- 3.8.3 The board papers provided include inter alia, the financial results, business plan and budget, progress report on the Company's developments, minutes of meetings of Board Committees, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval.

4. CHAIRMAN AND PRESIDENT

There is a balance of power and authority between the Chairman and the President with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and President are separated and clearly defined.

4.1 Chairman

- 4.1.1 The roles of the Executive Chairman and Non-Executive Co-Chairman are as follows:

a) Roles of Executive Chairman

The roles of the Executive Chairman comprise:

- He is responsible for the leadership of the Board in ensuring the effectiveness of all aspects of its role. He is responsible for setting the visions, values and standards for the Company.
- He provides support and guidance to Senior Management Officers on operation matters and to help facilitate management succession planning.
- He grooms and mentors Senior Management Officers to achieve consistently high levels of professionalism and excellent performance.
- He chairs the Board Executive Committee meetings.

b) Roles of Non-Executive Co-Chairman

The roles of the Non-Executive Co-Chairman comprise:

- He is responsible for:-
 - (a) ensuring the integrity and effectiveness of the governance process of the Board;
 - (b) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
 - (c) 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.

- He chairs Board meetings and ensures the following:-
 - (a) All relevant issues are on the agenda of Board meetings;
 - (b) Board debates strategic and critical issues;
 - (c) Board receives the necessary management reports relating to the Company's business on a timely basis; and
 - (d) All Directors are able to participate openly in discussions at Board meetings

- He ensures that the Board members are properly briefed on issues arising at board meetings and that available information on an issue is presented to the Board.

- He will act as facilitator at board meetings to ensure that no Board member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Board members is forthcoming.

- Questions arising at any board meeting shall be decided by a majority of votes. In the case of an equality of votes, the Co-Chairman shall have a second or casting vote, except that where two (2) Directors form a quorum and only two (2) Directors are present, or where there are only two (2) Directors who are competent to vote on the question at issue, the Co-Chairman shall not have a casting vote.

- He provides leadership to the Board and is responsible for the developmental needs of the Board

- He ensures the smooth functioning of the Board and the governance structure, and inculcating positive culture in the Board.

- He ensures that procedures and processes are in place to facilitate effective conduct of business by the Board.

- He chairs general meetings of the Company.

4.2 President

4.2.1 The President is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.

4.2.2 The President has the executive responsibility for the day-to-day operation of the Company's business, and the execution of the agreed business policies and directions set by the Board and of all operational decisions in managing the Company.

4.2.3 All Board authorities conferred on the Management is delegated through the President and this will be considered as the President's authority and accountability as far as the Board is concerned.

4.2.4 The responsibilities of the Management are as follows:

- Formulating, recommending and implementing 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 approved by the Board;
- 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.

5. BOARD COMMITTEES

The Board may from time to time establish Board Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board has delegated some of its powers and functions to the following Board Committees with specific terms of reference:

- Audit Committee
- Nomination & Remuneration Committee
- Risk Management Committee

Independent and Non-Executive Directors play a leading role in these Committees.

5.1 Audit Committee

- 5.1.1 The Audit Committee comprises not less than three (3) members, all of whom are Independent Directors. The Chairman of the Audit Committee shall not be the Chairman of the Board.
- 5.1.2 No alternate Director can be appointed as a member of the Audit Committee.
- 5.1.3 The Audit Committee is responsible to provide oversight of the financial reporting process, audit process, system of internal controls and compliance with applicable financial reporting standards and regulations.
- 5.1.4 The Audit Committee meets on a quarterly basis to carry out its functions. However, upon the request of any member of the Committee, non-member Directors, the Internal or External Auditors, the Chairman shall convene additional meeting to consider the matters brought to its attention.
- 5.1.5 The President, Group Chief Financial Officer, Internal Auditors and External Auditors attend the meetings at the invitation of the Audit Committee.
- 5.1.6 The Board shall through the Nomination & Remuneration Committee review the performance of the Audit Committee annually.
- 5.1.7 The Terms of Reference of the Audit Committee is appended as Appendix 1 to the Board Charter.

