

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5211
COMPANY NAME : SUNWAY BERHAD
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for good corporate governance culture within the Group. In addition, it formulates and reviews the Group's strategic direction, core values and management of the Group to ensure that the Group operates with integrity and in compliance with all the applicable laws, rules and regulations. The Board assumes, amongst others, the following principal roles and responsibilities in discharging its stewardship role, and fiduciary and leadership functions:</p> <ul style="list-style-type: none">• <i>Setting the vision, mission, objectives, goals and strategic plans for the Group with a view to maximizing shareholders' value as well as ensuring long term sustainability of the Group's performance.</i> <p>It has in place an annual business plan process at the beginning of the year whereby the Board meets with the management to discuss on the recommended corporate and operational strategies together with the proposed financial targets, investments and budgeted capital expenditure of the core divisions for the following year.</p> <p>In 2018, a 2-day board meeting was held in January 2018 to brainstorm on the business plan of each core division within the Group comprising Property Development Division, Property Investment Division, Construction Division, Building Materials Division, Trading and Manufacturing Division, Quarry Division, Healthcare Division, Hospitality Division and Leisure Division.</p> <p>At the meeting, the Board was also briefed on the success stories of some high growth companies and their strategies. The Board and management had a brainstorming session to strategize how the Group could use these for its future growth. The Board together with the management also set the key strategic directions for each of the core divisions. Discussions were centred on various operational and tactical strategies to leverage on the Group's synergistic advantages to achieve competitive advantage, asset</p>

optimisation, cost efficiency and exploring new business opportunities/markets.

At the meeting, the Board reviewed, deliberated and challenged the management's views and assumptions in achieving the projected financial performance targets. The Board also reviewed and approved the budgeted capital expenditure and the key performance indicators for the Company and the Group.

- *Monitoring the progress of the Company's strategies, budgets, plans and policies.*

The Board at its quarterly meetings, monitors the implementation of the strategic business plans by the management to ensure the management meets the set objectives in order to achieve sustainable growth and optimization of returns for the Company and the Group. The Board constructively challenges and contributes to the development of the Company's and the Group's strategic plans. Guidance, ideas and feedbacks were provided to the management in fine tuning its plans.

- *Monitoring the progress of the Group's businesses to evaluate whether the businesses are properly managed to achieve its targeted returns.*

The President and the Group Chief Financial Officer reported on the Group's quarterly financial performance and results. The actual results were compared against the business plan targets at the Board meetings held on 28 February 2018, 21 May 2018, 21 August 2018 and 21 November 2018. At each meeting, the Board and Management monitor closely the budgeted key performance indicators against the actual results. Variances were highlighted and explained by the management. The Board is kept informed of the key strategic initiatives, its development and significant operational issues.

- *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 ("RMC"), sets risk tolerance levels, objectives, performance targets and policies to manage the key risks faced by the Group. A risk management framework is in place to enable the Group to identify, assess and manage/mitigate these risks. The Board reviews and comments on the risk management report which highlights the key risks of the Group as well as action plans to manage or mitigate the said risks on quarterly basis. The details of the risk management framework are set out in the Statement on Risk Management and Internal Control in the Company's Annual Report 2018.

- *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.*

Through the Audit Committee, the Board oversees the internal control systems and management information systems of the Group. The Audit Committee is assisted by the Group Internal Audit Department ("GIAD") in reviewing and monitoring the adequacy and integrity of the Group's internal control systems. The Head of GIAD, at the Audit Committee's quarterly meetings, reported the audit findings arising from the internal audit activities conducted by his team. The Audit Committee then deliberated on the actions taken by the management to address the issues highlighted in the audit findings.

Thereafter, the minutes of the Audit Committee meetings were presented to the Board at its meetings. The Chairman of the Audit Committee reported to the Board on all the principal risks and internal control related issues and recommendations deliberated by the Audit Committee.

- *Considering management's recommendations on key issues including acquisitions, material investment and divestments, restructuring, funding and significant capital expenditure.*

The Board considers and deliberates on management's proposals before their implementation. Management updates the Board on the progress of the proposals at subsequent board meetings.

During the financial year 2018, the Board had discussed and approved the following management's proposals:

- (i) Proposed acquisition of 47 condominium units of Infiniti 3 Residences from Setapak Heights Development Sdn Bhd, a related party; and
- (ii) Proposed disposal of lands and buildings at Sunway University by Sunway Destiny Sdn Bhd to RHB Trustees Berhad (as Trustee for Sunway Real Estate Investment Trust).

The Board actively participated in the discussions and provided constructive comments and recommendations to the management on each proposal.

- *Human resources planning and talent development in particular, management succession planning.*

The Board through the Nomination Committee, oversees the management succession planning.

The Board through the Remuneration Committee, develops the Executive Directors' performance scorecard based on the strategic

	<p>objectives which are aligned to the business plan and corporate goals set by the Board.</p> <p>The Board at its meeting held on 28 February 2018, had been briefed by the Chairman of the Nomination Committee on the management succession plan whereby key management staff had been identified as future leaders in the respective business unit. The progress and development of these potential staff were being systematically monitored and tracked for promotion.</p> <p>The Board is guided by its Board Charter which outlines the duties and responsibilities of the Board. The Board Charter is published at the Company's website at www.sunway.com.my.</p>	
<p>Explanation for departure</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>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 1.2

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

Application	: Applied
Explanation on application of the practice	<p>The Board is led by Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, the Executive Chairman and Dato' Sri Idris Jala, the Independent Non-Executive Co-Chairman.</p> <p>Their roles and responsibilities are defined in the Board Charter of the Company as follows:</p> <p>a) <u>Executive Chairman</u></p> <ul style="list-style-type: none">• He is responsible for the leadership of the Board in ensuring the effectiveness of all aspects of its role. He is responsible for setting the visions, values and standards for the Company.• He provides support and guidance to senior management officers on operation matters and to help facilitate management succession planning.• He grooms and mentors senior management officers to achieve consistently high levels of professionalism and excellent performance.• He chairs the Board of Management Committee meetings. <p>b) <u>Non-Executive Co-Chairman</u></p> <ul style="list-style-type: none">• He is responsible for:-<ol style="list-style-type: none">(i) ensuring the integrity and effectiveness of the governance process of the Board;(ii) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;(iii) ensuring the provision of accurate, timely and clear information to Directors;(iv) ensuring effective communication with shareholders and relevant stakeholders; and(v) ensuring that members of the Board work together with the management in a constructive manner to address strategies, business operations, financial performance and risk management issues.• He chairs Board meetings and ensures the following are met:-<ol style="list-style-type: none">(i) All relevant issues are on the agenda of Board meetings;(ii) Board debates strategic and critical issues;(iii) Board receives the necessary management reports relating to the Company's businesses on a timely basis; and(iv) All Directors are able to participate openly in discussions at Board meetings

