

SUNWAY BERHAD

(Company No. 921551-D)

BOARD CHARTER

1. INTRODUCTION

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

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

2. OBJECTIVES

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

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

3. THE BOARD

3.1 Role

- 3.1.1 The Board is in charge of leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in

which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

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

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

- Setting the vision, mission, objectives, goals and strategic plans for the Group with a view to maximising shareholders' value as well as ensuring long term sustainability of the Group's performance.
- Adopting and monitoring progress of the Company's strategies, budgets, plans and policies.
- Monitoring the Group's businesses and evaluate whether the businesses are properly managed to achieve its targeted returns.
- Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks. The Board through the Risk Management Committee, sets, where appropriate, objectives, performance targets and policies to manage the key risks faced by the Group.
- Considering Management's recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
- Human resources planning and development.
- Succession planning
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

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

- Conflict of interest issues relating to substantial shareholders, directors and management;
- 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 as well as Directors' fees and allowances;
- Annual and interim financial results.

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

3.2 Composition and Board Balance

- 3.2.1 The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.
- 3.2.2 The Board members shall comprise a majority Independent Directors.
- 3.2.3 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 3.2.4 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.2.5 The views of the Independent Directors should carry significant weight in the Board's decision-making process.
- 3.2.6 The Board may appoint a Senior Independent Director ("SID") to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman (if the position of Chairman and SID are held by different individuals) or the President have failed to resolve them.
- 3.2.7 The tenure of an Independent Director shall not exceed a cumulative term limit of nine (9) years. If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12th) year, annual shareholders' approval must be sought through two-tier voting process as stipulated in the Malaysian Code of Corporate Governance.
- 3.2.8 If, on any matter discussed at a board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.
- 3.2.9 The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

3.3 Role of Individual Directors

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

3.4 Senior Independent Director

- 3.4.1 The role of SID includes acting as:
- A sounding board for the Chairman (if the position of Chairman and SID are held by different individual);

- An intermediary for other directors when necessary; and
- The point of contact for shareholders and other stakeholders.

3.5 Appointments

- 3.5.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- 3.5.2 New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.
- 3.5.3 Directors are required to seek prior consent from the Chairman of the Board before they can accept any new directorship in public listed companies outside the Group. In the event it involves the Chairman of the Board, the matter shall be decided by the Chairman of the Nomination Committee.
- 3.5.4 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

3.6 Directors' Training

- 3.6.1 In addition to the Mandatory Accredited Programme (MAP) as required by Bursa Malaysia Securities Berhad ("**Bursa Securities**"), Board members are also encouraged to attend seminars, training programmes organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.
- 3.6.2 The Board is also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements.

3.7 Re-election

- 3.7.1 The Company's Constitution provides that one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting. Each Director shall retire once at least in each three (3) years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment.

3.8 Board Meetings and Supply of Information

- 3.8.1 The Board meets regularly at least once every quarter to facilitate the discharge of their responsibilities e.g. to review financial, operational and business performances. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.

- 3.8.2 Notices and agenda of meetings duly endorsed by the Chairman together with the relevant board papers are normally given at least one (1) week prior to the meetings for the Board to study and evaluate the matters to be discussed.
- 3.8.3 The board papers provided include inter alia, the financial results, business plan and budget, progress report on the Company's developments, minutes of meetings of Board Committees, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval.

4. CHAIRMAN AND PRESIDENT

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

4.1 Chairman

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

a) Roles of Executive Chairman

The roles of the Executive Chairman comprise:

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

b) Roles of Non-Executive Co-Chairman

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

- He is responsible for:-
 - (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:-
 - (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 business on a timely basis; and
 - (iv) All Directors are able to participate openly in discussions at Board meetings
- He ensures that the Board members are properly briefed on issues arising at board meetings and that available information on an issue is presented to the Board.
- He will act as facilitator at board meetings to ensure that no Board member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Board members is forthcoming.
- Questions arising at any board meeting shall be decided by a majority of votes. In the case of an equality of votes, the Co-Chairman shall have a second or casting vote, except that where two (2) Directors form a quorum and only two (2) Directors are present, or where there are only two (2) Directors who are competent to vote on the question at issue, the Co-Chairman shall not have a casting vote.
- He provides leadership to the Board and is responsible for the developmental needs of the Board
- He ensures the smooth functioning of the Board and the governance structure, and inculcating positive culture in the Board.
- He ensures that procedures and processes are in place to facilitate effective conduct of business by the Board.
- He chairs general meetings of the Company.