5.2 Nomination & Remuneration Committee

- 5.2.1 The Nomination & Remuneration Committee comprises the Independent Non-Executive Directors.
- 5.2.2 The responsibilities of the Nomination & Remuneration Committee are as follows:
 - a) identifying and making recommendations for any appointment and re-election of Board members;
 - b) assessing the effectiveness of the Board as a whole as well as the performance of each Director; and
 - c) recommending to the Board, the proposed remuneration for Directors and the renewal of the terms of employment contracts for Executive Directors, with the aim of ensuring that the Company attracts and retains the Directors needed to run the Group successfully.
- 5.2.3 The Terms of Reference of the Nomination & Remuneration Committee is appended as Appendix 2 to the Board Charter.

5.3 Risk Management Committee

- 5.3.1 The Risk Management Committee comprises Independent Non-Executive Directors.

- 5.3.2 The Risk Management Committee is responsible for overseeing the Group's overall risk management framework and all its related policies. The Risk Management Committee reviews the risk management framework and processes to ensure that they remain relevant for use, and monitors the effectiveness of risk treatment/mitigation action plans for the management and control of the key risks.
- 5.3.3 The Terms of Reference of the Risk Management Committee is appended as Appendix 3 to the Board Charter.

6. REMUNERATION LEVELS OF DIRECTORS

- 6.1 The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. For Independent Non-Executive Directors, they receive a basic fee, an additional fee for serving on the Board Committee(s) and meeting allowance for participation in meetings of the Board and any of the committee meetings.
- 6.2 Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages for Executive and Non-Executive Directors.
- 6.3 The Board as a whole resolves on the fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees and benefits payable to the Non-Executive Directors are subject to the approval of shareholders.

7. FINANCIAL REPORTING

7.1 Transparency

- 7.1.1 In presenting the annual financial statements, Annual Report and quarterly results to shareholders, the Board aims to provide a balanced and understandable assessment of the Group's financial position, performance and prospects.
- 7.1.2 The Board ensures that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

7.2 External Auditors

- 7.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the External Auditors through its Audit Committee.

- 7.2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the External Auditors. The Board ensures that the External Auditors do not supply a substantial volume of non-audit services to the Company.
- 7.2.3 Appointment of the External Auditors is subject to approval of shareholders at general meeting of the Company. The External Auditors have to retire during the Annual General Meeting of the Company every year and be re-appointed by shareholders for the ensuing year.

7.3 Internal Controls and Risk Management

- 7.3.1 The Company has an in-house internal audit function, which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business units and subsidiaries are undertaken on a regular basis. The Head of Internal Audit has direct access to the Board through the Chairman of the Audit Committee.
- 7.3.2 The Board ensures the system of internal controls is reviewed on a regular basis. The Audit Committee receives reports regarding the outcome of such reviews on a regular basis.
- 7.3.3 The Company has established a risk management framework. This enable the Company to identify, assess and mitigate risks that may prevent the Company from achieving its objectives. The Risk Management Committee receives reports regarding the risks review on a regular basis.

8. DEALING IN SECURITIES

- 8.1 The Company Secretary keeps the Board and Principal Officers of the Company informed on quarterly basis in respect of the procedures for dealing in securities of the Company during and outside the Closed Period so as to ensure compliance with the Listing Requirements.
- 8.2 A Director must not deal in the securities of the Company as long as he/she is in possession of price-sensitive information relating to the Company. "Price-sensitive information" means information that "on becoming generally available would or would tend to have a material effect on the price or value of securities".

9. CONFLICT OF INTEREST AND TRANSACTION INVOLVING DIRECTORS

- 9.1 Conflict arising from the interest (direct or indirect) of a director or major shareholder or person connected with such director or major shareholder in a transaction proposed to be entered into or action/decision to be taken by the Company or its subsidiaries.

- 9.2 Where a Director has an interest (direct or indirect) in a transaction proposed to be entered into or action/decision to be taken by the Company or its subsidiaries, he/she may be biased in making the commercial or regulatory decision which could be to the detriment of the Company or its subsidiaries.
- 9.3 Directors can be regarded as having a conflict of interest where the company, he or she is associated with derives an advantage from him/her being a Director. Therefore, a Director is required at all times to declare such conflict and if so required by the Board, to withdraw from any voting or deliberation of a matter in which the Director may have an interest.
- 9.4 The CA 2016 provides that a Director who is in any way, whether directly or indirectly, interested in a contract entered into or proposed to be entered into by the Company shall be counted only to make the quorum at the board meeting but shall not participate in any discussion while the contract or proposed contract is being considered at the board meeting and shall not vote on the contract or proposed contract.
- 9.5 Where a contract or proposed contract is entered into in contravention of Section 221 of the CA 2016, the contract or proposed contract shall be voidable at the instance of the Company except if it is in favour of any person dealing with the Company for a valuable consideration and without any actual notice of the contravention. A director who knowingly contravenes Section 221 of the CA 2016 shall be guilty of an offence against the CA 2016.
- 9.6 The Listing Requirements further provides that a Director with any interest, direct or indirect, must abstain from Board deliberation and voting on the relevant resolution in respect of the related party transaction.