	<ul style="list-style-type: none"> • He ensures that the Board members are properly briefed on issues arising at board meetings and that available information on an issue is presented to the Board. • He will act as facilitator at board meetings to ensure that no Board member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Board members is forthcoming. • He provides leadership to the Board and is responsible for the developmental needs of the Board. • He ensures the smooth functioning of the Board and the governance structure, and inculcating positive culture in the Board. • He ensures that procedures and processes are in place to facilitate effective conduct of business by the Board. • He chairs general meetings of the Company.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>Tan Sri Dato' Seri Dr Jeffrey Cheah and Dato' Sri Idris Jala are the Executive Chairman and Non-Executive Co-Chairman of the Board respectively while Dato' Chew Chee Kin holds the position as the President of the Group. The roles of the Executive Chairman and Non-Executive Co-Chairman are listed in Practice 1.2.</p> <p>The President acts as the conduit between the Board and the management in ensuring the success of the Company's governance and management functions. He has the executive responsibility for the day-to-day operation of the Company's business including the execution of business policies and all operational decisions in managing the Company. All Board authorities conferred on the management is delegated through the President and this will be considered as the President's authority and accountability as far as the Board is concerned.</p> <p>The President leads a senior management team in formulating comprehensive medium to long-term business strategies and plans so as to achieve the Group's targeted revenue, profits and market capitalization growth. The aforesaid objective is to generate a reasonable return on investment for the Company's shareholders. He also spearheads the Group's synergy initiatives, directs and reviews the overall business activities of the various Business and Support Divisions so as to ensure the integrated efforts of these Divisions contribute to the optimum utilization of corporate resources and expertise in the attainment of the Group's long-term objectives. The President is supported by his management team on the day-to-day operations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by 2 Company Secretaries. Both of them are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. Both of them are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Board has unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries attended all Board and Board Committees' meetings in the financial year 2018. The Company Secretaries, together with the Directors, are responsible for the proper conduct of the meetings according to applicable rules and regulations. The Company Secretaries regularly update and advise the Board on new statutes, regulations and directives issued by regulatory authorities.</p> <p>The Company Secretaries ensure that deliberations at Board and Board Committee meetings are properly documented and subsequently communicated to the relevant management for their further actions.</p> <p>The Companies Secretaries constantly keep themselves updated of the regulatory changes and corporate governance developments by attending workshops, conferences and training programmes organised by MAICSA, Securities Commission, Companies Commission of Malaysia, etc. Based on the Board annual effectiveness evaluation survey, the Board is satisfied with the support rendered by the Company Secretaries in discharging their functions.</p> <p>During the financial year ended 31 December 2018, the Companies Secretaries briefed the Board on the following developments in laws and regulations:</p> <ul style="list-style-type: none">a) Gap analysis between the Company's corporate governance practices against the revamped Malaysian Code of Corporate Governance 2017;b) Issuers Communication No. 3/2017 (Guidance on Disclosures relating to Material Contracts and Prevention of Selective Disclosure of Material Information) and the amendments to the Listing Requirements issued by Bursa Malaysia Securities Berhad;c) Enforcement of the Corporate Rescue Mechanism under Division 8, Part III of the Companies Act 2016, and

	<p>d) Corporate Liability Provision in the Malaysian Anti-Corruption Commission Act 2009.</p> <p>The Company Secretaries in collaboration with the Share Registrar together with an IT consultant firm had developed and implemented an electronic polling system for the Company's general meetings. The polling system used was able to generate accurate polling results in 20 seconds for each resolution tabled. The polling results were verified by an independent scrutineer appointed by the Company and approved by the Board.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 1.5

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

Application	: Applied
Explanation on application of the practice	<p>The Company Secretaries tabled the annual meeting calendar in advance of each new year. The schedule of pre-planned meetings of the Board and Board Committees, Annual General Meeting as well as closed period for dealing in securities of the Company by Directors are uploaded onto the Directors' electronic devices.</p> <p>The Board normally meets quarterly to review financial, operational and business performances. The meetings are scheduled in advance in the third quarter of the preceding year to allow the Board members to plan their schedules. Notices and agenda of meetings duly endorsed by the Chairman together with the relevant board papers are normally distributed at least one week prior to the meetings for the Directors to study and evaluate the matters to be discussed. Occasionally, Board meetings or Board Committee meetings may be held at short notice, when decisions of a time-critical nature need to be made.</p> <p>As part of the Group's green initiatives, the Group has implemented paperless meetings where board papers are uploaded onto a secure platform and is accessible via laptop, tablet devices and mobile phone. The Directors are able to download and have access to the electronic board papers conveniently and immediately wherever they may be. The board papers provided include inter alia, financial results, business plan and budget, progress report on the Company's developments, risk management and internal control reports, minutes of meetings of Board and Board Committees, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval.</p> <p>A Director who has an interest in any proposal or transaction, either direct or indirect, which is being presented to the Board for approval, will declare his or her interest and abstain from deliberation and voting of the same at the Board meeting.</p> <p>All Directors' Circular Resolutions are approved using electronic means resulting in efficient and timely Board decision and facilitating speedy management implementation.</p> <p>Upon conclusion of each meeting, the minutes of meetings will normally be circulated for comments and for follow-up actions by the management within two weeks from the date of meeting.</p>

	Upon confirmation by the Board or Board Committees at the following meetings, the minutes will be signed by the Chairman of the said meeting as a correct record of the proceedings of the meeting. Actionable items would be recorded in the minutes as matters arising until they are eventually resolved.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a Board Charter which clearly defines the respective roles and responsibilities of the Board, board committees, individual directors and management as well as issues and decisions reserved for the Board. It was periodically reviewed by the Board to be in line with the relevant regulations and corporate governance. On 21 August 2018, the Board had reviewed its Board Charter to ensure that it is in line with the Malaysian Code of Corporate Governance. It is published on the Company's website at www.sunway.com.my.</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 honestly, in good faith and shall use his/her reasonable care, skills and diligence in discharging his/her duties in the best interest of the Company.</p> <p>As for the day-to-day management of the Group, it is delegated to the President. This formal structure of delegation is further cascaded by the President to the management team. The President and management remain accountable to the Board for the authority that is delegated and for the performance of the Group.</p> <p>The Board, however, takes full responsibility for the oversight and overall performance of the Company. The Board reserves full decision-making powers, amongst others, on the following matters:</p> <ul style="list-style-type: none">• Conflict of interest issues involving substantial shareholders or directors and senior management in decision making positions;• Material acquisitions and disposals of undertakings not in the ordinary course of business;• Material investments in capital projects;• Material bid/tenders for construction projects;• Overseas ventures;• Annual business plan and budgets (including major capital commitments);• Material corporate or financial exercise/restructuring;

- Dividend policy, declaration of dividend and directors' fees;
- Annual and interim financial results.

The President is supported by his team of management on the day-to-day operations. The responsibilities of the management are to:

- Formulate, recommend and implement the strategic objectives of the Company;
- Translate the approved strategic plans into operation and financial action plans;
- Manage the Company's human, physical and financial resources to achieve the Company's objectives;
- Operate within the delegated authority limits set by the Board;
- Assume the day-to-day responsibilities for the Group's conformance with relevant laws and regulations, its compliance framework and all other aspects of the day-to-day running of the Group;
- Develop, implement and manage the Company's risk management and internal control systems within the risk appetite and framework;
- Develop, implement and update policies and procedures;
- Keep pace with industry and economic trends in the Company's operating environment; and
- Provide the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

In relation to the Independent Non-Executive Directors, they are actively engaged in the following functions:-

- Independent performance monitoring of the operations of the Group;
- Advising and monitoring corporate governance framework, policies and practices;
- Monitoring risk management issues as well as internal controls; and
- Providing independent insights and value add to management proposals as well as protecting the interests of the minority shareholders.

The Independent Non-Executive Directors regularly engage in discussion with senior management, Group Internal Audit Department, Group Risk Management team, External Auditors and other relevant parties to ensure that the concerns and issues raised in regard to the business operations of the Group are properly addressed on a proactive basis.

The Board also delegates certain responsibilities to the Board Committees, all of whom operate within their defined terms of reference. Notwithstanding this, the Board remains responsible for its fiduciary duties.

