

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5263  
**COMPANY NAME** : Sunway Construction Group Berhad  
**FINANCIAL YEAR** : December 31, 2022

## 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

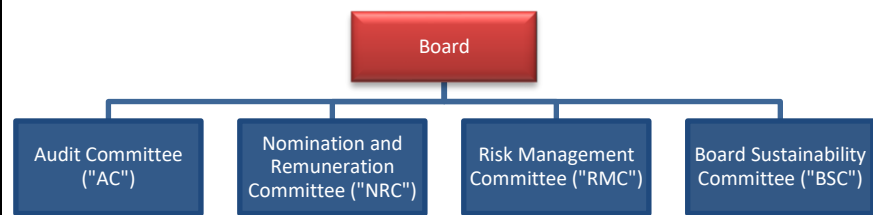
The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is responsible for the leadership and collectively responsible for the achievement of the objectives and goals of the Company and its subsidiaries (the “<b>Group</b>”). The Board sets the Group overall 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 as well as ensure good corporate governance culture is practised within the Group.</p> <p>The Board is guided by the Board Charter which outlines its duties and responsibilities. The Board Charter will be reviewed and updated periodically to ensure it is updated with the applicable laws or regulatory requirement. The Board Charter was last updated on 22 November 2022 and is available on the Company's website at <a href="http://www.sunwayconstruction.com.my/investor-relations/">www.sunwayconstruction.com.my/investor-relations/</a>.</p> <p>The Board is also guided by its core values which encompasses:</p> <p>(a) Integrity – Doing the right thing at all times:</p> <ul style="list-style-type: none"><li>• By conducting ourselves in an honest and trustworthy manner</li><li>• Acting professionally, ethically and honourably</li><li>• Ensuring our actions are consistent with our words</li></ul> <p>(b) Humility – Being humble:</p> <ul style="list-style-type: none"><li>• Never stop learning</li><li>• Care for and respect people and the environment</li><li>• Seek first to understand, then to be understood</li></ul> <p>(c) Excellence – Take pride in all that we do:</p> <ul style="list-style-type: none"><li>• Strive to deliver high quality products and services</li><li>• Continuously innovate and improve greater progress</li><li>• Seek to inspire others to excel</li></ul>

The Board assumes the following roles and functions:-

- 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.
- Ensuring the strategic plans of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations as well as good governance underpinning sustainability.
- Approving and reviewing the Group's strategies, budgets, plans and policies, including acquisitions, divestments, restructuring, funding and major capital expenditure as well as monitoring the implementation thereof by the Management.
- Overseeing the conduct of Group's businesses as well as supervising and assessing Management's performance to determine 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.
- Setting the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks including sustainability risks relating to Environment, Social and Governance ("**ESG**").
- Ensuring that the senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and senior management.
- Human resources planning and development.
- 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.
- Promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.
- Developing and implementing a communications policy for the Company that enables effective communication with stakeholders.
- Ensuring that the Group has in place procedures to enable effective communication with stakeholders.
- Ensuring that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.
- Reviewing the adequacy and the integrity of the financial and non-financial reporting of the Group. The Board is supported by the Audit Committee ("**AC**") to oversee the Group's financial reporting processes and the quality of its financial reporting.

The Board is assisted by the following Board committees to effectively discharge its functions and responsibilities:-



The Board committees operated under the Board-approved written terms of reference (“**TORs**”), which was last updated on 22 November 2022. The approved TOR of the respective Board committees are available for reference on the Company’s website.

**Approval of Group Business Plan and Budget 2022 (“Group BP”)**

It has in place an annual business plan process at the beginning of the year whereby the Group Managing Director (“**GMD**”), together with his Senior Management team, discussed with the Board the recommended targeted order books, corporate and operational strategies together with the proposed financial targets, investment plans, capital expenditure and manpower planning for the ensuing year.

On 13 January 2022, the GMD together with Senior Management presented the Group BP for brainstorming, review and approval. The Group BP comprised the business plans for construction division, sustainable energy division, precast division and geotechnical division. The Group BP analysed the Group’s performance for year 2021, its outstanding order book, future strategic direction, key digital transformation initiatives, industry & market outlook, competitors’ analysis as well as human resources strategies and planning. At the meeting, the Board and Management discussed the new industries to enter into, geographical expansion plans, targeted order book highlighting specific tender projects, various operational and tactical strategies to achieve asset optimisation, capital management strategy, cost efficiency and containment, and productivity per employee. The Board also deliberated on sustainability and ESG initiatives.

The Board provided ideas and inputs as well as challenged Management’s views and assumptions used in the financial forecast in achieving the performance target. The Board also reviewed and approved the budgeted capital expenditure and set the key performance indicators (“**KPIs**”) for the Management.

**Quarterly reporting of financial results and performance review**

The GMD 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.

	<p>On a quarterly basis, the GMD and Chief Financial Officer (“CFO”) presented their reports to the Board covering the following aspects:</p> <ul style="list-style-type: none"> <li>• updates on operational matters for each divisions and actual financial performance vs budget;</li> <li>• latest status of the order book of the Group;</li> <li>• update on economic situation; and</li> <li>• position of shareholdings in the Company.</li> </ul> <p>The GMD and 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> <p>The GMD reported on outstanding order book, new order book secured, tenders submitted and progress of achieving the order book target as per the Group BP. He also updated the Board on staff strength, staff productivity, staff turnover rate, work place safety record, inventories level such as steel bars and machinery utilisation rate.</p> <p>The GMD and CFO also reported on the Group’s quarterly financial performance and results. The actual results were compared against the Group BP targets at the quarterly Board meetings held on 23 February 2022, 25 May 2022, 23 August 2022 and 22 November 2022. 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 or mitigate the situation.</p> <p>There were 10 Board meetings held during the financial year under review. The Board meetings were held on 13 January 2022, 23 February 2022, 29 March 2022, 25 May 2022, 22 June 2022, 23 August 2022, 1 September 2022, 22 November 2022, 20 December 2022 and 27 December 2022.</p> <p>During the financial year under review, the Board had approved the following proposals:</p> <ul style="list-style-type: none"> <li>• renewal of shareholders’ mandate for recurrent RPTs of a revenue or trading nature and which were necessary for day-to-day operations of SunCon Group;</li> <li>• approved External Auditors Audit Plan and Internal Audit Department’s Audit Plan for the financial year 2022 (“FY2022”);</li> <li>• appointment of Mr Liew Kok Wing as new GMD in place of Mr Chung Soo Kiong who had resigned on 1 April 2022;</li> <li>• reviewed and endorsed the appointment of Mr Wong Kwan Song as Alternate Director to Mr Liew Kok Wing;</li> <li>• appointed the Institute of Corporate Directors Malaysia (“ICDM”) to undertake an independent assessment of the Board and Directors’ Effectiveness Evaluation for FY2022;</li> </ul>
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	<ul style="list-style-type: none"> <li>• approved several proposals in relation to the submission of tender for major projects;</li> <li>• approved the new organization chart of the Group;</li> <li>• appointment of Ms Elaine Lai Ee-Ling as new CFO of the Company;</li> <li>• approved the amendments/ revisions to Board Charter, TORs of AC, RMC and NRC and Policy of Selection Process and Assessment Criteria for Appointment of New Directors; and</li> <li>• adopted the Sustainability Policy, On-Boarding Program for new Board members and Fit and Proper Policy.</li> </ul>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is led by an Independent Non-Executive Chairman, Dato' Ir Goh Chye Koon ("<b>Dato' Ir Goh</b>") who has extensive skills and experience in the construction industry.</p> <p>The Chairman is responsible for leadership of the Board in ensuring that it is effective in its overall governance and objective oversight of Management as well as ensuring high performance Board. The roles of the Chairman are as follows:</p> <ul style="list-style-type: none"><li>(a) leading the Board in setting the Company's core values and business ethics;</li><li>(b) ensuring appropriate Board governance processes and good corporate governance practices;</li><li>(c) setting Board agenda together with management and ensuring accurate, timely and clear information are given to all Directors for robust decision-making;</li><li>(d) ensuring adequate time for each agenda or key issues brought to the Board for discussion;</li><li>(e) ensuring that members of the Board work together with the Management in a constructive manner to formulate strategies and policies to achieve sustainable growth in the best interest of the Company;</li><li>(f) leads the Board in monitoring business and financial performance and risk management issues;</li><li>(g) encourage openness and ensuring that all views of Board members and Management are taken into consideration;</li><li>(h) maintaining a cordial relationship of trust with and between the GMD and Non-Executive Directors;</li><li>(i) chairing General Meetings of shareholders together with GMD and CFO; and</li><li>(j) ensuring effective communication with shareholders and relevant stakeholders.</li></ul> <p>Given his vast experience in the construction sector, Dato Ir Goh was able to provide effective leadership in the Board. He was able to give clear directions for the Board and Management in achieving the Group's sustainable earnings growth in the best interest of all stakeholders.</p> <p>The roles and responsibilities of the Chairman are clearly spelt out in paragraph 4.1 of the Board Charter which is available on the Company's</p>

	website at <a href="https://www.sunwayconstruction.com.my/investor-relations/">https://www.sunwayconstruction.com.my/investor-relations/</a> under “Corporate Governance” section.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and GMD are held by two different individuals to ensure balance of power and authority. Dato' Ir Goh is the Independent Non-Executive Chairman of the Board while Mr Liew Kok Wing is the GMD. The roles of Chairman are stated in the Practice 1.2 of this Report.</p> <p>Mr Liew Kok Wing was appointed as the GMD in replacement of Mr Chung Soo Kiong with effect from 1 April 2022. The GMD acts as the conduit between the Board and the Management and has the executive responsibility for the day-to-day operations of the Company's business and the execution of the agreed business strategies and policies set by the Board and of all operational decisions in managing the Company. The GMD leads a senior management team in carrying out the day-to-day operations of the Company.</p> <p>The separate roles and responsibilities of the Chairman and the GMD are clearly defined in the Board Charter, a copy of which is available on the Company's website at <a href="https://www.sunwayconstruction.com.my/investor-relations/">https://www.sunwayconstruction.com.my/investor-relations/</a> under "Corporate Governance" section.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.4**