10.0 CODE OF CONDUCT & BUSINESS ETHICS

- 10.1 The Board is responsible to formalise and maintain a set of ethical standards of behaviour expected of all Directors and employees of the Group, and where applicable, counterparts and business partner through the Code of Conduct & Business Ethics ("**Code**").
- 10.2 The Code emphasizes and advances the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and well-being of the Group. It also addresses conflict of interest, no gift policy, anti-bribery and corruption, and responsibilities to protect the environment among others.

11. WHISTLEBLOWING POLICY AND PROCEDURES

- 11.1 The Board has in place a Whistleblowing Policy and Procedures which provides a mechanism for all employees and stakeholders to report concern of any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuse. Notwithstanding that the Audit Committee are entrusted to be responsible for the administration and compliance with this policy, the Board has overall responsibility for this policy and shall oversee the implementation of this policy.

12. ANTI-BRIBERY AND CORRUPTION POLICY

- 12.1 The Board is committed to conducting business dealings with integrity, honesty and respect. This means avoiding practices of bribery and corruption of all forms in the Group.
- 12.2 The Board established an Anti-Bribery and Corruption Policy with the aim to provide guidance to the employees and/or any person associated with the Group concerning how to deal with bribery and corruption and related issues that may arise during the course of business. It reiterates the Board's commitment to full compliance with the Malaysian Anti-Corruption Commission ("MACC") Act 2009 and the MACC (Amendment) Act 2018 and any other local anti-bribery and corruption laws that may be applicable.

13. GENERAL MEETING

- 13.1 The Company regards the general meeting as an important event in the corporate calendar of which all Directors and key senior executives should attend.
- 13.2 The Company regards the general meeting as the principal forum for dialogue with shareholders and aims to ensure that the general meeting provides an important opportunity for effective communication with, and constructive feedback from the Company's shareholders.
- 13.3 The Chairman encourages active participation by the shareholders during the general meeting.
- 13.4 The Company leverages on technology to facilitate remote shareholders' participation and voting through electronics means at the general meeting.
- 13.5 All resolutions tabled at the general meeting will be conducted by poll voting.
- 13.6 The Chairman and where appropriate, the President responds to shareholders' queries during the general meeting.

14. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- 14.1 The Board values constant dialogue and is committed to clear communication with shareholders and investors. In this respect, as part of the Group's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, shareholders and the media to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests.
- 14.2 The Company communicates information to shareholders and the investing community through announcements that are released to Bursa Securities via Bursa LINK. Such announcements include the quarterly results, material transactions and other developments relating to the Group requiring disclosure under the Listing Requirements of Bursa Securities. Communication channels with shareholders are also made accessible via:-

- Press and analysts' briefings;
- One-on-one/group meetings, conference calls, investor luncheons, domestic/overseas roadshows and conferences;
- Annual Reports;
- Press releases on major developments; and
- The Company's website at *www.sunway.com.my*.

14.3 In addition to published Annual Report sent to all shareholders and quarterly results announced to Bursa Securities, the Company has established a website at *www.sunway.com.my* from which investors and shareholders can access for information. Minutes of general meetings are uploaded in the Company's website for public viewing.

14.4 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.

15. SUSTAINABILITY

The Company is committed to achieving the United Nations 17 Sustainable Development Goals (“**SDG**”), by aligning its business strategies to meet the needs of its communities in line with the SDG agenda. The Company's commitment to strong Economic, Environment and Social practices is embedded throughout the organization. The ultimate objective is to achieve good financial performance in order to fuel long term sustainable growth and thereby, enhancing shareholders' value and contributing to the community it operates and nation building.

16. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no company can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

16.1 Employees

16.1.1 The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.

16.1.2 The Company adopts comprehensive and documented policies and procedures with respect to occupational safety and health with the objective of providing a safe and healthy working environment for all employees.

16.1.3 The Company also adopts a Code of Conduct and Business Ethics which provides the ethical framework to guide actions and behaviours of all Directors and employees while at work.