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

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Code of Conduct and Business Ethics Policy ("Code") which provides an ethical framework to guide actions and behaviours of all Directors and its employees while at work. The Code is published at the Company's website.</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 emphasizes and advances the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and well-being of the Group.</p> <p>The objective of the Code is to provide guidance on the standards of behaviour expected of all Directors and employees of the Group, and where applicable, counterparts and business partners. The standards of behaviour are derived from the Group's Core Values and Business Principles. All the Directors and employees shall always observe and ensure compliance with all applicable laws and regulations in the discharge of their duties.</p> <p>In line with good corporate governance practices, the management and Board of the Company encourage all employees and stakeholders of the Group to report suspected inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuses involving the Group's resources. No individual will be discriminated or suffer any act of retaliation for reporting in good faith.</p> <p>All employees of the Group are required by the Group Human Resource to read and sign off their commitment in adhering to the Code at all time during their services with the Group.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>In line with the Group's core value of integrity, the management and Board encourage all employees and stakeholders of the Group to report suspected inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuses involving the Group's resources.</p> <p>The Company has established a Whistleblowing Policy and Procedures and it was published in its website. The objective of this policy and procedure is 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.</p> <p>The whistleblowing procedure is intended to be used as an ultimate remedy, if no other means are available to address the matter. For the employees, if they wish to raise a specific concern, they are encouraged to try to solve the matter through existing procedures and discuss the matter first with their line supervisor(s) or head of department or profit centre manager before initiating the whistleblowing procedure.</p> <p>Any employee or member of the public who has knowledge or is aware of any improper conduct within the Group is encouraged to disclose through the following reporting channels:</p> <p>Whistleblowing hotlines Tel: +603 5639 8025 E-mail: whistleblowing@sunway.com.my Fax: +603 5639 8027</p> <p>The faxes and emails to these channels will be directed to the Head of Group Internal Audit Department ("GIAD") and the Chairman of the Audit Committee.</p> <p>If the reporting individual is unsure of the type of evidence needed for the GIAD to begin an investigation, the employee is encouraged to make use of the "Whistleblowing Report Form" provided in the Company's</p>

	<p>portal under the Governance Portal. The employee may send this form via local postal service if he/she wishes to remain anonymous.</p> <p>The Head of GIAD will maintain a record of the complaints and will track their receipt, investigation and resolution. GIAD will investigate each claim independently based on standard internal audit practices and fraud response procedures. Upon completion of each investigation, GIAD will prepare a report to the Chairman of the Audit Committee for further action. The Head of GIAD shall prepare a summary report and present it to the Audit Committee on a quarterly basis.</p> <p>GIAD did not receive any report through the whistle blower channel in the financial year 2018.</p>	
<p>Explanation for departure</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>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice		<p>The Board comprises majority Independent Directors. Out of 9 Directors, 5 of them are Independent Non-Executive Directors. The Co-Chairman of the Board is an Independent Non-Executive Director.</p> <p>An annual assessment of the independence of the Independent Non-Executive Directors is also conducted to ensure their independence. Based on the results from the latest assessment made, all the Independent Non-Executive Directors have satisfied the independence test under the Listing Requirements of Bursa Malaysia Securities Berhad.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has a formal policy on selection process and assessment criteria for appointment of new directors. The policy details the processes and the criteria for selection and assessment of potential candidates for election to the Board. It sets out the criteria for assessment of the appropriateness of the board mix and composition.</p> <p>Based on the policy, the Board has delegated the responsibility for recommending a potential candidate to fill a board vacancy to the Nomination Committee (“NC”) but the ultimate decision on the appointment of a candidate is solely that of the Board as a whole.</p> <p>The NC will screen the initial selection of the candidates, performing the requisite assessment of the said candidates before recommending to the Board for approval. This is to ensure that the candidate possesses the appropriate skills, competencies, experience, integrity and time to effectively discharge their role as a director. Besides that, the NC will also take into consideration diversity of the Board’s composition which inter alia, includes gender, ethnicity, age, etc.</p> <p>The Board has adopted a diversity and inclusion policy. The Group is committed to encouraging diversity and inclusion in the workplace. The Group aims to create a culture that respects and values each other’s differences, promotes equality and diversity, and encourages individuals to grow and develop in order to realize their full potential. Diversity and inclusion are closely tied to the Group’s core values of integrity, humility and excellence which are embedded into every facet of the Group’s businesses and goals. Nonetheless, the Board will also prioritize selection criteria based on an effective mix of competencies, skills as well as relevant experience and knowledge in order to strengthen the Board.</p> <p>The Company’s Constitution provides that 1/3 of the Board is subject to retirement by rotation at each Annual General Meeting (“AGM”). Each Director shall retire once at least in each three years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment.</p> <p>Pursuant to Clause 106(1) of the Company’s Constitution, Tan Sri Datuk Seri Razman M Hashim, Dato’ Chew Chee Kin and Mr Wong Chin Mun will retire by rotation at the coming Ninth Annual General Meeting (“9th”</p>

	<p>AGM") of the Company and they have agreed to be re-elected as Directors.</p> <p>The NC having assessed the performances of the retiring Directors who are seeking re-election based on the directors' peer review and the Executive Directors' performance scorecards, subsequently recommended to the Board, their re-election as Directors at the coming 9th AGM.</p> <p>In order to assist the shareholders in their decision, the information of the Directors such as their personal profile, record of attendance of meetings and the shareholdings of each Director (where applicable) are disclosed in the Annual Report 2018.</p>	
<p>Explanation for departure</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>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently, there are 2 women directors on the Board. The Board will require 3 women directors to fulfil the 30% requirement.	
		The Board acknowledges that the Malaysian Code of Corporate Governance encourages 30% women representation in the Board composition. Nevertheless, it will take some time for the Nomination Committee to search and select a suitably qualified woman director to meet the 30% target.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board through the Nomination Committee, will continue to actively search for a suitable and well qualified woman director to join the Board.	
Timeframe	:	Within 2 years	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has a formal policy on selection process and assessment criteria for appointment of new directors. It sets out the criteria for assessment of the appropriateness of the board mix and composition.</p> <p>The policy allows the Board to engage executive search firms and other channels to assist in finding candidates with the relevant skills and background. Under the policy, the candidate must possess high standards of ethics, integrity and professionalism, display independent and sound business judgment and have meaningful experience and expertise in business, corporate, property, accountancy, law, finance or other relevant endeavours. The qualifications of a candidate will be considered in addition to other factors it deems appropriate based on the current needs and requirements of the Board including specific desired business and financial expertise, 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>Tan Sri Datuk Dr Rebecca Fatima Sta Maria was appointed as an Independent Non-Executive Director on 1 March 2018 and she was introduced by PEMANDU Associates. The NC, after going through the selection process, was confident that Tan Sri Datuk Dr Rebecca would add valuable perspective and contribution based on her experiences particularly her global experience as former Secretary-General of the Ministry of International Trade and Industry.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination Committee is chaired by Mr Lim Swe Guan, an Independent Non-Executive Director.</p> <p>The Company has since its inception in 2011, adopted the best practice of appointing an Independent Director to chair the Nomination Committee.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Nomination Committee (“NC”) carries out the annual evaluation to determine the effectiveness of its board, board committees and the individual directors by way of self and peer evaluation. The process is facilitated by the Company Secretaries. The Board is satisfied with the current evaluation methodology as each director is able to provide candid, frank opinion and recommendation to improve the overall governance process of the Group. As such, the Board has decided to continue with the Company’s existing practice of Board assessment and will consider engaging independent experts for the annual evaluation on periodical basis in future.</p> <p>During the financial year 2018, the NC was entrusted with the responsibility of carrying out the evaluation process of the Board’s performance as well as the Board Committees.</p> <p>The evaluation process started with the development of the assessment questionnaires by the Group Secretariat Department based on the recommended questionnaires published under the third edition of the Corporate Governance Guide issued by Bursa Malaysia Berhad. There were a total of 7 questionnaires/checklist being developed as follows:</p> <ul style="list-style-type: none">a) Evaluation on Board Effectiveness;b) Director’s Peer Review;c) Board Committee Evaluation;d) Audit Committee Evaluation;e) Audit Committee Members’ Self and Peer Evaluation;f) Assessment of the Independent Non-Executive Directors; andg) Independent Directors’ Self-Assessment Checklist. <p>The questionnaires were tabled for discussion and approval on 21 August 2018. The approved evaluation survey formats were uploaded onto a dedicated electronic application platform for assessment by the</p>