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Chairman of the Board is not a member of the AC and the NRC.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is supported by 2 Company Secretaries. Both of them are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 and are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (“<b>MAICSA</b>”).</p> <p>The Company Secretaries advise the Board, Management and shareholders on corporate governance matters of the Company. They worked with the Board and Management to strengthen corporate governance policies and processes. In addition, they facilitate:</p> <ul style="list-style-type: none"><li>a) the Board governance process and systems;</li><li>b) orientation of new Board members;</li><li>c) interaction between the Board and Management;</li><li>d) Board and Board committees’ evaluations;</li><li>e) minutes recording and manage follow-up actions;</li><li>f) identifying and assisting training and development of Directors;</li><li>g) the Board in understanding regulatory requirements and listing rules;</li><li>h) disclosure of material information to shareholders in a timely manner;</li><li>i) reporting on any breach of regulatory requirements;</li><li>j) statutory filings and information; and</li><li>k) the organisation of general meetings and polling process.</li></ul> <p>The Board has unrestricted access to the advice and services of the Company Secretaries. The Company Secretaries advise the Board on its roles and responsibilities and to ensure adherence to the Board’s and Board committees’ policies and procedures. They also provide updates on the regulatory requirements related to Company and securities regulations as well as Main Market Listing Requirements (“<b>Listing Requirements</b>”) of Bursa Malaysia Securities Berhad (“<b>Bursa Securities</b>”) to the Board. In addition, the Company Secretaries also manage Board and Board committees’ meetings logistics, attend and record minutes of the Board and Board committees’ meetings as well as facilitate Board communications. The Company Secretaries also ensure that the decisions of the Board and Board Committees are relayed to Management for follow-up actions and reported back to the Board and Board Committees. The processes pertaining to the general meetings of the Company are managed by the Company Secretaries.</p>

	<p>During the FY2022, the Company Secretaries:</p> <ul style="list-style-type: none"> <li>(i) attended all Board and Board committees' meetings;</li> <li>(ii) prepared and circulated the annual meeting calendar in advance of FY2022;</li> <li>(iii) managed the logistics of all Board and Board committees' meetings and responsible for the proper conduct of the meetings according to applicable rules and regulations;</li> <li>(iv) constantly updated to the regulatory changes and corporate governance developments by attending workshops, conferences and training programmes organised by MAICSA, Bursa Securities, ICLIF Executive Education Center, etc;</li> <li>(v) regularly updated and advised the Board on new status, regulations and directives issued by regulatory authorities;</li> <li>(vi) collaborated with Mega Corporate Services Sdn Bhd ("<b>Mega Corporate</b>") and organised the Company's virtual Eighth Annual General Meeting ("<b>8<sup>th</sup> AGM</b>") held on 22 June 2022;</li> <li>(vii) briefed the Board on the following developments in laws and regulations: <ul style="list-style-type: none"> <li>(a) Amendments to the Listing Requirements of Bursa Securities in relation to Enhanced Adviser Framework, Submission of Corporate Proposals and Other Amendments;</li> <li>(b) Amendments to the Listing Requirements of Bursa Securities in relation to Director Appointment, Independent and Miscellaneous Changes; and</li> <li>(c) Corporate Governance Strategic Priorities 2021 – 2023 issued by the Securities Commission of Malaysia;</li> </ul> </li> </ul> <p>The Company Secretaries in collaboration with Mega Corporate had organised the Company's 8<sup>th</sup> AGM which was held on 22 June 2022 whereby, registered shareholders had attended the AGM virtually through live streaming and voted online.</p> <p>The Board was satisfied with the professionalism, competencies and support rendered by the Company Secretaries in discharging their functions.</p> <p>The roles and responsibilities of the Company Secretaries are stipulated in paragraph 18 of the Board Charter, a copy of which is available on the Company's website at <a href="https://www.sunwayconstruction.com.my/investor-relations/">https://www.sunwayconstruction.com.my/investor-relations/</a> under "Corporate Governance" section.</p>
<p><b>Explanation for departure</b> :</p>	

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

## Intended Outcome

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

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The schedule of Board and Board committees' meetings and AGM are planned in advance for each new year. On 22 November 2022, the schedule of Board and Board committees' meetings for financial year 2023 was circulated to the Board to facilitate the Directors in planning ahead. In addition, the schedule of the pre-planned meetings as well as closed periods for dealing in securities of the Company by Directors were uploaded onto the Directors' electronic devices.</p> <p>The Board meets regularly at least once every quarter 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 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 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 Board committees' meetings may be held at short notice, when decisions of a time-critical nature need to be made.</p> <p>The AC's meetings will be held prior to the Board meetings to allow the AC to have sufficient time for objective and independent discussions.</p> <p>In addition, the Group has implemented paperless meetings where Board papers are uploaded onto a secure online platform and are accessible via laptops, tablet devices and mobile phones. The Directors can conveniently and instantly download and access to the electronic Board papers wherever they are. The Board papers provided include inter alia, financial results, business plan and budget, progress report on the Group's projects, 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>The Company Secretaries ensure that a Director who has an interest in any proposal or transaction, either direct or indirect, which is being presented for the Board's approval, declare his or her interest and will abstain from deliberation and voting of the same at the Board meeting.</p>

	<p>All conflicts of interests disclosed will be recorded in the minutes of the meetings.</p> <p>Detailed Board papers are attached to all circular resolutions. All Directors' Circular Resolutions are approved using online electronic means resulting in efficient and timely Board decision and facilitating speedy Management implementation.</p> <p>The minutes of proceedings of each meeting are circulated to all Board members so that all Directors are aware of the deliberations and resolutions made. 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>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board operates under a Board Charter that 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.</p> <p>The Board Charter sets out among others, the Board's role and responsibilities, Board composition, the roles and functions of Chairman of the Board and the GMD as well as the functions of the Board committees.</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 and 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 GMD. This formal structure of delegation is further cascaded by the GMD to the management team. The GMD 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"><li>• Conflict of interest issues involving substantial shareholders or Directors and senior management in decision making positions;</li><li>• Material acquisitions and disposals of undertakings not in the ordinary course of business;</li><li>• Material investments in capital projects;</li><li>• Material bid/tenders for construction projects and investment proposals;</li><li>• Overseas ventures;</li></ul>



	<ul style="list-style-type: none"> <li>• Annual business plan and budgets (including major capital commitments);</li> <li>• Material corporate or financial exercise/restructuring;</li> <li>• Declaration of dividend;</li> <li>• Directors’ Fees and allowances;</li> <li>• Annual and interim financial results;</li> <li>• Management approval authority limits;</li> <li>• Donation above RM100,000.00; and</li> <li>• Corporate Governance issues and related polities.</li> </ul> <p>The GMD 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"> <li>• Formulate, recommend and implement the strategic objectives of the Company;</li> <li>• Translate the approved strategic plan into operation and financial action plans;</li> <li>• Manage the Company’s human, physical and financial resources to achieve the Company’s objectives;</li> <li>• Operate within the delegated authority limits set by the Board;</li> <li>• 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;</li> <li>• Develop, implement and manage the Company’s risk management and internal control systems within the risk appetite and framework;</li> <li>• Develop, implement and update policies and procedures;</li> <li>• Keep pace with industry and economic trends in the Company’s operating environment; and</li> <li>• Provide the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.</li> </ul> <p>To ensure the effective discharge of its functions and responsibilities, the Board has delegated specific responsibilities to the relevant Board committees and the Board committees are governed by the respective TOR of the Board committees.</p> <p>The Board Charter and the TOR will be reviewed by the Board and the respective Board committees from time to time to ensure they continue to remain relevant and appropriate as well as in line with any amendments to the relevant regulations and corporate governance practices. The Board Charter was last reviewed and amended by the Board on 22 November 2022.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>

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

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

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company has a Code of Conduct and Business Ethics Policy ("<b>Code</b>") which provides an ethical framework to guide the actions and behaviours of all Directors and its employees while at work. The Code also provides guidance on the standards of behaviours expected of all directors and employees of the Group and where applicable, counterparts and business partners.</p> <p>The Code reflects the increasing need for effective corporate governance compliance measures in the conduct of the Group's business domestically and worldwide. It also emphasizes and advances the principles of discipline, good conduct, professionalism, loyalty and cohesiveness that are critical to the success and well-being of the Group.</p> <p>The Company has the following policies to guide its business conduct:</p> <ul style="list-style-type: none"><li>(i) Anti-Bribery and Corruption ("<b>ABC</b>") Policy;</li><li>(ii) Anti-Money Laundering ("<b>AML</b>") Policy;</li><li>(iii) Insider Trading Policy;</li><li>(iv) Sunway E-Policy governing the use of corporate e-mails, information systems and intellectual assets owned by the Company;</li><li>(v) Management conflict of interest disclosure policy; and</li><li>(vi) Donation and Contribution Policy</li></ul> <p>The Code is applicable to Directors and employees (including full time, probationary, contract and temporary staff) of the Group. Each employee has a duty to read and understand the Code. All employees of the Group are required by the Group Human Resources to read and understand the above policies as well as adhering to the Code and policies at all time during their services with the Group.</p> <p>In line with good corporate governance practices, the Management and Board of the Company encourage all employees and stakeholders of the</p>

	<p>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>The Group adopted a ZERO TOLERANCE policy against all forms of bribery and corruption. The Company's employees and associates must not offer, promise or give a bribe to anyone and must not request, agree to accept or take bribe from anyone. All employees will be subjected to stern disciplinary action, including dismissal as well as civil and criminal liability if he/she is found in violation of this policy.</p> <p>The ABC Policy provides guidance to all 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.</p> <p>The AC is responsible to oversight the effectiveness and compliance of the ABC Policy. The RMC is responsible in ensuring that structured policies and procedures on anti-corruption are in place as part of its annual risk assessment of the Group.</p> <p>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 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 policies.</p> <p>All of the above-mentioned Code and policies are published at the Company's website at <a href="http://www.sunwayconstruction.com.my">www.sunwayconstruction.com.my</a>.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>