16.2 Environment

- 16.2.1 The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.
- 16.2.2 The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.
- 16.2.3 The Company supports initiatives on environmental issues.

16.3 Corporate Responsibility

- 16.3.1 The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.
- 16.3.2 The Company adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.
- 16.3.3 The Company supports charitable causes and initiatives on community development projects.

17. COMPANY SECRETARY

- 17.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- 17.2 The Company Secretary is accountable to the Board on all governance matters.
- 17.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- 17.4 The Company Secretary must keep abreast of, and inform the Board of current governance practices.
- 17.5 The Board members have unlimited access to the professional advice and services of the Company Secretary.

SUNWAY BERHAD
Registration No. 201001037627 (921551-D)

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. MEMBERSHIP

- 1.1 The Audit Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3) members.
- 1.2 All members of the Committee must be independent Directors as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).
- 1.3 The members of the Committee should be financially literate and shall include at least one (1) person:-
- (a) who is a member of the Malaysian Institute of Accountants; OR
 - (b) who must have at least three (3) years’ working experience and:
 - (i) have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (ii) is a member of one (1) of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967; OR
 - (c) who must have at least three (3) years’ post qualification experience in accounting or finance and:
 - (i) has a degree/masters/doctorate in accounting or finance; or
 - (ii) is a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; OR
 - (d) who must have at least seven (7) years’ experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

In the event of non-compliance with this requirements, indulgence or permission from Bursa Malaysia Securities Berhad (“Bursa Securities”) shall be sought.

- 1.4 No Alternate Director shall be appointed as a member of the Committee.
- 1.5 No former key audit partner shall be appointed as a member of the Committee before observing a cooling-off period of at least three (3) years.
- 1.6 The members of the Committee shall elect a Chairman from amongst their number, who shall be an independent director. The Chairman of the Committee shall not be the Chairman of the Board.

TERMS OF REFERENCE OF AUDIT COMMITTEE

- 1.7 If a member of the Committee resigns, dies or for any reason ceases to be a member resulting in the non-compliance of paragraphs 1.1, 1.2 or 1.3 above, the Board must fill the vacancy within three (3) months.
- 1.8 The terms of office and performance of the Committee and each of its members shall be reviewed by the Nomination & Remuneration Committee annually. However, the appointment terminates when a member ceases to be a Director.

2. MEETINGS

- 2.1 The quorum for a Committee Meeting shall be at least two (2) members present.
- 2.2 The Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide.
- 2.3 Notwithstanding paragraph 2.2 above, upon the request of any member of the Committee, non-member Directors, the Internal or External Auditors, the Chairman shall convene a meeting of the Committee to consider the matters brought to its attention.
- 2.4 The External Auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so.
- 2.5 The non-member Directors and employees of the Company and of the Group shall normally attend the meetings at the Committee's invitation, to assist in its deliberations and resolutions of matters raised. However, at least twice a year, the Committee should meet with the External Auditors without the presence of the executive board members.
- 2.6 The Internal Auditors shall be in attendance at all meetings to present and discuss the audit reports and other related matters as well as the recommendations relating thereto and to follow-up on all relevant decisions made.

3. REPORTING

- 3.1 In addition to the availability of detailed minutes of the Committee Meetings to the Board, the Chairman of the Committee at each Board Meeting, will report a summary of significant matters and resolutions.

4. SECRETARY

- 4.1 The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.

TERMS OF REFERENCE OF AUDIT COMMITTEE

- 4.2 The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

5. RIGHTS AND AUTHORITY

The Committee is authorised to:-

- 5.1 Investigate any matter within its terms of reference.
- 5.2 Have adequate resources required to perform its duties.
- 5.3 Have full and unrestricted access to information, records and documents relevant to its activities.
- 5.4 Have direct communication channels with the External and Internal Auditors.
- 5.5 Engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.
- 5.6 Convene meetings with the External Auditors, Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

6. FUNCTIONS AND DUTIES

- 6.1 To review and recommend for the Board's approval, the Internal Audit Charter which defines the independent purpose, authority, scope and responsibility of the internal audit function in the Company and the Group.
- 6.2 To formulate corporate governance and integrity policies, regulations and procedures and to monitor their compliance as well as to recommend and report to the Board, where necessary.
- 6.3 To review the following and report the same to the Board:-
 - (a) With the External Auditors:
 - (i) the audit plan and audit report and the extent of assistance rendered by employees of the Company;
 - (ii) their evaluation of the system of internal controls;
 - (iii) the audit fee and on matter concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as External Auditors;
 - (iv) the management letter and management's response;