	<p>Directors. This process is undertaken at the last quarter of every financial year.</p> <p>The annual evaluation of Board effectiveness is conducted internally by way of self and peer assessment covering areas such as Board composition, Board roles and responsibilities, effectiveness of Chairman, legal and regulatory compliance, trainings attended, conduct at meetings, engagement and communication with management and stakeholders, as well as competency and service quality of the Company Secretaries.</p> <p>The evaluation of individual directors was based on a set of performance criteria comprising contribution to interaction, quality of input and understanding of roles and responsibilities.</p> <p>The NC also undertook annual assessment of the effectiveness of various Board Committees. The assessments are used to identify the Board Committees' strengths and shortcomings as well as to recommend areas for improvement.</p> <p>The Board Committees was assessed on the following aspects:</p> <ol style="list-style-type: none"> a) Composition; b) Able to provide useful recommendation; c) Relevant knowledge and expertise in the subject area; d) Effective communication; e) Sufficiency and frequency of meeting; f) Rights and authority conferred upon the Committees; g) Competency of Chairmen of the Committees; and h) Minutes of meeting. <p>The results of the assessments were compiled by the Company Secretaries into summarised executive reports which were then tabled for review and discussion at the NC meeting. Thereafter, the executive reports were presented to the Board for further deliberation on 28 February 2019. At the aforesaid Board Meeting, all critical comments and recommendation for improvement contained in the reports were highlighted by the NC Chairman for immediate actions and rectification. The deliberations of the NC and the Board were duly minuted in the respective meetings.</p> <p>Generally, the Directors were satisfied with the performance of the Board as a whole. The Director's peer review indicated that all the Directors were of the view that each of them had performed their respective roles and functions effectively and responsibly during the financial year ended 31 December 2018. Each member was satisfied with each other's contribution in sharing their insights and active participation in Board and Board Committees' discussions. All the Board Committees were assessed to be effective in discharging their roles and responsibilities as per the terms of reference.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	: The Board is satisfied with the present assessment approach and will continue the existing practice of conducting its annual evaluation facilitated by the Company Secretaries. The Board will consider engaging independent experts for the annual evaluation when needed.
Timeframe	: Within 2 years

Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	: Applied
Explanation on application of the practice	<p>The Group's remuneration policy is available at its website.</p> <p>The Group recognizes that in order to attract and retain Directors, it is important to have a fair and competitive remuneration package that commensurate with their experience, skills, responsibilities, performance, contribution as well as industry benchmark. In view of this, framework and guidelines provided by independent consultant and market data on the remuneration practices of comparable peers are taken into consideration in determining the remuneration package for Executive Directors.</p> <p>The total remuneration package of Executive Directors is made up of various components, primarily consisting of fixed monthly salary, performance bonus, incentive pay, employee share option as well as benefits-in-kind. Executive Directors are not entitled to directors' fees and meeting allowances for his/her services.</p> <p>The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. The Group uses established HR system to facilitate performance management process for Executive Directors. The review is conducted on a half-yearly basis.</p> <p>The Remuneration Committee ("RC") reviewed mid-year performance of the Executive Directors on 21 August 2018 against their approved key performance indicators ("KPIs") and the final performance ratings of the Executive Directors on 28 February 2019. The RC determined and approved salary increment and quantum of bonus payment in accordance with business justifications and bonus framework of the Company. It had also taken into consideration the external market data in its decision i.e. benchmarking against remuneration packages of relevant positions with similar industry and business size</p> <p>For Independent Non-Executive Directors, the level of remuneration reflects their experience, level of responsibilities and industry's</p>

	<p>benchmark as well as complexity of the Group's businesses. The remuneration of Independent Non-Executive Directors consists of fixed directors' fees per annum and meeting allowances for every Board or Board Committee meeting attended.</p> <p>The fees for the Independent Non-Executive Directors are not linked to the financial results of the Company. Independent Non-Executive Directors are not entitled to any performance bonus or any incentive arrangements. For purpose of ensuring independence, the Independent Non-Executive Directors are not eligible for employees' share option scheme.</p> <p>The Board as a whole resolves on the fees for the Independent Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Independent Non-Executive Directors are subject to the approval of shareholders at the Annual General Meeting. Currently, the Independent Non-Executive Co-Chairman is entitled to a director's fee of RM360,000 per year while the rest of the Independent Non-Executive Directors are entitled to directors' fees of RM120,000 per individual per year. Their meeting allowance is set at RM1,000 per individual per meeting.</p> <p>In addition to the directors' fees, the Chairman and members of the Audit Committee are entitled to Audit Committee's fees in respect of their governance and overseeing responsibilities in relation to the Company's financial reporting, internal control system, risk management system as well as internal and external audit function. The amount of Audit Committee's fees is benchmarked against public listed companies of similar size and industry. The Audit Committee's fees are subject to the shareholders' approval at the Annual General Meeting. The fees will be reviewed as and when the need arises. The Audit Committee's fees are payable annually together with the payment of the directors' fees.</p> <p>Currently, the Audit Committee's fees are set at RM6,000 per annum for the Chairman and RM3,000 per annum for each member.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe :	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Remuneration Committee to ensure that remuneration arrangements support the strategic aims of the Group's businesses and to enable the recruitment, motivation and retention of Executive Directors.</p> <p>The Remuneration Committee comprises mainly Independent Non-Executive Directors, namely Tan Sri Datuk Dr Rebecca Fatima Sta Maria as Chairman, Dato' Sri Idris Jala, Tan Sri Dato' Dr Lin See Yan, Mr Wong Chin Mun and Mr Lim Swe Guan as members. Pursuant to his retirement as Director of the Company at the Eighth Annual General Meeting held on 21 June 2018, Datuk Seri Yam Kong Choy had resigned as Chairman and member of the Remuneration Committee on even date. In his replacement, Tan Sri Datuk Dr Rebecca Fatima Sta Maria was appointed as the Chairman of the Committee on the same date.</p> <p>The Remuneration Committee with the assistance of Chief Human Resource Officer, evaluated the performances of the Executive Directors twice a year. The Executive Directors were assessed based on a set of pre-approved key performance indicators ("KPIs") using balanced scorecard. The KPIs of the President and Executive Directors includes budgeted financial targets, targeted land acquisition, employee engagement score, leadership competencies, people development, management succession plan, etc.</p> <p>Based on the performance appraisals, the Remuneration Committee determines the performance bonus for the Executives Directors. The Remuneration Committee also reviews the remuneration package of the Executive Directors to ensure that it commensurate with their scope of responsibilities and performance achieved. It also deliberated and recommended the renewal of the terms of employment contracts for Executive Directors, with the aim of ensuring that the Company attracts and retains the Directors needed to run the Group successfully.</p>