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

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

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

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with good corporate governance practices, the Management and Board encourage all employees and stakeholders 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 &amp; Procedures to provide a mechanism for all level of employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuse on a timely basis for management action. The Policy was published in its website.</p> <p>The whistleblowing procedure is also intended to be used as an ultimate remedy, if no other means are available to address the matter. The Chairman of AC and the Head of Internal Audit Department ("<b>IAD</b>") are responsible for administration and compliance with this policy and procedures.</p> <p>Employees or members of the public who have knowledge or are aware of any improper conduct within the Group are encouraged to disclose through the following reporting channels:</p> <p><b><u>Whistleblowing Hotlines</u></b> Tel: (603) 5639 8025 Email: <a href="mailto:whistleblowing@sunway.com.my">whistleblowing@sunway.com.my</a></p> <p>Emails and calls sent to these channels will be directed to the Head of IAD and the Chairman of the AC.</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 IAD practices and fraud responses procedures. Upon completion of each investigation, IAD will prepare a report to the Chairman of AC for further action. The Head of IAD shall prepare a summary report and present it to the AC on a quarterly basis.</p>

	During the FY2022, the Head of IAD received 1 whistleblowing report. IAD had taken the necessary steps to conduct an investigation on the complaint received.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Sustainability is core in everything the Group does as the Group stay true to Sunway Group's corporate vision of being Asia's model corporation in sustainable development, innovating to enrich lives for a better tomorrow.</p> <p>In 2021, the Company strengthened its sustainability governance by setting up a Board Sustainability Committee ("<b>BSC</b>") which comprises 3 Directors, namely Dato' Dr Johari Bin Basri (<i>Senior Independent Non-Executive Director</i>), Ms Tan Ler Chin (<i>Independent Non-Executive Director</i>), Mr Chung Soo Kiong (<i>Non-Independent Executive Director</i>) (<i>ceased to be BSC member w.e.f. 1 April 2022</i>) and Mr Liew Kok Wing (<i>Non-Independent Executive Director</i>) (<i>appointed w.e.f. 1 April 2022</i>).</p> <p>The sustainability areas under the purview of the BSC are as below:</p> <ul style="list-style-type: none"><li>• Mitigation and adaptation to climate change;</li><li>• Sustainability and climate change risks and opportunities;</li><li>• Resource use and efficiency;</li><li>• Waste management;</li><li>• Biodiversity protection;</li><li>• Safety and health;</li><li>• Fair employment and labour practices;</li><li>• Capacity building, diversity and inclusiveness;</li><li>• Product stewardship and quality management;</li><li>• Sustainable procurement practices;</li><li>• Governance and ethics;</li><li>• Community engagement and development;</li><li>• Organisational innovation; and</li><li>• Other areas deemed material from time to time</li></ul> <p>The BSC assumes the following duties and responsibilities:</p>



	<p>(i) To assist the Board in overseeing matters pertaining to sustainability and climate change;</p> <p>(ii) To report to the Board on the Group’s sustainability agenda, climate change risk management, strategic direction and key initiatives on sustainable development;</p> <p>(iii) To oversee the Group’s sustainability strategies, consider and approve proposals from Sustainability Working Team (“<b>SWT</b>”) and recommend its adoption by the Board;</p> <p>(iv) To monitor the adequacy of resources allocated in achieving compliance with strategies, targets, policies and roadmap pertaining to the Group’s sustainability agenda;</p> <p>(v) To monitor and review the Group’s ESG key performance indicators that are criteria for yearly appraisal and remuneration;</p> <p>(vi) To oversee the processes, standards and strategic directions designed to manage ESG risks;</p> <p>(vii) To identify potential opportunities to enhance the Group’s ESG adoption and adaptation;</p> <p>(viii) To consider and recommend to the Board on the Group’s position pertaining to emerging sustainability issues; and</p> <p>(ix) To consider any other matters relevant to sustainability or ESG matters that are referred to it by the Board.</p> <p>The BSC meets at least twice a year and any other times as may be necessary to review the Group’s sustainability strategies, objectives, policies and practices. During the financial year under review, the BSC met to discuss and deliberate on the following matters:</p> <p>(a) On 20 January 2022, the BSC:</p> <ul style="list-style-type: none"> <li>• reviewed and endorsed SunCon’s Sustainability Policy, which served as guiding principles for the Group’s sustainability agenda, and recommended it to the Board for approval;</li> <li>• reviewed the “SunCon Future Value Goals 2030” and related targets;</li> <li>• reviewed the Company’s approach in addressing Task Force on Climate-Related Financial Disclosures (<b>TCFD</b>) recommendation, risks and opportunities; and</li> <li>• updated by the BSC Secretariat on the “moving forward strategies - future trends” of the sustainability.</li> </ul> <p>(b) On 21 July 2022, the BSC reviewed and endorsed the Sustainability Framework of the Company and recommended it to the Board for approval.</p> <p>(c) On 15 December 2022, the BSC reviewed and discussed the following matters:</p> <ul style="list-style-type: none"> <li>• updated by the BSC Secretariat on the enhanced sustainability reporting requirements issued by Bursa Malaysia;</li> <li>• reviewed the Company’s focus area on ESG and related targets; and</li> </ul>
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	<ul style="list-style-type: none"> <li>reviewed SunCon Stakeholder Assessment 2022 including the methodology used, respondent groups and targeted respondents.</li> </ul> <p>The Company has also conducted a comprehensive materiality assessment where its internal and external stakeholders were involved in the process of identifying the top material ESG issues. The materiality assessment has been completed in December 2022. The survey resulted in a list of top 10 material issues and was concluded with a focus group discussion among the C-Suite and Senior Management to obtain the members' insights on the 10 material issues. Upon deliberation and in-depth review of findings from the materiality assessment, the focus group decided to retain all 14 material ESG issues identified instead of limiting to top 10 material issues given the importance of each issue to the business model, and they as also in line with the common sustainability matters stipulated in the Enhanced Sustainability Reporting Framework issued by Bursa Malaysia in September 2022. The results were presented to the Board Sustainability Committee and were approved and endorsed by the Board.</p> <p>The SWT supports the BSC in executing and driving its sustainability strategies and initiatives. The team is spearheaded by subject matter experts within the group on matters in relation to ESG, synergizing the knowledge and expertise within the Group to best manage climate-related risks through embedding mitigation approach and measures into our business operations.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board discloses the Company’s approach to sustainability and the Group’s sustainability goals and targets in its Integrated Annual Report (“IAR”) 2022.</p> <p>The Company disclosed in the IAR 2022 its priority and the approaches to be taken in relation to United Nations Sustainable Development Goals (“SDGs”). The Company also included in the IAR 2022 on its long-term targets and interim annual targets towards the SDGs with a clear progress tracking showing the progress of the Group towards the SDGs.</p> <p>The Company has signed up as an official supporter of the TCFD in January 2021 and has since adopted its Risk Management recommendations and framework for the assessment of climate-related risks and opportunities. The Company also disclosed in the IAR 2022 its climate-related risks and opportunities assessment and its approach in response.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In 2021, the BSC was established and tasked with the responsibility to assist Board in overseeing the Group’s sustainability strategies, objectives, policies and practices.</p> <p>The BSC meets at least twice a year and any other times as may be necessary to review the Group’s sustainability performance, policies and practices to ensure its relevancy.</p> <p>The Company has signed up as an official supporter of the TCFD in January 2021 and has since adopted its Risk Management recommendations and framework for the assessment of climate-related risks and opportunities.</p> <p>The BSC, supported by the SWT, assumes the responsibilities which includes to report to the Board on the Group’s sustainability agenda, climate-related risks and opportunities and risk management, risks and opportunities with regards to sustainability matters and kept Board updated on the latest development and global trends with regards to sustainability matters.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company integrated sustainability in Executive Director(s) and Senior Management’s performance KPIs and performance evaluations which are linked to remuneration to align with the Sunway Sustainability 2030 Goals &amp; Targets.</p> <p>Initially, the KPI on sustainability was covered under the category of “Strategic Initiatives, Branding &amp; Sustainability” which carried 20% of the total weightage which KPI on sustainability only carries 5% out of 20%. In 2022, the KPI relating to sustainability has been separated out as an individual Key Results Area to better measure the initiative and efforts of the Company and its Group in driving ESG. The achievements under the Sustainability category will carry a 10% of weightage on the scorecard, which will subsequently impact the overall rating and remuneration of the respective Directors and Senior Management.</p> <p>The Group Human Resources measure the KPIs related to “Sustainability” category by using MSCI ESG rating as an individual Key Results Area to ascertain the initiative and efforts of the Company and its Group in driving ESG. The MSCI ESG rating would be assessed yearly and the rating of the year would be included in the GMD and DGMSs KPI.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>Mr Liew Kok Wing, the GMD, is responsible to spearhead and drive sustainability strategies and initiatives in ensuring the Company's ESG risks are mitigated and opportunities arise are harnessed and internalised into the Company's operations. Mr Liew is also a member of the BSC, which is responsible to assist the Board in fulfilling its oversight on the Group's sustainability strategies and championing its sustainability agenda.</p> <p>The Sustainability Manager, Ms Sam Tan, was appointed in January 2022 to manage, coordinate and execute strategies as advised by the BSC and Company's Management to address ESG concerns including but not limited to governance and ethics, resource use and efficiency, emissions reduction, waste management, safety and health, capacity building, diversity and inclusiveness, and organisational innovation.</p> <p>Within the reporting period, the Group has established its Sustainability Framework and reviewed existing ESG targets to ensure its relevancy in contributing towards the global climate targets.</p>