TERMS OF REFERENCE OF AUDIT COMMITTEE

- (v) issues and reservations arising from audits; and
 - (vi) assessment of their suitability, objectivity and independence annually.
 - (b) With the Internal Audit Department:
 - (i) the adequacy and relevance of the scope, functions, competency and resources of the internal audit function as well as its budget and the necessary authority to carry out its work;
 - (ii) the audit plan of work programme and results of internal audit processes including recommendations and actions taken;
 - (iii) the extent of cooperation and assistance rendered by employees of the Company; and
 - (iv) the appraisal of the performance of the internal audit function including that of the senior staff and any matter concerning their appointment and termination.
 - (c) The quarterly results and year end financial statements prior to the approval by the Board, focusing particularly on:-
 - (i) changes in and implementation of major accounting policies and practices;
 - (ii) significant and unusual issues;
 - (iii) going concern assumption; and
 - (iv) compliance with accounting standards, regulatory and other legal requirements.
 - (d) The major findings of investigations and management response.
 - (e) The propriety of any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- 6.4 To review and recommend for the Board's approval, the provision of non-audit service by the External Auditor and to ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the External Auditors.
- 6.5 To report any breach of the Listing Requirements, which has not been satisfactorily resolved, to Bursa Securities.

TERMS OF REFERENCE OF AUDIT COMMITTEE

- 6.6 To prepare the Audit Committee Report for inclusion in the Company's Annual Report covering:-
- (a) the composition of the Committee including the name, designation and directorship of the members;
 - (b) the number of meetings held during the financial year and details of attendance of each member;
 - (c) a summary of the work of the Committee in the discharge of its functions and duties for that financial year and how it has met its responsibilities; and
 - (e) a summary of the work of the internal audit function.
- 6.7 To review the following for publication in or together with the Company's Annual Report as well as to review the Annual Report and recommend for the Board's approval:-
- (a) the corporate governance disclosure in the following reports:
 - (i) Corporate Governance Overview Statement which provides an overview of the application of the Practices set out in the Malaysian Code of Corporate Governance ("MCCG") in the Company's Annual Report; and
 - (ii) Corporate Governance Report which discloses the Company's application or departure of the Practices set out in the MCCG during the financial year in the prescribed format as provided by Bursa Securities .
 - (b) the statement on the Board's responsibility for the preparation of the annual audited financial statements.
 - (c) the statement by the Committee on the verification of allocation of share options to the Group's eligible employees in compliance with the criteria set out in the Bye-Laws of the Company's Employees' Share Option Scheme, at the end of each financial year (if applicable).
 - (e) other disclosures forming the contents of annual report spelt out in Part A of Appendix 9C of the Listing Requirements.

The above functions and duties are in addition to such other functions as may be agreed to from time to time by the Committee and the Board.

7. INTERNAL AUDIT DEPARTMENT

- 7.1 The Head of the Internal Audit Department shall have unrestricted access to the members of the Committee and shall report to the Committee, whose scope of responsibility includes overseeing the development and the establishment of the internal audit function.
- 7.2 In respect of routine administrative matters, the Head of Internal Audit Department shall report to the Executive Chairman or his designate.

SUNWAY BERHAD
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**TERMS OF REFERENCE OF NOMINATION AND
REMUNERATION COMMITTEE**

1. OBJECTIVE

- (a) The Nomination and Remuneration Committee (“**Committee**”) is entrusted with identifying qualified individuals to serve as Board members and recommending such candidates for appointment to the Board and Board Committees. The ultimate decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Committee.
- (b) The Committee also conducts periodic evaluations to assess the effectiveness of the Board as a whole, Board Committees and contribution of individual Directors, including Independent Directors.
- (c) The Committee is to recommend for the Board’s approval the remuneration framework to attract and retain the Company’s Executive Directors to run the Company successfully. The remuneration package should be aligned with the business strategy and long-term objectives of the Company and its Group.
- (d) Demonstrate to all stakeholders in the business that the remuneration of the Executive Directors of the Company is set by a Committee of the Board who has no personal interest in the outcome of their decisions and who will give due regard to the interests of the stakeholders and to the financial and commercial health of the Company.
- (e) The Committee shall also carry out such duties that may be delegated by the Board from time to time.