	<p>The terms of reference of the Remuneration Committee is set out at the Company's website.</p> <p>During the financial year, four (4) meetings were held to deliberate and approve the following matters:-</p> <p>(a) On 28 February 2018, the Remuneration Committee reviewed and discussed the 2017 year-end performance appraisal of the Executive Directors. The actual results achieved by them were compared with their targeted KPIs. Non achievement of KPIs were explained and justified. Based on the performance scorecard, the Remuneration Committee recommended their annual increments and performance bonuses for the Board's approval.</p> <p>(b) On 21 March 2018, the Remuneration Committee reviewed and discussed on the Board and Senior Management Remuneration Policy as well as the findings from KPMG Report on Non-Executive Directors' Remuneration 2017. The Policy was duly endorsed and recommended to the Board for approval.</p> <p>(c) On 29 August 2018, the Remuneration Committee reviewed and discussed the mid-year KPIs and mid-year performance appraisal of the Executive Directors. The Remuneration Committee also reviewed its terms of reference to be in line with the Malaysian Code of Corporate Governance.</p> <p>(d) On 21 November 2018, the Remuneration Committee reviewed and discussed the performance appraisal of the Executive Directors as of September 2018. The review was for the purpose of determining the payment of interim bonuses. The actual 9-month results versus its budgets were tabled to the Committee for deliberation. Based on the 9-month performance scorecard, the Remuneration Committee recommended the interim bonuses for the Executive Directors for approval of the Board.</p> <p>The Chief Human Resource Officer and Senior Manager – Human Resource Services/Senior General Manager- Human Resource Services attended the said meetings at the invitation of the Committee.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	

Timeframe	:		
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Intended Outcome

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

Practice 7.1

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

Application	:	Applied																																																																											
Explanation on application of the practice	:	<p>The remuneration received/to be received by each of the Directors for the financial year 2018 is set out in the tables below:</p> <p>a) Independent Non-Executive Directors</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Directors' Fee (RM'000)</th> <th>Audit Committee's fee (RM'000)</th> <th>Meeting Allowance (RM'000)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Dato' Sri Idris Jala</td> <td>360</td> <td>-</td> <td>12</td> </tr> <tr> <td>2.</td> <td>Tan Sri Dato' Dr Lin See Yan</td> <td>120</td> <td>3</td> <td>26</td> </tr> <tr> <td>3.</td> <td>Tan Sri Datuk Dr Rebecca Fatima Sta Maria</td> <td>100.6</td> <td>2.5</td> <td>19</td> </tr> <tr> <td>4.</td> <td>Wong Chin Mun</td> <td>120</td> <td>6</td> <td>23</td> </tr> <tr> <td>5.</td> <td>Lim Swe Guan</td> <td>120</td> <td>3</td> <td>26</td> </tr> </tbody> </table> <p>b) Non-Independent Executive Directors</p> <table border="1"> <thead> <tr> <th rowspan="2">No.</th> <th rowspan="2">Name</th> <th colspan="5">(RM'000)</th> <th rowspan="2">Total</th> </tr> <tr> <th>Salary</th> <th>Bonus/ Incentive</th> <th>Defined Contribution Plan (i.e. EPF)</th> <th>Other emoluments</th> <th>Benefits-in-kind</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling</td> <td>7,860</td> <td>19,650</td> <td>5,386</td> <td>840</td> <td>27</td> <td>33,763</td> </tr> <tr> <td>2.</td> <td>Tan Sri Datuk Seri Razman M Hashim</td> <td>240</td> <td>120</td> <td>85</td> <td>90</td> <td>27</td> <td>562</td> </tr> <tr> <td>3.</td> <td>Dato' Chew Chee Kin</td> <td>2,172</td> <td>4,344</td> <td>1,255</td> <td>195*</td> <td>75</td> <td>8,042</td> </tr> <tr> <td>4.</td> <td>Sarena Cheah Yean Tih</td> <td>840</td> <td>700</td> <td>292</td> <td>-</td> <td>30</td> <td>1,863</td> </tr> </tbody> </table> <p>* include director's fee and meeting allowance from a listed subsidiary and the amount will be paid upon approval of the shareholders of the listed subsidiary.</p>	No.	Name	Directors' Fee (RM'000)	Audit Committee's fee (RM'000)	Meeting Allowance (RM'000)	1.	Dato' Sri Idris Jala	360	-	12	2.	Tan Sri Dato' Dr Lin See Yan	120	3	26	3.	Tan Sri Datuk Dr Rebecca Fatima Sta Maria	100.6	2.5	19	4.	Wong Chin Mun	120	6	23	5.	Lim Swe Guan	120	3	26	No.	Name	(RM'000)					Total	Salary	Bonus/ Incentive	Defined Contribution Plan (i.e. EPF)	Other emoluments	Benefits-in-kind	1.	Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling	7,860	19,650	5,386	840	27	33,763	2.	Tan Sri Datuk Seri Razman M Hashim	240	120	85	90	27	562	3.	Dato' Chew Chee Kin	2,172	4,344	1,255	195*	75	8,042	4.	Sarena Cheah Yean Tih	840	700	292	-	30	1,863
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Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Due to the highly competitive industries in which the Group is operating, the Group faces challenges in talent management and retention. Therefore, the Board is of the opinion that disclosing the remuneration of senior management would be a disadvantage to the Group.	
		The Company's Remuneration Policy for Directors and Senior Management has alternatively explained how the senior management is rewarded. The policy is available at the Company's website at www.sunway.com.my .	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board has decided not to disclose the top 5 senior management's remuneration.	
Timeframe	:	Others	Not disclosing

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied																			
Explanation on application of the practice	:	<p>The Audit Committee is led by Mr Wong Chin Mun, the Senior Independent Non-Executive Director who is not the Chairman of the Board.</p> <p>The Audit Committee comprises four (4) members who are all Independent Non-Executive Directors. The members of the Audit Committee are:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Director/Designation</th> <th>Membership</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Mr Wong Chin Mun <i>(Senior Independent Non-Executive Director)</i></td> <td>Chairman</td> </tr> <tr> <td>2</td> <td>Tan Sri Dato' Dr Lin See Yan <i>(Independent Non-Executive Director)</i></td> <td>Member</td> </tr> <tr> <td>3</td> <td>Lim Swe Guan <i>(Independent Non-Executive Director)</i></td> <td>Member</td> </tr> <tr> <td>4</td> <td>Tan Sri Datuk Dr Rebecca Fatima Sta Maria <i>(Independent Non-Executive Director)</i> <i>(Appointed with effect from 1 March 2018)</i></td> <td>Member</td> </tr> <tr> <td>5</td> <td>Datuk Seri Yam Kong Choy <i>(Independent Non-Executive Director)</i> <i>(Resigned with effect from 21 June 2018)</i></td> <td>Member</td> </tr> </tbody> </table> <p>The detailed report of the Audit Committee is set out in the Company's Annual Report 2018.</p>		No.	Director/Designation	Membership	1	Mr Wong Chin Mun <i>(Senior Independent Non-Executive Director)</i>	Chairman	2	Tan Sri Dato' Dr Lin See Yan <i>(Independent Non-Executive Director)</i>	Member	3	Lim Swe Guan <i>(Independent Non-Executive Director)</i>	Member	4	Tan Sri Datuk Dr Rebecca Fatima Sta Maria <i>(Independent Non-Executive Director)</i> <i>(Appointed with effect from 1 March 2018)</i>	Member	5	Datuk Seri Yam Kong Choy <i>(Independent Non-Executive Director)</i> <i>(Resigned with effect from 21 June 2018)</i>	Member
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Explanation for departure	:																				
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																					
Measure	:																				
Timeframe	:																				