## Intended Outcome

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

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Pursuant to Clause 106 of the Company's Constitution, 1/3 of the Directors (including the GMD) are subject to retirement by rotation at each AGM. Each Director shall retire once at least in each three (3) years but shall be eligible for re-election. In addition, Clause 89 of the Company's Constitution further states that a Director appointed to fill a casual vacancy or as an additional director shall hold office only until the next AGM and shall be eligible for re-election.</p> <p>At the 8<sup>th</sup> AGM of the Company held on 22 June 2022, the following retiring Directors, being eligible, had been re-elected as Directors of the Company:</p> <p>(a) Dato' Ir Goh and Dato' Dr Johari Bin Basri who were retiring by rotation pursuant to Clause 106(1) of the Company's Constitution; and</p> <p>(b) Ms Tan Ler Chin and Mr Liew Kok Wing who were retiring pursuant to Clause 89 of the Company's Constitution.</p> <p>The NRC had reviewed the performances and contributions of the retiring Directors. Based on the Directors' performance evaluation and the Directors' peer evaluation, the NRC was satisfied with the retiring Directors performance and recommended to the Board, their re-election as Directors of the Company. The Board endorsed the NRC's recommendation that the retiring Directors be re-elected, subject to the shareholders' approval at the 8<sup>th</sup> AGM. All retiring Directors standing for re-election had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and Board meetings.</p> <p>The information of the retiring Directors such as their personal profile, record of attendance of meetings, shareholding (where applicable), details of any interest, position or relation that might influence the Director to function effectively etc are disclosed in the IAR 2021.</p> <p>The resolutions to re-elect the retiring Directors were subsequently approved by the shareholders at the 8<sup>th</sup> AGM.</p>

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



### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board comprises majority Independent Directors. Out of the eight (8) Directors, five (5) of them are Independent Non-Executive Directors. The Chairman of the Board is an Independent Non-Executive Director.</p> <p>A review and assessment were performed on the independence status of the Independent Non-Executive Directors on 23 February 2022. The Independent Non-Executive Directors confirmed in writing to the Board that they had met the independence criteria prescribed under the Listing Requirements of Bursa Securities. In addition, the Independent Directors continued to be “independent in mind” and had committed to protect the interest of minority shareholders as well as acting in the best interest of all stakeholders of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company has a policy which limits the tenure of Independent Director shall not exceed a cumulative term limit of twelve years.</p> <p>The Board acknowledged the best practice that the tenure of an Independent Director shall not exceed a cumulative term limit of nine years. However, the Board is of the view that the ability of long serving Independent Directors to remain independent and to discharge their duties should not be solely measured by tenure of service as long as the Independent Directors are independent-minded and continue to provide the necessary checks and balances in the best interest of the Company.</p> <p>The Independent Directors have each provided an undertaking to Bursa Securities since their appointment to confirm that they meet the criteria of "independent director" as defined under Paragraph 1.01 of the Listing Requirements of Bursa Securities.</p> <p>For the financial year under review, each of the Independent Directors had provided their annual confirmations of independence to the Board based on the definition of "independent director" prescribed in the Listing Requirements. The Board had assessed and concluded that the Independent Directors continue to be independent and each of them is free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.</p> <p>To-date, none of the Independent Directors have exceeded the cumulative term limit of nine years.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	: Each Independent Directors has undertaken to notify the Board of any changes in the circumstances or of any new interest or relationship which would affect their independence as an Independent Director of the Company.  In addition to the annual confirmation, the Independent Directors are also required to confirm on an annual basis whether they have any family relationship with any other Director and/or major shareholders of the Company, any conflict of interests with the Company and whether have convicted any offence within the past five years other than traffic offences and any public sanction or penalty imposed by the relevant regulatory bodies.
<b>Timeframe</b>	: Others

**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

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

### Intended Outcome

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

### Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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</p> <p>Based on the policy, the Board has delegated the responsibility for recommending a potential candidate to fill a Board vacancy to NRC but the ultimate decision on the appointment of a candidate is solely that of the Board as a whole after considering the recommendations of NRC.</p> <p>The NRC will source for potential candidates for Board appointment from professional bodies such as the ICDM, Malaysian Directors Academy (“<b>MINDA</b>”), Malaysian Institute of Directors, independent search firms etc. Nomination for candidates may also come from the Directors and major shareholders.</p> <p>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, independence, sound industry knowledge, 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. The candidate must meet the “fit and proper” criteria of Director under Fit and Proper Policy of the Company to ensure the candidate meets the test of probity, competency and financial integrity. He or she must not have any conflict of interests.</p> <p>The Board had adopted a Diversity and Inclusion policy and is committed to encouraging diversity and inclusion in the workplace.</p> <p>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</p>

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.

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.

The Board has a policy that each Director must not hold more than five (5) directorships in public listed companies. This is to ensure that they have sufficient time to fulfil their duties effectively. The policy has been incorporated into Board Charter which requires a Director to seek prior consent from the Board Chairman before he or she accepts any new directorship outside the Group.

The Company Secretary will monitor the number of directorships and the changes, if any, of each Director and report to the Board during the meetings. The Directors have also provided confirmation on their directorships in other listed and non-listed companies biannually.

During the financial year under review, the Directors devoted their time to serve the Board effectively. Their record of attendances is shown in the table below:

Name of Director	Attendance (Attended/ Held)	% of Attendance
Dato' Ir Goh	10/10	100
Dato' Johari Basri	10/10	100
Dato' Siow Kim Lun	10/10	100
Dr Sarinder Kumari	10/10	100
Tan Ler Chin	10/10	100
Tan Sri Dato' (Dr) Chew Chee Kin	10/10	100
Evan Cheah Yean Shin	10/10	100
Liew Kok Wing* (Appointed w.e.f. 1/4/2022)	7/7	100
Chung Soo Kiong* (Resigned w.e.f. 1/4/2022)	3/3	100

Note:

\* Reflects the number of meetings held during the time the Director held office.

Following Mr Chung Soo Kiong resignation as the GMD of the Company, Mr Liew Kok Wing was promoted to act as the GMD of the Company with effect from 1 April 2022 as part of the Management succession plan. The NRC assessed Mr Liew Kok Wing's eligibility and suitability and had at its meeting recommended the appointment of Mr Liew Kok Wing as the GMD of the Company to the Board for approval.

	<p>Ms Ng Bee Lien, the CFO of the Company resigned on 30 June 2022. Ms Elaine Lai Ee-Ling was proposed as the replacement. The NRC assessed Ms Elaine Lai Ee-Ling's eligibility and suitability before nominating her as the CFO of the Company with effect from 1 July 2022. Subsequently, having considered her qualification, experience and achievements, the NRC had recommended the appointment of Ms Elaine Lai Ee-Ling as the CFO of the Company with effect from 1 July 2022. The said appointment was subsequently approved by the Board.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

### Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has a formal policy on selection process and assessment criteria for appointment of new directors. It sets out the criteria for selection and assessment of the potential candidate for election to the Board.</p> <p>The Board has delegated NRC the responsibility to identify qualified individuals to serve as members of the Board and recommending such candidate for appointment to the Board.</p> <p>The policy allows the Board to engage executive search firms and other channels such as professional bodies, for e.g. the ICDM, 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 judgement and have meaningful experience as well as expertise in business, corporate, engineering, civil, accounting, legal, finance or other relevant disciplines. 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> <p>The NRC shall gather all relevant information of the candidate and it may seek the help of the Company Secretary or Human Resources Department to assist in information gathering as well as to conduct legal and other background verification. The NRC shall then assess the experience and expertise of the new Board member(s) and interview the shortlisted candidate(s) together with the Chairman and GMD, if required, to assess the suitability of the candidate(s).</p>



	The ultimate decision on the appointment of a candidate is solely that of the Board as a whole after considering the recommendations of the NRC.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The details of the newly appointed director such as name, age, gender, working experience and occupation, conflict of interest (if any), any other directorships in public companies and listed issuers will be included in the announcement released to Bursa Securities.</p> <p>The Company's Constitution provides that 1/3 of the Board is subject to retirement by rotation at each AGM. Each Director shall retire once every 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>The names of the retiring Directors are disclosed in the notice of the annual general meeting together with an explanatory note on their re-election. In the explanation note, the Company disclosed that the NRC had assessed the retiring Directors as well as the independence of the retiring Independent Directors who were seeking re-election at the annual general meeting. The areas of assessment included their time commitment, contribution to board discussions, character, integrity, competencies, experiences. The NRC was satisfied that the retiring Directors had performed their roles and functions effectively and continued to be an effective and valuable member of the Board. Upon NRC's recommendation, the Board had endorsed the re-election of the retiring Directors subject to the shareholders' approval at the annual general meeting.</p> <p>The profiles of retiring directors standing for re-election and their other details such as personal details, details of conflict of interest (if any), position or relationship with Director and/or major shareholder, conviction for offences, records of meeting attendance and shareholdings (where applicable) are disclosed in the Company's IAR to assist the shareholders in determine on the re-appointment of the Directors.</p>

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

**Intended Outcome**

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

**Practice 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NRC is chaired by Dato' Dr Johari Bin Basri, who is a Senior Independent Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board now comprises two (2) women directors, i.e. equivalent to 25% of the Board composition.	
		The Board supports having 30% women representation in the Board. Nevertheless, it will take time for the NRC to continue its search for the right candidate to meet the 30% target.  The NRC annually evaluates the Board size, competencies mix, relevant experience, skills set and diversity in the Board to ensure it is appropriate to the businesses of the Company while mindful of the fact that the Board has yet to fulfil the 30% target.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The NRC will continue to look out for a suitable women candidate based on a set of criteria relevant to the Company's businesses	
<b>Timeframe</b>	:	Others	No timeframe fixed. It will be based on the availability of the 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 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board has disclosed the Group's diversity and inclusiveness policy in the IAR 2022. It recognises that diversity at the Board and senior management is critical in ensuring their effectiveness, competitiveness and compliance to the best governance practices.</p> <p>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 businesses and goals. Nonetheless, the Board will also prioritize selection criteria based on merit with an effective mix of competencies, skills as well as relevant experience and knowledge in order to strengthen the Board.</p> <p>The NRC is responsible to review and assess the composition and performance of the Board as well as identifying suitable candidates for Board appointments before recommending to the Board for approval. Among the criteria reviewed and assessed are the appropriate knowledge, skills, competencies, experience, integrity, time commitment and diversity of the Board composition which include gender, ethnicity, age, etc.</p> <p>The Board now comprises 2 women representatives, which is equivalent to 25% of the Board composition. The appointment reinforces the Company's commitment to gender diversity, which is an integral component of good corporate governance.</p> <p>The Company also recognises the importance of diversity and inclusiveness in senior management to achieve the strategic objectives and sustainable growth as well as to promote good corporate governance within the Group. It has a Diversity and Inclusion Policy which is applicable to the employees of the Group including the senior management. The Group is committed to diversity and inclusion in the workplace.</p> <p>The Group is focused on empowering its people by creating an inclusive and engaging work environment for them. Recognising and embracing the diversity of its people will not only enable the Group to create a diverse workforce that can generate different ideas and perspectives; the various background and experiences will also foster greater innovation as well as better problem-solving and decision-making skills.</p>