2. MEMBERSHIP

- (a) The Committee shall be appointed by the Board of Directors from among their number and shall comprise not fewer than three (3) in number.
- (b) The members of the Committee shall be non-executive Directors, a majority of whom must be independent.
- (c) The members of the Committee shall elect a Chairman from among their number who is an Independent Director of the Company.

- (d) In the absence of the Chairman of the Committee, the remaining members present shall elect one of their independent non-executive members as chairman of the meeting.
- (e) In the event of any vacancy in the Committee resulting in the number of members being reduced to below three (3), the Board shall, within three (3) months fill the vacancy.
- (f) The membership of the Committee shall be terminated upon the cessation of him/her as a Director of the Company, or as determined by the Board.

3. AUTHORITY

The Committee is authorized by the Board to undertake the specific duties and responsibilities stated below. The Committee is also authorized to obtain external legal or other independent professional advice, as it considers necessary.

4. DUTIES AND RESPONSIBILITIES

4.1 Nomination Matters

- (a) To determine the core competencies and skills required of Directors to best serve the business and operations of the Company and its Group as a whole and the optimum size of the Board to reflect the desired skills and competencies.
- (b) To review the number of Non-Executive Directors, Board balance and determine if additional Directors are required and also to ensure that at least one-third (1/3) of the Board is independent.
- (c) To recommend to the Board on the appropriate number of Directors to comprise the Board which should fairly reflect the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirement.
- (d) To consider in making its recommendations, candidates for directorships proposed by the Board, or shareholder or other sources such as executive search firms.
- (e) To recommend to the Board, Directors or officers of the Company to fill the seats on Board Committees.

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

- (f) To undertake a review of the required mix of skills, experience and other qualities of Directors, including core competencies which Non-Executive Directors should bring to the Board as well as independence and diversity (including gender diversity) of the board composition which is required to meet the needs of the Company, and to disclose this in the Annual Report.
- (g) To review the Board structure, its size and composition annually having regard to the scope and nature of the operations and the core competencies of the Directors.
- (h) To review and determine on an annual basis, the independence of Independent Directors.
- (i) To assist the Board to implement a procedure to be carried out by the Committee for assessing the effectiveness of the Board as a whole and the Board Committees, as well as for assessing the contributions and performance of individual Directors and Board Committee members.
- (j) To review the term of office and performance of the Committee and each of its members annually to determine whether the Committee and its members have carried out their duties in accordance with its terms of reference.
- (k) To determine appropriate training for Directors and review the fulfillment of such training, where appropriate.
- (l) To review Board succession plans for directors and key management positions.
- (m) To recommend directors who are retiring by rotation to be put forward for re-election pursuant to the Constitution of the Company.
- (n) To prepare a statement for inclusion in the Company's Annual Report on its activities in discharging its duties for the financial year.
- (o) To introduce such regulations, guidelines and/or procedures to function effectively and fulfill the Committee's objectives.

4.2 **Remuneration Matters**

- (a) To recommend to the Board the remuneration framework for the Executive Directors.
- (b) To set the policies and procedures and recommend to the Board, the remuneration framework for the Executive Directors and senior management.
- (c) Ensure that a fair differential between the remuneration of Executive Directors and other levels of management is maintained.

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

- (d) Conduct continued assessment of individual Executive Directors and senior management to ensure that remuneration is directly related to corporate and individual performance.
- (e) Obtain the advice and information from external source, if necessary, to compare the remuneration currently earned by the Executive Directors and senior management with the remuneration package paid to Executive Directors of other companies of a similar size in a comparable industry sector.
- (f) To ensure that the base salary element is competitive but fair.
- (g) To advise on and monitor, a suitable performance related formula i.e. whether the formula is based on individual performance, company profit performance, earnings per share, etc.
- (h) To provide an objective and independent assessment of the benefits granted to Executive Directors and senior management.
- (i) To introduce any policy or guidelines which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities.
- (j) To furnish a report to the Board of any findings of the Committee.
- (k) To review the policies and procedures of the remuneration framework periodically.