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company had adopted the policy for a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee in the terms of reference of the Audit Committee.</p> <p>The terms of reference of the Audit Committee are set out at the Company’s website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>It is stated in the terms of reference of the Audit Committee that the Audit Committee is responsible to assess the suitability, objectivity and independence of the External Auditors annually.</p> <p>The Company has in place a Policy on Selection of External Auditors and a Non-Audit Services Policy. The objectives of the policies are to outline the criteria and procedures for the Audit Committee to assess and select the External Auditors and to monitor the provision of non-audit services by the External Auditors. The Policy is published at the Company's website.</p> <p>During the financial year, the Audit Committee assessed the suitability, effectiveness and independence of the External Auditors and ensured that the provision of non-audit services by the External Auditors was not in conflict with their audit function. The annual assessment of the External Auditors encompassed areas such as objectivity and independence, competency, quality of services, communication and interaction, audit planning, delivery, fees and adequacy of resources.</p> <p>On 28 February 2019, BDO PLT ("BDO") in its presentation on External Auditors' report to the Audit Committee, declared its independence from the Group in relation to its engagement as External Auditors of the Group in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year 2018.</p> <p>The results of the External Auditors' assessment were tabled to the Audit Committee on 21 March 2019. The Audit Committee was satisfied with the independence and performance of the External Auditors for the financial year ended 31 December 2018. As such, the Audit Committee had recommended the re-appointment of BDO as the External Auditors of the Company for the financial year 2019 for the shareholders' approval at the forthcoming Ninth Annual General Meeting ("AGM") of the Company to be held on 20 June 2019. The Board at its meeting held on 21 March 2019, approved the Audit Committee's recommendation.</p> <p>The External Auditors will rotate their engaging partner in charge of the Audited Financial Statements of the Company and the Group once</p>

	every seven (7) years to maintain their independence from the Group in accordance with the Malaysian Institute of Accountants' By-Laws. Nevertheless, the current audit engagement partner has held the position for only four (4) years. However, the Board also has an option to rotate the audit firm once every five (5) years pursuant to the Group's policy.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All the members of the Audit Committee 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 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee has a mix of suitably qualified and experienced professionals in the fields of accountancy, economy, real estate development, property management and human capital development.</p> <p>Mr Wong Chin Mun, the Chairman of the Audit Committee, is a Fellow of Australian Society of Certified Practising Accountants and a member of Malaysian Institute of Accountants. Accordingly, the Company complies with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>All the members of the Audit Committee are financially literate and are able to understand and grasp complex issues brought to its attention including the financial reporting standards and processes.</p> <p>The members of the Board including the Audit Committee members, had during the financial year, attended various training programmes and seminars organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in law, regulations, risk management and business environment. Details of the trainings or seminars attended by the members of the Audit Committee during the financial year ended 31 December 2018 are set out in the Corporate Governance Overview Statement under "Directors' Training" in the Annual Report 2018 of the Company.</p> <p>The members of the Audit Committee had also been briefed on the relevant changes in the financial reporting standards by the Group Chief Financial Officer and External Auditors at the Audit Committee meetings held in the financial year.</p> <p>In 2018, the Board through the Nomination Committee, had assessed the performance of the Audit Committee and its members and was</p>

	<p>satisfied with the performance of the Audit Committee and its members in discharging their duties and responsibilities.</p> <p>The detailed report of the Audit Committee's activities for the financial year 2018 is set out in the Audit Committee Report of the Company's Annual Report 2018.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's system of risk management and internal control are integrated and embedded into Enterprise Risk Management covering key activities/processes and initiatives of diverse operations including site offices in order to drive effective and accountable actions, as well as monitoring consistent risk management practices.</p> <p>The Board assumes overall responsibility for maintaining a sound system of risk management and internal control that provides reasonable assurance of effective operations and legal compliance including both the Group's internal policies and standard operating procedures. The system of internal control encompasses corporate governance, tender processes, financial system, IT network system, risk management, operational and organizational systems, safety, health and environment, regulatory as well as compliance control matters. The system in place provides reasonable but not absolute assurance against fraud, work site accidents, negligence, cyber attacks, financial losses, or material misstatement.</p> <p>The Board has adopted a comprehensive Risk Management Policy as a formal acknowledgement of its commitment towards prioritizing risk management practices and promoting risk management culture throughout the organization. The Policy comprises policies and procedures, internal audit, employee engagement and performance, employee conduct as well as risk management. The Risk Management Framework is benchmarked against the ISO31000:2009 Risk Management – Principles and Guidelines.</p> <p>The Board is assisted by the Risk Management Committee ("RMC") in identifying, mitigating and monitoring the critical risks highlighted by the Business Divisions. The RMC comprises four (4) Independent Non-Executive Directors, the composition of which is disclosed in Practice 9.3. The RMC has adopted a Risk Management Framework to identify, evaluate, mitigate and monitor the key risks faced by the Group. Its terms of reference is published in the Company's website.</p> <p>During the financial year, RMC had held five (5) meetings. In its quarterly meetings held on 28 February 2018, 21 May 2018, 21 August 2018 and 21 November 2018, RMC deliberated on the identified top risks of the Group and action plans to manage or mitigate the said risks.</p>