	<p>The Group does not discriminate against any demographic background including gender, age, ethnicity (nationality and religion), sexual orientation and disability, as it ensures equal opportunities and treatment across its workforce when it comes to employment, rewards, remuneration and recognition. In 2022, there were no cases of discrimination reported and the Group targets to maintain the status of zero cases of discrimination.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The NRC has a formal and rigorous internal annual assessment each year to determine the performance and effectiveness of its Board, Board Committees and the individual Directors and to identify steps for improvement.</p> <p>On the recommendation of the NRC, the Board had appointed ICDM to undertake an external independent evaluation of the Board and Directors' Effectiveness ("<b>BDEE</b>") for the financial year 2022.</p> <p>The objective of the appointment was to provide insights to the Board and Board Committees as to their effectiveness in relation to adhering the best practices as stated in the Malaysian Code on Corporate Governance 2021. In addition, the assessment also meant to provide suggestions to the Board for improvements in its journey to becoming a high-performing Board.</p> <p>The BDEE covered 10 key parameters as outlined below:</p> <ul style="list-style-type: none"><li>(i) Board Leadership;</li><li>(ii) Board Composition, Skills and Development;</li><li>(iii) Board Committees;</li><li>(iv) Board Governance Oversight and Processes;</li><li>(v) Board Agenda, Minutes and Information;</li><li>(vi) Board Dynamics and Culture;</li><li>(vii) Board and Management Relationship;</li><li>(viii) Board and Stakeholder Engagement;</li><li>(ix) Board Sustainability Matters; and</li><li>(x) Board's Pandemic/ Crisis Management Response</li></ul> <p>The BDEE assessed the effectiveness of the Board and each individual Director through a combination of one-to-one confidential interviews,</p>



	<p>sighting of governance documents in confidentiality and online questionnaires.</p> <p>Upon completion of the assessment process, ICDM conducted a briefing session with the Board where ICDM presented its final BDEE Report which sets out the detailed findings and the corresponding recommendations for each finding, all of which have been benchmarked against the corporate governance best practices.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company adopted a remuneration policy which set out the principles in determining the appropriate level of remuneration for the Directors and Key Senior Management. The remuneration policy is available at its website for reference.</p> <p>The remuneration policy spelt out the remuneration package for the Executive Directors and Key Senior Management of the Group which made up of fixed monthly salary, performance-based remuneration such as bonus, long-term incentive and benefits-in-kind. The remuneration packages are reviewed annually to ensure that they are competitive and benchmarked against the market and the competitors in the same industry. The NRC with the assistance from the Group HR has a transparent procedure to ensure that the Executive Directors and Key Senior Management remuneration package are determined in a fair and equitable manner.</p> <p>The Group uses SAP SuccessFactors programme to facilitate performance management and measurement process for the GMD and Key Senior Management. The review is conducted on a half-yearly basis.</p> <p>The NRC had reviewed and discussed the goal setting in the beginning of the year. The NRC had on 23 August 2022 reviewed and discussed the mid-year performance appraisal of the GMD, CFO and GDMDs of Sunway Construction Sdn Bhd ("SCSB") against the approved performance scorecards. On 21 February 2023, the final performance appraisal of the GMD, CFO and GDMDs of SCSB were presented to the NRC for review.</p> <p>For Non-Executive Directors, the remuneration package is meant to reflect their level of responsibilities, expertise and complexity of the Group's activities. The remuneration of Non-Executive Directors shall</p>

	<p>consist of fixed Directors' fee per annum and meeting allowances for every Board or Board committees' meeting attended. Their remuneration will be reviewed annually with reference to the companies of similar industries or scale by the NRC and the Board. The Non-Executive Directors will not be eligible for employees share option scheme to ensure their independency. The fees of the Directors and benefits payable to the Directors are subjected to the Company's shareholders' approval.</p> <p>On 29 March 2023, the Board as a whole approved the annual fees payable to the Non-Executive Directors with the individual Directors abstaining from deliberating and voting on their individual remunerations. The fees payable to Non-Individual Directors are then recommended to the shareholders for approval at the forthcoming 9<sup>th</sup> AGM.</p> <p>For the financial year ended 31 December 2022, subject to shareholders' approval, the Chairman of the Board is entitled to a Director's fee of RM180,000 per annum while the rest of the Independent Non-Executive Directors are entitled to a fee of RM100,000 per annum. In addition, the Non-Executive Directors are also entitled to a meeting allowance of RM500 per individual per meeting for attending the Board or Board Committee Meetings and construction site visit allowance of RM1,000 per meeting/visit for discharging the duty as Chairman of the BSC of the Company.</p> <p>In addition to the Directors' fees, the Chairman and members of AC are entitled to the following fee per annum in respect of their oversight responsibility in respect to financial reporting, internal control system, risk management, internal and external audit function as outlined in the AC's terms of reference:</p> <table border="1" data-bbox="555 1335 1337 1411"> <thead> <tr> <th>Board Committee</th> <th>Chairman</th> <th>Member</th> </tr> </thead> <tbody> <tr> <td>AC</td> <td>RM6,000</td> <td>RM3,000</td> </tr> </tbody> </table> <p>The AC's fees are also subject to shareholders' prior approval and will be paid annually together with the payment of Directors' fees.</p>	Board Committee	Chairman	Member	AC	RM6,000	RM3,000
Board Committee	Chairman	Member					
AC	RM6,000	RM3,000					
<p><b>Explanation for departure</b> :</p>							
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>							
<p><b>Measure</b> :</p>							
<p><b>Timeframe</b> :</p>							

### 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 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company adopted a Remuneration Policy for Directors and Senior Management which serves as a guide to outline the principles for the NRC to determine and propose an appropriate level of remuneration for the Directors and Senior Management. The policy was last amended on 18 November 2021 to incorporate sustainability KPI into Executive Directors and Senior Management scorecards in line with the Company's 2030 Sustainability Goals &amp; Targets.</p> <p>The NRC is responsible to ensure a fair differential between the remuneration of Executive Directors and Key Senior Management and other levels of management is maintained. It also assumes the responsibility for all elements of Executive Directors and Key Senior Management's remuneration matters.</p> <p>The members of NRC are Dato' Dr Johari Bin Basri (Chairman), Tan Sri Dato' (Dr) Chew Chee Kin, Dato' Siow Kim Lun, Dr Sarinder Kumari and Ms Tan Ler Chin. Majority of them are Independent Directors. The duties and responsibilities of NRC are set out in its TOR which is available on the Company's website at <a href="http://www.sunwayconstruction.com.my">www.sunwayconstruction.com.my</a>.</p> <p>The NRC with the assistance of the Group HR, evaluates the performance of the GMD, CFO and GDMDs of SCSB twice a year. They will be assessed based on a set of pre-approved KPIs using performance balanced scorecard. The KPIs of GMD and GDMDs of SCSB comprised budgeted financial targets, business strategic initiatives, sustainability, operational targets and people development. The CFO's KPIs encompassed the Company's financial performance, operational targets, branding as well as people development and engagement.</p>

The NRC would then determine the salary increments and performance bonuses of the GMD, CFO and GDMDs of SCSB based on their performance appraisals. The NRC also reviews the remuneration packages of the GMD, CFO and GDMDs of SCSB to ensure that they commensurate with the scope of responsibilities and performance achieved as well as benchmarked against its peers in the same industry.

During the financial year under review, the NRC met five (5) times to discuss and deliberate on the following matters before recommending the same to the Board for approval:

- (i) First NRC Meeting held on 23 February 2022
  - (a) Reviewed the 2021 year-end performance appraisal of Mr Chung Soo Kiong (*then GMD until 1 April 2022*), Ms Ng Bee Lien (*then CFO until 1 April 2022*) and Mr Liew Kok Wing (*then MD of SCSB until 1 April 2022*); and
  - (b) Reviewed and endorsed the proposed bonus and salary increment for the GMD, CFO and MD of SCSB for year 2022.
- (ii) Second NRC Meeting held on 29 March 2022

Reviewed and endorsed the proposed total bonus and salary increment of then GMD, CFO and MD of SCSB for year 2022.
- (iii) Third NRC Meeting held on 25 May 2022
  - (a) Reviewed and endorsed the remuneration package of Mr Liew Kok Wing following his promotion as GMD of the Company with effect from 1 April 2022;
  - (b) Reviewed and endorsed the remuneration packages of Mr Wong Kwan Song and Mr Eric Tan Chee Hin following their promotion as GDMDs of SCSB with effect from 1 April 2022; and
  - (c) Reviewed and endorsed the remuneration package of Ms Elaine Lai Ee-Ling following her proposed appointment as CFO with effect from 1 July 2022.
- (iv) Fourth NRC Meeting held on 23 August 2022

Reviewed and endorsed the performance scorecards and mid-year performance appraisal of the GMD and CFO as well as the GDMDs of SCSB for year 2022.
- (v) Fifth NRC Meeting held on 22 November 2022
  - (a) Reviewed and endorsed its revised TOR;
  - (b) Reviewed and recommended for Board's approval, the revised Remuneration Policy for Directors and Senior Management; and
  - (c) Reviewed the Management succession planning.

The Head of HR, the Group Chief HR Officer and the GMD were invited to attend the abovementioned meetings to facilitate the discussions.