5. MEETINGS

- (a) The Committee shall meet at least once a year. However, additional meetings may be called at any time at the Committee Chairman's discretion or if requested to do so by any member or the Board of Directors.
- (b) In the absence of the Committee Chairman, the remaining members present shall elect one of the independent non-executive members as chairman of the meeting.
- (c) A member of the Committee shall abstain from participating in discussions and decisions on matters directly involving him/her to avoid a conflict of interest situation.
- (d) The quorum for the meeting shall be two (2) members.

6. REPORTING

The Chairman of the Committee shall report on each meeting to the Board.

7. SECRETARY

The Secretary to the Committee shall be the Company Secretary.

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TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

1. INTRODUCTION

The Risk Management Committee (“**Committee**”) is a committee of the Board of Directors (“**Board**”) established pursuant to Practice 9.3 of the Malaysian Code of Corporate Governance. The terms of reference govern the processes of this Committee and outlines the policies, procedures and guidelines in relation to the risk management framework of the Company and its group of subsidiaries (“**Group**”).

2. COMPOSITION

- a. The Committee shall be appointed by the Board of Directors and shall comprise a majority of Independent Directors. The Committee shall comprise not less than 3 members. The appointment terminates when a member ceases to be a Director.
- b. The Chairman of the Committee shall be elected from one of the Independent Directors.
- c. In the event of any vacancy in the Committee resulting in the number of members being reduced to below 3, the Board shall, within 3 months, fill the vacancy.
- d. The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the Committee.
- e. Members of the Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary.

3. DUTIES AND RESPONSIBILITIES

The Committee oversees the Group’s overall risk management framework and all its related policies. The Committee reviews the risk management framework and processes to ensure that they remain relevant for use, and monitors the effectiveness of risk treatment/mitigation action plans for the management and control of the key risks.

The Committee is accountable to the Board and is responsible to advise the Board on the adequacy and effectiveness of the risk management framework.

The Committee’s main duties and responsibilities include the following:-

- reviewing and recommending for the Board’s approval, the appropriate risk management framework and measurement methodologies across the Group;
- reviewing and assessing the relevance and adequacy of the risk management framework, governance structure and processes and its continuous benchmark against relevant standards;
- reviewing and recommending risk management strategies, policies and level of risk tolerance for the Board’s approval;

TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

- identifying, assessing and monitoring the effectiveness of risk treatment/mitigation action plans for the management and control of key business risks;
- ensuring infrastructure, resources and systems are in place and adequate for risk management;
- reviewing management's periodic reports on risk exposure, risk profile and risk mitigation activities to ensure adequacy and effectiveness;
- reviewing the enterprise risk rating and determine the critical risks to be escalated to the Board on a quarterly basis;
- promoting better governance culture and ethical behaviour within the Group by ensuring that structured policies and procedures on anti-corruption are in place, and place greater emphasis on reviewing corruption risk as part of the quarterly and annual risk assessment of the Group; and
- reviewing the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report to ensure that the relevant information as prescribed in the Main Market Listing Requirements of Bursa Securities are disclosed, and to recommend the same for the approvals of the Committee and the Board.

The Committee shall be assisted by the Group Risk Management Division ("**GRMD**").

4. RIGHTS AND AUTHORITY

The Committee will have authority to engage and authorise expenses for independent consultants and other advisors as the Committee deems necessary to perform its duties.

The Committee may conduct or may authorise a third party to conduct specific assessment into any activity or function within the Group so far as it relates to the duties of the Committee and is in accordance with this terms of reference.

The Committee is not authorised to implement its recommendation on behalf of the Board but shall report its recommendation back to the Board for its consideration and implementation.

The Committee will have access to all books, records, facilities and personnel of the Group necessary for the Committee to discharge its duties and responsibilities.

5. MEETINGS

- a. The Committee shall meet at least quarterly in a year. Additional meetings may be called at any time at the Committee Chairman's discretion.
- b. The quorum for the Committee meeting shall be 2 members, who must be Independent Directors.
- c. The Head or representative of GRMD shall be in attendance at all meetings to present and discuss the risk management reports and other related matters as well as the recommendations relating thereto and to follow-up on all relevant decisions made.

TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

6. **REPORTING**

The Chairman of the Committee shall report the proceedings of each Committee meeting to the Board.

7. **SECRETARY**

The Secretary to the Committee shall be the Company Secretary.

The Secretary of the Committee shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to the members prior to each meeting.

The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

8. **REVIEW**

The terms of reference shall be subject to periodic review to ensure that it remains relevant and updated in line with the best practices. Any amendments herein must be approved by the Board.