	<p>Four (4) of the key business units had been invited to present their key business risks and their action plans to address the said risks in 2018.</p> <p>The Board has adopted a conservative risk appetite which was determined by the major risk categories as follows:-</p> <table border="1" data-bbox="588 405 1272 875"> <thead> <tr> <th>Risk Category</th> <th>Risk Appetite</th> </tr> </thead> <tbody> <tr> <td>External</td> <td>Moderate</td> </tr> <tr> <td>Regulatory</td> <td>Low</td> </tr> <tr> <td>Legal</td> <td>Low</td> </tr> <tr> <td>Corporate Governance</td> <td>Low</td> </tr> <tr> <td>Financial</td> <td>Low</td> </tr> <tr> <td>Customers</td> <td>Moderate</td> </tr> <tr> <td>Suppliers</td> <td>Low</td> </tr> <tr> <td>Products and Services</td> <td>Low</td> </tr> <tr> <td>Human Capital</td> <td>Moderate</td> </tr> <tr> <td>Operations</td> <td>Low</td> </tr> </tbody> </table> <p>Notwithstanding the aforesaid, the appropriate level of risk tolerance will depend on the nature of projects undertaken and the objectives pursued. The risk appetite will be reviewed periodically by the RMC in response to the operating environment.</p> <p>The Board has established an internal audit function by setting up a Group Internal Audit Department (“GIAD”) within the Group. GIAD reports functionally to the Audit Committee and administratively to the Executive Chairman or his designate. GIAD has full, free and unrestricted access to all the Company’s and Group’s activities, policies, records, properties and personnel at all levels and agents, in pursuance of its objectives. It assists the Audit Committee in reviewing, evaluating and monitoring the effectiveness of the Group’s governance, risk management and internal control processes.</p>	Risk Category	Risk Appetite	External	Moderate	Regulatory	Low	Legal	Low	Corporate Governance	Low	Financial	Low	Customers	Moderate	Suppliers	Low	Products and Services	Low	Human Capital	Moderate	Operations	Low
Risk Category	Risk Appetite																						
External	Moderate																						
Regulatory	Low																						
Legal	Low																						
Corporate Governance	Low																						
Financial	Low																						
Customers	Moderate																						
Suppliers	Low																						
Products and Services	Low																						
Human Capital	Moderate																						
Operations	Low																						
<p>Explanation for departure :</p>																							
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																							
<p>Measure :</p>																							
<p>Timeframe :</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 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for effective risk management and internal control of the Company and its group of subsidiaries (“Group”). The Board embeds risk management practices into activities, initiatives and processes of the Group. The framework has been set in place by the Board to identify, evaluate, mitigate and monitor key risks faced by the Group.</p> <p>The Board recognises that the framework is designed to mitigate rather than to eliminate risks or events with significant adverse impact on the achievement of the Group’s objectives and strategies. As such, it provides reasonable but not absolute assurance against material financial misstatement and management information and records, or against financial losses or fraud.</p> <p>The Risk Management Committee (“RMC”) reviews the risk management framework and processes to ensure that they remain relevant for use, and monitors the effectiveness of risk treatment/mitigation action plans for the management and control of the key risks. The RMC also deliberated on the quarterly risk reports which identified six (6) principal risks of the Group and the corresponding rating for each risk.</p> <p>The Statement on Risk Management and Internal Control as set out in the Company’s Annual Report 2018 provides an overview of the state of risk management and internal controls within the Group.</p> <p>The Internal Audit Department’s functions and summary of its activities are set out in the Audit Committee Report in the Annual Report 2018.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted																		
Explanation on adoption of the practice	:	<p>In the efforts of embracing good corporate governance, the Board had on 29 August 2017 established a Risk Management Committee to oversee the Company's risk management framework and policies.</p> <p>The Risk Management Committee comprises all Independent Non-Executive Directors. The members of the Committee are:</p> <table border="1"><thead><tr><th>No.</th><th>Director/Designation</th><th>Membership</th></tr></thead><tbody><tr><td>1</td><td>Tan Sri Dato' Dr Lin See Yan <i>(Independent Non-Executive Director)</i></td><td>Chairman</td></tr><tr><td>2</td><td>Wong Chin Mun <i>(Senior Independent Non-Executive Director)</i></td><td>Member</td></tr><tr><td>3</td><td>Lim Swe Guan <i>(Independent Non-Executive Director)</i></td><td>Member</td></tr><tr><td>4</td><td>Tan Sri Datuk Dr Rebecca Fatima Sta Maria <i>(Independent Non-Executive Director)</i> <i>(Appointed with effect from 1 March 2018)</i></td><td>Member</td></tr><tr><td>5</td><td>Datuk Seri Yam Kong Choy <i>(Independent Non-Executive Director)</i> <i>(Resigned with effect from 21 June 2018)</i></td><td>Member</td></tr></tbody></table>	No.	Director/Designation	Membership	1	Tan Sri Dato' Dr Lin See Yan <i>(Independent Non-Executive Director)</i>	Chairman	2	Wong Chin Mun <i>(Senior Independent Non-Executive Director)</i>	Member	3	Lim Swe Guan <i>(Independent Non-Executive Director)</i>	Member	4	Tan Sri Datuk Dr Rebecca Fatima Sta Maria <i>(Independent Non-Executive Director)</i> <i>(Appointed with effect from 1 March 2018)</i>	Member	5	Datuk Seri Yam Kong Choy <i>(Independent Non-Executive Director)</i> <i>(Resigned with effect from 21 June 2018)</i>	Member
No.	Director/Designation	Membership																		
1	Tan Sri Dato' Dr Lin See Yan <i>(Independent Non-Executive Director)</i>	Chairman																		
2	Wong Chin Mun <i>(Senior Independent Non-Executive Director)</i>	Member																		
3	Lim Swe Guan <i>(Independent Non-Executive Director)</i>	Member																		
4	Tan Sri Datuk Dr Rebecca Fatima Sta Maria <i>(Independent Non-Executive Director)</i> <i>(Appointed with effect from 1 March 2018)</i>	Member																		
5	Datuk Seri Yam Kong Choy <i>(Independent Non-Executive Director)</i> <i>(Resigned with effect from 21 June 2018)</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 10.1

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

Application	: Applied
Explanation on application of the practice	<p>The Group's Internal Audit ("IA") function is an integral part of the assurance framework and it is performed in-house and undertaken by Group Internal Audit Department ("GIAD"). The mission of GIAD is to enhance and protect Sunway Berhad Group's organizational value by providing risk-based and objective assurance, advice and insight. GIAD helps the Group to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. GIAD reports functionally to the Audit Committee ("AC") and administratively to the Executive Chairman. The Head of GIAD has unrestricted access to the AC and reports directly to the AC Chairman.</p> <p>GIAD is a member of the Malaysian Chapter of the Institute of Internal Auditors ("IIA") and adopts the International Standards for the Professional Practice of Internal Auditing ("IIA Standards") laid down in the International Professional Practices Framework issued by the IIA. GIAD successfully completed its external Quality Assessment Review in 2015 and continues to meet or exceed the IIA Standards in all key aspects. GIAD 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 IA to ensure that the responsibilities of GIAD are fully discharged.</p> <p>The internal audit reports arising from the audit assignments carried out, were issued to the respective business unit management for their responses and Management were made responsible to ensure that the agreed corrective actions to be taken to address the reported risks and weaknesses were taken promptly within the required timeframes. Follow-up audit engagements were carried out by GIAD to ensure that the key corrective actions were implemented appropriately. The internal audit reports were subsequently tabled to the AC for its review. In its current structure, the GIAD has been able to provide the Directors and senior management with pertinent information about the weaknesses in the system of internal control allowing the management to take prompt remedial actions.</p> <p>A summary of the GIAD's activities during the financial year ended 31 December 2018 is set out in the Audit Committee Report in the Annual Report 2018.</p>

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

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>In accordance with the Internal Audit Charter, the Group Internal Audit Department (“GIAD”) acts as an independent, objective assurance and advisory function which has been established for purposes of examining and evaluating its system of internal controls, risk management and governance processes in order to assist the members of the management team and the Board of Directors (including members of the Audit Committee) in the effective discharge of their responsibilities.</p> <p>In the Audit Committee meeting held on 21 March 2018, the GIAD confirmed its organisational independence, where the Head of GIAD and all the internal auditors had signed a declaration that they were and had been independent, objective and in compliance with the Code of Conduct and Business of the Company and the professional standards laid down by the Institute of Internal Auditors (“IIA”) in carrying out their duties as internal auditors. The Head of GIAD and the audit executives have confirmed that they are free from any relationships or conflicts of interest which could impair their objectivity and independence in their audit assignments.</p> <p>GIAD is headed by Mr Yee Meng Haw who is a member of the Malaysian Institute of Certified Public Accountant (MICPA), a member of the Malaysian Institute of Accountants (MIA) and a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). GIAD has 23 auditors and most of them have professional qualifications. Some are members of Certified Information System Auditors (CISA), Certified Fraud Examiners (CFE) and Certified Internal Auditor (CIA).</p> <p>The GIAD is a member of the Malaysian Chapter of the Institute of Internal Auditors and adopts the IIA Standards laid down in the International Professional Practices Framework issued by the IIA. The GIAD had successfully completed its external Quality Assessment Review by Protiviti Pte Ltd of Singapore in 2015. It was concluded that GIAD continues to meet or exceed the IIA Standards in all key aspects.</p>