	The Board was satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities in accordance with its TOR.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The remuneration received by each of the Non-Executive Directors and GMD (including GMD's alternate director) in 2022 is set out in the table below.</p> <p>The Non-Executive Directors' fees in respect of FY2022 are subject to the shareholders' approval at the forthcoming 9<sup>th</sup> AGM to be held in June 2023. The GMD does not receive any remuneration in his capacity as an executive director in the Company.</p> <p>For disclosure in this report, other emoluments include employer's contribution to the Employees Provident Fund ("EPF").</p> <p>Note: * the remuneration paid by a major subsidiary company, SCSB.</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Ir Goh	Independent Director	180	7.5	Input info here	Input info here	Input info here	Input info here	187.5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Dato' Dr Johari Bin Basri	Independent Director	103	14	Input info here	Input info here	Input info here	Input info here	117	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Dato' Siow Kim Lun	Independent Director	106	12.5	Input info here	Input info here	Input info here	Input info here	118.5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Dr Sarinder Kumari A/P Oam Parkash	Independent Director	103	12.5	Input info here	Input info here	Input info here	Input info here	115.5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Tan Sri Dato' (Dr) Chew Chee Kin	Non-Executive Non-Independent Director	100	7.5	Input info here	Input info here	Input info here	Input info here	107.5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
6	Evan Cheah Yean Shin	Non-Executive Non-Independent Director	100	7.5	Input info here	Input info here	Input info here	Input info here	107.5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
7	Tan Ler Chin	Independent Director	103	12	Input info here	Input info here	Input info here	Input info here	115	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Liew Kok Wing* (Appointed w.e.f. 1/4/2022)	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	941.7	1,438.8	95.1	285.7	2,761.3
9	Wong Kwan Song* (Alternate Director to Liew Kok Wing and Group Deputy Managing Director)	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	834	595	18.5	171.5	1,619
10	Chung Soo Kiong* (Resigned w.e.f. 1/4/2022)	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	345.3	577	8.9	110.7	1,041.9
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here



12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### 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 8.2

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

<b>Application</b>	:	Departure													
<b>Explanation on application of the practice</b>	:														
<b>Explanation for departure</b>	:	Given the highly competitive industries in which the Group is operating, the Group is facing challenges in talent management and retention. Therefore, the Board is of the opinion that disclosing the remuneration package of the senior management on a named basis would be a disadvantage to the Group.													
		As an alternative, the Group has disclosed the remuneration received by its top five Senior Management personnel in bands of RM50,000 and the number of persons in each band, as follows:													
		<table border="1"> <thead> <tr> <th>Total Remuneration in Bands of RM50,000</th> <th>No. of Key Senior Management Personnel</th> </tr> </thead> <tbody> <tr> <td>RM1,100,000 - RM1,150,000</td> <td>1</td> </tr> <tr> <td>RM1,150,000 - RM1,200,000</td> <td>1</td> </tr> <tr> <td>RM1,300,000 - RM1,350,000</td> <td>1</td> </tr> <tr> <td>RM1,400,000 - RM1,450,000</td> <td>1</td> </tr> <tr> <td>RM1,450,000 - RM1,500,000</td> <td>1</td> </tr> </tbody> </table>		Total Remuneration in Bands of RM50,000	No. of Key Senior Management Personnel	RM1,100,000 - RM1,150,000	1	RM1,150,000 - RM1,200,000	1	RM1,300,000 - RM1,350,000	1	RM1,400,000 - RM1,450,000	1	RM1,450,000 - RM1,500,000	1
Total Remuneration in Bands of RM50,000	No. of Key Senior Management Personnel														
RM1,100,000 - RM1,150,000	1														
RM1,150,000 - RM1,200,000	1														
RM1,300,000 - RM1,350,000	1														
RM1,400,000 - RM1,450,000	1														
RM1,450,000 - RM1,500,000	1														
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>															
<b>Measure</b>	:	The Board has decided to disclose the remuneration paid to the top five senior management for the financial year in a band range of RM50,000.													
<b>Timeframe</b>	:	Others	Not disclosing												

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

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

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

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

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### 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 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied															
<b>Explanation on application of the practice</b>	:	<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 4 members, all of whom were Independent Non-Executive Directors and satisfied the test of independence under the Listing Requirements. The members of the AC are:</p> <table border="1"><thead><tr><th><b>No.</b></th><th><b>Director/ Designation</b></th><th><b>Membership</b></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' Dr Johari Bin Basri (Senior Independent Non-Executive Director)</td><td>Member</td></tr><tr><td>3</td><td>Dr Sarinder Kumari (Independent Non-Executive Director)</td><td>Member</td></tr><tr><td>4</td><td>Ms Tan Ler Chin (Independent Non-Executive Director)</td><td>Member</td></tr></tbody></table> <p>The detailed report of the AC is set out in the Company's IAR 2022.</p>	<b>No.</b>	<b>Director/ Designation</b>	<b>Membership</b>	1	Dato' Siow Kim Lun (Independent Non-Executive Director)	Chairman	2	Dato' Dr Johari Bin Basri (Senior Independent Non-Executive Director)	Member	3	Dr Sarinder Kumari (Independent Non-Executive Director)	Member	4	Ms Tan Ler Chin (Independent Non-Executive Director)	Member
<b>No.</b>	<b>Director/ Designation</b>	<b>Membership</b>															
1	Dato' Siow Kim Lun (Independent Non-Executive Director)	Chairman															
2	Dato' Dr Johari Bin Basri (Senior Independent Non-Executive Director)	Member															
3	Dr Sarinder Kumari (Independent Non-Executive Director)	Member															
4	Ms Tan Ler Chin (Independent Non-Executive Director)	Member															
<b>Explanation for departure</b>	:																
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																	
<b>Measure</b>	:																
<b>Timeframe</b>	:																

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The AC has a policy that requires a former key audit partner to observe a cooling-off period of at least 3 years before being appointed as a member of AC. This is to ensure the independence of the said person before joining the AC.</p> <p>This policy is included in the TOR of the AC which is available on the Company’s website.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC has direct oversight of Group audit and it is included in the TOR of AC that it is responsible to assess the suitability, objectivity and independence of the External Auditors annually.</p> <p>The Board has a Policy on Selection of External Auditors and Non-Audit Services. These policies outline the criteria and procedures for the AC to assess and select the External Auditors and provision of non-audit services by the External Auditors. The policy is available on the Company's website.</p> <p>The External Auditors can be engaged to perform non-audit services that are not perceived to be in conflict with their role as External Auditors. However, all engagements to provide non-audit services above the statutory audit fee are subject to the approval and endorsement of the AC. Any non-audit services rendered by the External Auditors must have the prior approval of the AC and the total non-audit fees payable each financial year must not exceed 50% of total fees payable to the External Auditors. The CFO is also required to table the non-audit fees incurred for the financial year to the AC for approval and endorsement.</p> <p>The External Auditor's suitability is assessed based on its objectivity, independence, audit performance, adequacy of resources and track record of auditing similar size public listed companies. They are assessed annually by the AC, the CFO and the Head of IAD. The Assessment Report for the financial year ended 31 December 2021 were tabled to the AC on 29 March 2022. The AC, the CFO and the Head of IAD were satisfied with the External Auditors' performance and had recommended to the Board on their re-appointment for the financial year ending 31 December 2022 at the 8<sup>th</sup> AGM of the Company by the shareholders. The Board had subsequently approved the AC's recommendation.</p> <p>The External Auditors will rotate their audit engagement partner every seven (7) years with a cooling-off period of five (5) years in line with BDO PLT ("BDO") internal policy which in accordance with the By-Laws (on professional, ethics, conduct and practice) of the Malaysia Institute</p>



	of Accountants. The rotation of the new audit engagement partner within BDO took place in financial year 2022 as the previous audit engagement partner had been rotated out after seven years of service to the Group in accordance with BDO's policy.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	All members of AC are Independent Non-Executive Directors.

## 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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, the AC comprised 4 members in which all of them are Independent Non-Executive Directors. The AC has a mixture of qualified and experience professionals in the field of accountancy, banking and finance, capital market, economics, construction, safety and health, general management, strategic planning and human capital development. All the AC members are independent and financially literate.</p> <p>Dato' Siow Kim Lun, the Chairman of AC, fulfilled the requirements under Paragraph 15.09(1)(c) of the Listing Requirements of Bursa Securities. In addition, all members of AC are financially literate and have the appropriate level of knowledge, skills and experiences to discharge their responsibilities effectively. All the members have adequate understanding of the Company's various businesses.</p> <p>The AC Chairman leads the AC in providing oversight on the areas of financial reporting, internal control environment, internal audit and external audit processes, related party transactions as well as management's conflict of interest.</p> <p>During the financial year, the principal activities carried out by the AC included the following:</p> <ul style="list-style-type: none"><li>(a) reviewed the quarterly and year-end financial statements of the Group and Company and recommended them for approval by the Board;</li><li>(b) reviewed and monitored the performance of external and internal audit functions;</li><li>(c) reviewed all related party transactions and management's potential conflict of interest; and</li></ul>