	<p>In accordance with the Terms of Reference of the Audit Committee, the Audit Committee had in the first quarter of 2019, conducted an annual assessment of the performance of the Internal Audit function for the financial year 2018. The results were compiled and tabled to the Audit Committee at its meeting held on 21 March 2019. The Audit Committee was satisfied with the performance of the internal audit function for the financial year 2018. It had concluded that GIAD is able to provide the Directors and senior management with pertinent information on potential weaknesses in the system of internal control and providing the management with constructive inputs and ideas for remedial actions.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>As part of the effort in strengthening its relationship with the shareholders, the Company is committed to continuously disclose and disseminate comprehensive and timely information to its shareholders as well as to the general investing public. The Board believes that by maintaining consistent and extensive communication with its shareholders, its mutual relationship with its shareholders would be strengthened. This would also enhance the shareholders' understanding of the Group as well as their ability in making informed investment decisions.</p> <p>One of the platforms used is announcements released through Bursa LINK which can also be accessed via the Company's website.</p> <p>The Company has also incorporated a section for "Investor Relations" in its website at www.sunway.com.my, which provides all relevant information on the Group such as quarterly results and audited financial statements, Board Charter, minutes of general meetings, general announcements, investor presentations, share price and financial information. The information is easily accessible by the public. Annual reports and circulars to shareholders are also made available at this website for review.</p> <p>The annual report of the Company is also another main channel of communication between the Group and its shareholders as well as stakeholders. The annual report communicates comprehensive information on the financial results and activities undertaken by the Group.</p> <p>The Board also recognizes the importance of shareholders' participation in general meetings and encourages such participation. The Annual General Meeting of the Company provides the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of pertinent and relevant information is encouraged.</p> <p>In 2018, the Company served the notice of its Eighth Annual General Meeting 51 days before the meeting, well in advance of the 21-day</p>

requirement under the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). The additional time given to the shareholders had allowed them to have sufficient time to scrutinise the Annual Report 2017 and to make necessary arrangements to attend the meeting. The Chairman provided ample time for the questions and answers (Q&A) sessions at the Annual General Meeting. All suggestions and comments given by the shareholders were noted by the management for consideration. The Company also distributed together with the notice of the Annual General Meeting, information on administrative details such as details of the meeting, shareholders’ entitlement to attend the meeting, their right to appoint proxy and information as to who may act as a proxy, etc.

In addition, any written queries raised by the Minority Shareholders Watch Group were presented to the shareholders at the Annual General Meeting together with the Group’s response.

The Board values constant dialogue and is committed to clear communication with its shareholders and investors. In this respect, as part of the Group’s active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, shareholders and the media to convey information about the Group’s performance, corporate strategies and other matters affecting shareholders’ interests. The Group has an established internal corporate disclosure policy and an investor relations team to address all communications with its shareholders, the media and the investing public.

During the financial year, the Group held meetings with investors and research analysts and prepared quarterly briefing packs to analysts to include crucial information typically required for their coverage. The Group had also participated in domestic and overseas roadshows, and investor conferences in Malaysia and Singapore.

In addition to published annual reports and quarterly results announced to Bursa Securities, the Group has established a website at **www.sunway.com.my** from which investors and shareholders can access for information.

The Company also provides a separate executive summary together with its annual report, highlighting key financial information to facilitate shareholders’ easy access to such key information. Besides announcing through Bursa Securities’ website, all significant corporate developments involving the Group are made known through press releases to the media.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Group has in place an insider trading policy

	<p>to safeguard confidentiality of its material and price-sensitive information.</p> <p>The Group's website has a section dedicated to shareholders and investor relations which provides detailed information on the Group's businesses and latest developments. Any enquiries on investor related matters may be directed to this email address, <i>irsunwayberhad@sunway.com.my</i> or may also be conveyed to the following persons:-</p> <ol style="list-style-type: none"> 1. Mr Chong Chang Choong Chief Financial Officer Tel No: (603) 5639 8187 Fax No: (603) 5639 9566 Email: chongcc@sunway.com.my 2. Ms Janet Lim Senior Manager – Corporate Finance Tel No: (603) 5639 9257 Fax No: (603) 5639 9566 Email: janetlls@sunway.com.my 	
<p>Explanation for departure</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>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</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 11.2

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

Application	:	Applied	
Explanation on application of the practice	:	As part of the Group’s efforts to improve the quality of communication between the Group and its stakeholders, Sunway continued to embark on its integrated reporting journey in its 2018 Annual Report. With this, Sunway aims to illustrate how it transforms its inputs through its unique business model to create value for its stakeholders. The journey is an ongoing one, and the Group will continue to keep abreast with the latest requirements of the integrated reporting framework.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The notice period given for the Company's Eighth Annual General Meeting ("AGM") in 2018 was more than 28 days. The notice was sent on 30 April 2018 and the date of the Eighth Annual General Meeting was 21 June 2018.</p> <p>As for the AGM in 2019, the notice will be sent out on 30 April 2019 and the meeting is scheduled on 20 June 2019. The notice period is more than 28 days.</p> <p>The notice period given was well in advance of the 21-day requirements under the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The additional time given to the shareholders would allow them to have sufficient time to scrutinise the Annual Report and to make necessary arrangement to attend the meeting.</p> <p>An Administrative Guide which furnished useful information regarding the conduct of the AGM together with the explanatory guide to the use of the electronic polling device were given to the shareholders and proxies.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>All the Directors of the Company had attended the Annual General Meeting held on 21 June 2018. The Chair of the Audit, Nomination and Remuneration Committees were present to respond to any questions addressed to them.</p> <p>During the questions and answers (Q&A) session of the general meetings, the Chairman invited shareholders to raise questions pertaining to the agenda and resolutions tabled before putting them for voting. The Directors, including the President, Group Chief Financial Officer, management and External Auditors were in attendance to respond to the shareholders' queries. The Board and the management also presented the Group's response to any written queries raised by the Minority Shareholders Watch Group at the general meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In support for greater transparency and to allow for a more efficient and accurate voting system, the Company has conducted electronic poll voting at its Eighth Annual General Meeting (“8th AGM”) held on 21 June 2018. With electronic poll voting, shareholders or proxies present at the meeting were entitled to vote on a ‘one-share, one vote’ basis.</p> <p>The voting at the 8th AGM was conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company had appointed its Share Registrar, Sunway Management Sdn Bhd as Poll Administrator to conduct the polling process, and BDO Governance Advisory Sdn Bhd as Scrutineers to verify the poll results.</p> <p>A personalised passcode embedded wrist band and an electronic voting device were issued by the Share Registrar upon shareholders’ or proxies’ registration at the 8th AGM. Prior to the meeting, a tutorial video on how to use the electronic polling device was shown. In addition, a dry run on the use of the polling device was conducted to ensure that all shareholders and proxy holders were familiar with the electronic device.</p> <p>At the beginning of the meeting, the Poll Administrator explained and demonstrated the electronic polling procedures in three (3) languages, i.e. English, Malay and Chinese languages. The polling process was conducted upon completion of the deliberation of each resolution tabled at the 8th AGM. Shareholders and proxies were given 20 seconds to cast their votes for each resolution. The voting results of all votes cast in respect of each resolution was instantaneously displayed on-screen at the meeting which could be seen by everyone in the room. The Chairman then declared whether the resolution was carried based on the results shown on the screen.</p> <p>The Scrutineers had previously tested and verified the electronic poll voting system. During the 8th AGM, the Scrutineers observed and witnessed the entire voting process starting from the registration of</p>

	<p>shareholders/proxies until the end of the meeting. Upon verification of the voting results of all resolutions by the Scrutineers, the poll results detailing the number of votes cast for and against each resolution and the respective percentages were announced via Bursa LINK after 5 pm on the same day. Minutes of the 8th AGM was also made available on the Company's website.</p> <p>The Company aims to leverage on technology to facilitate voting in absentia and remote shareholders' participation at its future general meetings. This can only be implemented with a comprehensive system fit for this purpose.</p> <p>The 8th AGM of the Company was held at Sunway Resort Hotel & Spa which is located within Sunway City and is easily accessible by public transports such as Bus Rapid Transit (BRT), Light Rail Transit (LRT) and KTM commuter system.</p> <p>Alternate Practice: Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his or her stead at a general meeting.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	<p>The Company will look into a suitable and reliable voting system to facilitate voting in absentia and remote participation by shareholders. The Company will carefully consider all factors including all applicable requirements, necessary framework and processes, communication with shareholders as well as cyber security concerns in implementing the voting system.</p>
<p>Timeframe</p>	<p>:</p>	<p>Within 3 years</p>

**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.

Not applicable