	<p>(d) assessed and ensured the adequacy and effectiveness of the risk management and internal control system.</p> <p>A detailed report of the AC's activities for FY2022 is set out in the AC Report which is available in the Company's IAR 2022.</p> <p>The AC members had 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 AC members during the financial year under review are set out in the Corporate Governance Overview Statement under "Director' Induction, Training and Development" section in the Company's IAR 2022. The CFO and External Auditors also briefed the AC members on the relevant changes in financial reporting standards during the AC's meetings held during the financial year under review.</p> <p>The Board, through the NRC, had assessed and reviewed the performance of the AC. The Board was satisfied that the AC had performed their duties and responsibilities effectively. The AC was able to provide positive ideas and recommendations in their review of the financial reporting and internal control environment. The AC members' peer review had also indicated that each member of the AC had performed satisfactorily and continued to act objectively with vigilance and scepticism. They had committed their time to attending all AC meetings.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### 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 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's risk management and internal control system is established to identify, mitigate and monitor key risks with significant adverse impact on the achievement of the Group's objectives and strategies.</p> <p>The Group's internal control system encompasses formalised and documented internal policies, standards and procedures to ensure compliance with internal controls, relevant laws and regulations. It enables all division and operating subsidiaries to effectively and efficiently, operate and respond towards potential business, operational, financial, compliance and other risks in achieving the Group's goals and objectives. These documents are regularly reviewed to ensure its relevance and are published in the Group's online portal for employees' reference.</p> <p>The Group's risk management framework is benchmarked against the ISO31000:2009 Risk Management – Principles and Guidelines and is designed to embed Enterprise Risk Management into key activities, initiatives and processes of the Group. The Group has 4 core response strategies, i.e. risk termination, risk reduction, risk acceptance and risk transfer for risk management purposes.</p> <p>The Board through the AC and RMC, has overall responsibility for the governance of risk and oversees the Management in the design, implementation and monitoring of the risk management and internal control system. The Board is assisted by RMC to oversee the Group's risk management and internal control system. The RMC comprises 5 Independent Non-Executive Director and 1 Non-Executive Non-Independent Director, the composition of which complies with Practice 10.3. The RMC is assisted by the Risk Management Working Group ("RMWG") at the operational level. The RMWG identifies, mitigates and monitors the critical risks highlighted by each business divisions.</p> <p>During the financial year under review, the RMC met 5 times to identify and monitor key business risks, review risk mitigation strategies, review and recommend risk management strategies and ensure all systems are in place to manage risks.</p>

	<p>The Board has established an internal audit function by setting up an 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 GMD 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 pursuant to its objectives.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### 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 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 online portal for employees' reference.</p> <p>The policies in place include:</p> <ul style="list-style-type: none"><li>• Anti-Bribery and Corruption;</li><li>• Anti-Money Laundering Policy;</li><li>• Whistle Blowing Policy &amp; Procedure;</li><li>• Diversity &amp; Inclusion Policy;</li><li>• Quality, Environmental, Safety and Health Policy;</li><li>• Human Rights Policy;</li><li>• Code of Conduct and Business Ethics;</li><li>• Staff Handbook;</li><li>• Personal Data Protection Act;</li><li>• Non-Audit Services Policy;</li><li>• Policy on Selection of External Auditors;</li><li>• Remuneration Policy for Directors and Senior Management and</li><li>• Policy on Selection &amp; Assessment of the Board</li></ul> <p>The IAD carries out internal audits on divisions and business units of the Group based on a risk-based IA 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.</p>

Additionally, subsidiaries accredited with certifications such as International Organisation for Standardisation (“ISO”) and Occupational Health and Safety Advisory Services (“OHSAS”) are audited as scheduled by auditors of relevant certification bodies. Results of these audits are reported to management.

The Group’s risk management framework is benchmarked against the ISO31000:2009 Risk Management – Principles and 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, assess and mitigate 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.

The framework is enterprise-wide and outlines policies and practices for effective risk mitigation. It allows the Group to:

- 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; and
- ensure appropriate skills and resources are applied to risk management.

The Statement on Risk Management and Internal Control as set out in the Company’s IA 2022 provides an overview of the state of risk management and internal control within the Group.

The RMC comprising majority of the Independent Directors, oversees the Group’s risk management and internal control. Accountable to the Board, the RMC meets quarterly to:

- Identify, assess and monitor key business risks and review risk mitigation strategies;
- Review and recommend risk management strategies, policies and levels of risk tolerance; and
- Ensure infrastructure, resources and systems are in place to manage risks.

In 2022, the RMC had 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 and internal control framework were operating adequately and effectively in all material aspects. Continuous focus on measures to protect and



	enhance shareholders value and business sustainability will remain a core practice for the Group.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.3 - Step Up

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

<b>Application</b>	:	Adopted																					
<b>Explanation on adoption of the practice</b>	:	<p>The RMC has oversight over the Company's risk management framework and policies. It also has the responsibilities to identify key principal risks within the Group and to come up with mitigation plan to minimise the risk. The RMC is assisted by a RMWG which comprised key management across the business units of the Group.</p> <p>During the financial year under review, Ms Tan Ler Chin was appointed as a member of the RMC on 22 November 2022.</p> <p>Majority of the members of the RMC are Independent Non-Executive Director and the composition of RMC is as follows:</p> <table border="1"><thead><tr><th><b>No.</b></th><th><b>Director/ Designation</b></th><th><b>Membership</b></th></tr></thead><tbody><tr><td>1</td><td>Dr Sarinder Kumari <i>(Independent Non-Executive Director)</i></td><td>Chairperson</td></tr><tr><td>2</td><td>Dato' Ir Goh <i>(Independent Non-Executive Chairman)</i></td><td>Member</td></tr><tr><td>3</td><td>Dato' Siow Kim Lun <i>(Independent Non-Executive Director)</i></td><td>Member</td></tr><tr><td>4</td><td>Dato' Dr Johari Bin Basri <i>(Senior Independent Non-Executive Director)</i></td><td>Member</td></tr><tr><td>5</td><td>Ms Tan Ler Chin <i>(Independent Non-Executive Director)</i></td><td>Member</td></tr><tr><td>6</td><td>Evan Cheah Yean Shin <i>(Non-Independent Non-Executive Director)</i></td><td>Member</td></tr></tbody></table> <p>The TOR of the RMC is available for reference at the Company's website at <a href="http://www.sunwayconstruction.com.my/investor-relations/">www.sunwayconstruction.com.my/investor-relations/</a> under "Corporate Governance" section.</p>	<b>No.</b>	<b>Director/ Designation</b>	<b>Membership</b>	1	Dr Sarinder Kumari <i>(Independent Non-Executive Director)</i>	Chairperson	2	Dato' Ir Goh <i>(Independent Non-Executive Chairman)</i>	Member	3	Dato' Siow Kim Lun <i>(Independent Non-Executive Director)</i>	Member	4	Dato' Dr Johari Bin Basri <i>(Senior Independent Non-Executive Director)</i>	Member	5	Ms Tan Ler Chin <i>(Independent Non-Executive Director)</i>	Member	6	Evan Cheah Yean Shin <i>(Non-Independent Non-Executive Director)</i>	Member
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5	Ms Tan Ler Chin <i>(Independent Non-Executive Director)</i>	Member																					
6	Evan Cheah Yean Shin <i>(Non-Independent Non-Executive Director)</i>	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 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The internal audit function is performed and undertaken by the in-house IAD team. The IAD team comprised a Head of IAD and 4 team members.</p> <p>The IAD reports functionality to the AC and administratively to the GMD. The Head of 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. The AC meets privately with the IAD team without the presence of management once a year.</p> <p>IAD had successfully completed its external Quality Assessment Review ("QAR") by KPMG Management &amp; Risk Consulting Sdn Bhd ("KPMG") in FY2022 to assess IAD's conformity with the Institute of Internal Auditor's International Standards ("IIA Standards") for the Professional Practice of Internal Auditing, the Code of Ethics and the Definition of Internal Auditing with applicable legislative and regulatory requirements. Based on the work performed and information obtained, KPMG concluded that IAD "Generally Conforms" with the IIA Standards promulgated by the Institute of Internal Auditors.</p> <p>IAD carried out its activities based on a risk-based annual audit plan approved by the AC. The AC reviews annually the adequacy of the scope, function and resources of the IAD to ensure that its responsibilities are fully discharged.</p> <p>On 23 February 2022, the AC reviewed and approved the Internal Audit Plan ("IA Plan") for FY2022. The key audit emphasis covered in the IA Plan FY2022 were:</p> <ul style="list-style-type: none"><li>(i) to review the adequacy and effectiveness of internal controls for the key processes selected for SunCon Group of companies;</li><li>(ii) to review on corruption risk assessment, fraud risk assessment and enterprise risk management; and</li><li>(iii) to review compliance and governance framework of the Company to ensure compliance with policies, procedures, laws and regulations.</li></ul> <p>A total of 10 audit assignments were planned to be carried out for FY2022, covering the following areas:</p>

	<ul style="list-style-type: none"> <li>(i) review of tender and award processes which included tender submissions, comparison of quotations, evaluation of tenderers and approval of awards;</li> <li>(ii) review of the processes in relation to the award of contracts to sub-contractors, certification and payments;</li> <li>(iii) review of the management of resources for major materials, labour, plant and machineries;</li> <li>(iv) review of the processes on procurement and inventory management of the machinery maintenance unit;</li> <li>(v) review of the production, procurement and inventory management of the precast business unit;</li> <li>(vi) review of the key processes of HR and payroll; and</li> <li>(vii) compliance and governance reviews on implementation of policies relating to Anti-Bribery and Corruption, Conflict of Interest, Code of Conduct &amp; Business Ethics and Related Party Transactions.</li> </ul> <p>The AC on quarterly basis:</p> <ul style="list-style-type: none"> <li>(i) monitored and reviewed the IA Plan to ensure adequate audit coverage of key risk areas of SunCon including aligning business risk and developments which may have an impact on the audit coverage.</li> <li>(ii) reviewed the internal audit reports comprising audit findings, IAD’s recommendations, Management responses and corrective action taken. Management had been made responsible for ensuring the effective implementation of corrective action plans within the agreed timeframe and regular follow-up audits had been performed by IAD to monitor the continued compliance.</li> </ul> <p>The AC had undertaken annual assessment on the performance of the IAD and reviewed its effectiveness in terms of scope and compliance with relevant regulatory standards as well as adequacy of resources and core skills and competencies of staff within the IAD.</p> <p>Based on the evaluation, the AC was satisfied with IAD’s performance and was in the opinion that it was able to provide the Directors and Senior Management with pertinent information on potential weaknesses in the internal control environment as well as provided Management with constructive input and ideas for remedial actions.</p> <p>Details of the IAD’s activities during the FY2022 are set out in the AC Report contained in the IAR 2022.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

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

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In accordance with the Internal Audit Charter, the IAD provides an independent, objective assurance and advisory function for purposes of examining and evaluating the Group’s 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 roles and responsibilities.</p> <p>The IAD is led by Ms Celia Lee Kat Li (“<b>Ms Celia Lee</b>”), who is a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). Ms Celia Lee reports directly to the AC to ensure impartiality and independence. IAD has 5 internal auditors and a majority of them have relevant professional qualifications and are members of the Malaysian Institute of Accountants.</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. QAR performed by KPMG in FY2022 concluded that the IAD “Generally Conforms” with the IIA Standards promulgated by the Institute of Internal Auditors.</p> <p>At the AC’s meeting held on 29 March 2022, the IAD had 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 the Company and the professional standards laid down by the Institute of Internal Auditors in carrying out their duties.</p> <p>In accordance with the TOR of the AC, the AC had at the end of fourth quarter of 2022 conducted an annual assessment of the performance of the Internal Audit function for the FY2022. The results of which was compiled and tabled to the AC at its meeting held on 20 February 2023. The AC was satisfied with the performance of the internal audit function in the financial year 2022. It has concluded that the IAD is able to</p>

	provide Directors and Senior Management with pertinent information on potential weaknesses in the system of internal control and providing constructive input and idea to Management for remedial action.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company is committed to continuously disclose and disseminating timely information to its shareholders as well as the general investing public in order to enhance the shareholders' understanding of the Group as well as their ability in making informed investment decisions. The public can access to the information disseminated by the Company via the announcements released by the Company 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 <a href="http://www.sunwayconstruction.com.my">www.sunwayconstruction.com.my</a> which provides all relevant information of 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 Company's integrated reports and circular to shareholders are also available at the Company's website for review.</p> <p>In 2022, the Company served the notice of its 8<sup>th</sup> AGM more than 28 days before the meeting, 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 allowed them to have sufficient time to make necessary arrangement to particular in the virtual AGM as well as vote remotely using the online platform.</p> <p>During the 8<sup>th</sup> AGM, the Chairman provided ample time for the questions and answers ("Q&amp;A") session and all suggestions and comments given by the shareholders were attended by the Management for consideration. The Company also distributed the administrative details such as the details of the virtual meeting, shareholders' entitlement to participate, right to appoint proxy and information as to who to act as a proxy, steps to participate and vote in the virtual meeting and etc together with the notice of the AGM.</p> <p>The GMD gave a video presentation on the Group's overall financial performance and highlighted the on-going projects for financial year 2021 as well as the prospect of the Group at the commencement of the 8<sup>th</sup> AGM.</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 and provides continuous updates on the latest order book secured and outstanding order book. The Company also provides a separate executive summary together with its Integrated Report, which highlight key financial information to 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. During the financial year under review, 16 events were organised with the analysts and fund managers to keep them informed on SunCon's updates. Details of the investor relations activities undertaken by the Group during the financial year under review are set out in the Corporate Governance Overview Statement under "IR Activities" section in the IAR 2022.</p> <p>The Group's website has a section dedicated to the shareholders and investor relations which provide detailed information on the Group's businesses and latest developments. Any enquiries on investor related matters can be redirected to the email address of <a href="mailto:irsuncongroup@sunway.com.my">irsuncongroup@sunway.com.my</a> directly or may also be conveyed to the following persons:</p> <ol style="list-style-type: none"> <li>1. Ms Crystal Teh Head of Investor Relations Tel: (603) 5639 8864</li> <li>2. Ms Angelynn Low Senior Finance Manager Tel: (603) 5639 9684</li> </ol>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

**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 12.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>As part of the Group’s efforts to improve quality information and communication between the Company and its stakeholders, the Company has adopted integrated reporting in its Annual Report since 2018.</p> <p>The IAR enables the Company to create a clearer and concise report which would encompass details that can be tailored to meet the needs of different group of stakeholders of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company had served more than 28 days' notice for its 8<sup>th</sup> AGM which scheduled to be held on 22 June 2022.</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 allowed the shareholders to have sufficient time to make an informed decision in exercising their voting rights.</p> <p>Administrative Notes comprised useful information regarding the conduct of the 8<sup>th</sup> AGM by way of live streaming and online remote voting, shareholders' entitlement to participate in the virtual meetings, their right to appoint proxy, etc, were given to the shareholders and proxies.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the Directors of the Company attended the 8<sup>th</sup> AGM which held virtually on 22 June 2022 to response to questions addressed to them.</p> <p>At the 8<sup>th</sup> AGM, the GMD gave an overview on the financial performance of the Group, its achievements for the financial year ended 31 December 2021, highlights of the on-going projects as well as the Group's prospects for year 2022 to the shareholders via a video presentation.</p> <p>The shareholders were invited to submit their questions online. The Chairman and the GMD responded to all questions raised by the shareholders before all the resolutions were put to vote by way of online polling. The Directors, including the GMD, management and External Auditors presented at the Broadcast Venue during the 8<sup>th</sup> AGM to respond to shareholders' online questions and comments. The Minutes of the 8<sup>th</sup> AGM was uploaded onto the Company's website within 30 business days from the date of the meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company has started electronic voting instead of voting by show of hands since its 3<sup>rd</sup> AGM in 2017.</p> <p>As the safety and well-being of the shareholders as well as the employees and Directors of the Company were of paramount importance, the 8<sup>th</sup> AGM of the Company was conducted virtually through live streaming and online remote voting using Digital Ballot Form (“<b>DBF</b>”) provided by the Poll Administrator, Mega Corporate.</p> <p>All resolutions set out in the notice of the 8<sup>th</sup> AGM were voted by poll in accordance with Paragraph 8.29A of the Listing Requirements of the Bursa Securities. The Company had appointed Mega Corporate as its Poll Administrator to conduct the online polling process and Cygnus Technology Solutions Sdn Bhd as its independent scrutineer.</p> <p>For shareholders or proxies wishing to participate in the virtual AGM, they were required to register themselves via the link at <a href="https://vps.megacorp.com.my/xzabRb">https://vps.megacorp.com.my/xzabRb</a>. Detailed registration procedures have been provided to shareholders in the Company’s Administrative Notes for shareholders intending to register to participate, speak and vote remotely at the virtual 8<sup>th</sup> AGM. Shareholders or proxies were notified via email that his or her registration for the remote participation had been approved. A presentation slide on how to access and vote using the DBF was played during the commencement of the 8<sup>th</sup> AGM.</p> <p>Shareholders and proxies were allowed to vote online at the beginning of the 8<sup>th</sup> AGM upon announcement by the Chairman. The calculation of the online polling results was conducted upon completion of the deliberation of all resolutions tabled at the 8<sup>th</sup> AGM. Prior to the closure of the voting window, shareholders and proxies were given another 5 minutes to cast their vote.</p> <p>Once the voting calculation was completed, the results for each resolution was displayed on the screen for viewing by the participants. Upon verification of the voting results by the Scrutineers, the poll</p>

	<p>results detailing the number of votes casted for and against each resolution were confirmed and signed by the Chairman and the Scrutineers. The Chairman then declared all the resolutions carried based on the results shown on the screen. The voting details for each resolution were then announced to Bursa Securities via Bursa LINK after 5.00 pm on the same day.</p> <p>The Board of Directors is committed to ensuring proper and adequate protection of personal data of the shareholders within its control in compliance with the Personal Data Protection Act 2010.</p> <p>As part of the Sunway Group, the Group's information security system has been placed under the purview of Sunway's Information Technology Shared Services Centred ("ITSSC"). ITSSC adheres to the ISO27001:2013 international standard which focuses on Information Security Management System, a framework of policy and procedures that include all legal, physical and technical controls involved in an organisation's information risk management processes. In addition to that, Sunway Group's Data Governance Framework, Policies and Procedures which outline how businesses within Sunway Group should manage the availability, usability, integrity, sharing and security of data have been established to ensure that there is consistency in the way data is handled within Sunway Group as well as to reduce the risk of data misuse.</p> <p>The Group manages cybersecurity challenges through a stringent series of codes, policies and security controls. Shareholders' data is protected from intrusions and unauthorised access and the Group's employees are subjected to the strictest standards of privacy and confidentiality. The Group has also sent out informative emails to employees throughout the financial period under review to continuously create awareness on data governance and cyber security, and protect them from being victims of fraudulent practices.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## Intended Outcome

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

## Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	All shareholders were invited to submit their questions to the Board prior to the 8 <sup>th</sup> AGM by emailing to <a href="mailto:irsuncongroup@sunway.com.my">irsuncongroup@sunway.com.my</a> .  Upon the commencement of the 8 <sup>th</sup> AGM, the Chairman invited the shareholders to submit their questions online using the Questions' Pane facility via the live-streaming solution. The GMD also gave a video presentation on the Group's financial performance and achievements made for the financial year ended 31 December 2021 as well as the prospects for each business segments and the new business the Group would be embarking on. The Chairman provided sufficient time for the Q&A session during the AGM. All questions raised by the shareholders were duly addressed and attended at the 8 <sup>th</sup> AGM by the Board and the Management.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The 8<sup>th</sup> AGM of the Company was conducted virtually through live streaming and online remote voting. The Chairman, the Board and the Management were present virtually in accordance with the Guidance on Conduct of General Meeting for Listed Issuers issued by the Securities Commission of Malaysia.</p> <p>The shareholders were invited to submit their questions prior to the 8<sup>th</sup> AGM by emailing to <a href="mailto:irsuncongroup@sunway.com.my">irsuncongroup@sunway.com.my</a>.</p> <p>During the 8<sup>th</sup> AGM, the Chairman introduced the members of the Board and Management to the shareholders prior to the commencement of the AGM. In addition, the Chairman also invited the shareholders to submit their questions online in real time during the 8<sup>th</sup> AGM using the Questions' Pane facility via the live-streaming solution. All questions were read out either by the Chairman or the GMD.</p> <p>The Board and Management dealt with the questions raised immediately upon completion of the tabling of the last resolution. All the questions raised by the shareholders during the AGM were duly addressed by the Board and the Management.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	



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

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

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The minutes of the 8 <sup>th</sup> AGM detailing the proceedings of the meeting including the questions raised by the shareholders and the response from the Board and the Management was made available on the Company's website for all shareholders information not later than 30 business days after the 8 <sup>th</sup> AGM.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**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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