4.2 President

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

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

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

4.2.4 The responsibilities of the management are as follows:

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

5. BOARD COMMITTEES

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

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

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

5.1 Audit Committee

5.1.1 The Audit Committee comprises not less than three (3) members, all of whom are Independent Directors. The Chairman of the Audit Committee shall not be the Chairman of the Board.

5.1.2 No alternate Director can be appointed as a member of the Audit Committee.

5.1.3 The Audit Committee is responsible to provide oversight of the financial reporting process, audit process, system of internal controls and compliance with applicable financial reporting standards and regulations.

- 5.1.4 The Audit Committee meets on a quarterly basis to carry out its functions. However, upon the request of any member of the Committee, non-member Directors, the Internal or External Auditors, the Chairman shall convene additional meeting to consider the matters brought to its attention.
- 5.1.5 The President, Chief Financial Officer, Internal Auditors and External Auditors attend the meetings at the invitation of the Audit Committee.
- 5.1.6 The Board shall through the Nomination Committee review the performance of the Audit Committee annually.
- 5.1.7 The Terms of Reference of the Audit Committee is appended as Appendix 1 to the Board Charter.

5.2 Nomination Committee

- 5.2.1 The Nomination Committee comprises Independent Non-Executive Directors.
- 5.2.2 The Nomination Committee is responsible for identifying and making recommendations for any appointment and re-election of Board members. The Committee also assesses the effectiveness of the Board as a whole as well as the performance of each Director.
- 5.2.3 The Terms of Reference of the Nomination Committee is appended as Appendix 2 to the Board Charter.

5.3 Remuneration Committee

- 5.3.1 The Remuneration Committee comprises mainly Non-Executive Directors and the Chairman is an Independent Non-Executive Director.
- 5.3.2 The Remuneration Committee is responsible for recommending to the Board, the proposed remuneration for Directors and the renewal of the terms of Employment Contracts for Executive Directors, with the aim of ensuring that the Company attracts and retains the Directors needed to run the Group successfully.
- 5.3.3 The Terms of Reference of the Remuneration Committee is appended as Appendix 3 to the Board Charter.

5.4 Risk Management Committee

- 5.4.1 The Risk Management Committee comprises a majority of Independent Directors.
- 5.4.2 The Risk Management Committee is responsible for overseeing the Group's overall risk management framework and all its related policies. The Risk Management Committee reviews the risk management framework and processes to ensure that they remain relevant for use, and monitors the effectiveness of risk treatment/mitigation action plans for the Management and control of the key risks.

- 5.4.3 The Terms of Reference of the Risk Management Committee is appended as Appendix 4 to the Board Charter.

6. REMUNERATION LEVELS OF DIRECTORS

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

7. FINANCIAL REPORTING

7.1 Transparency

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

7.2 External Auditors

- 7.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the External Auditors through its Audit Committee.
- 7.2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the External Auditors. The Board ensures that the External Auditors do not supply a substantial volume of non-audit services to the Company.

- 7.2.3 Appointment of the External Auditors is subject to approval of shareholders at general meeting of the Company. The External Auditors have to retire during the Annual General Meeting of the Company every year and be re-appointed by shareholders for the ensuing year.

7.3 Internal Controls and Risk Management

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

8. ANNUAL GENERAL MEETING ("AGM")

- 8.1 The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.
- 8.2 The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from the Company's shareholders.
- 8.3 The Chairman encourages active participation by the shareholders during the AGM.
- 8.4 All resolutions tabled at the AGM and Extraordinary General Meeting will be conducted by poll voting.
- 8.5 The Chairman and where appropriate, the President responds to shareholders' queries during the AGM.

9. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- 9.1 The Board values constant dialogue and is committed to clear communication with shareholders and investors. In this respect, as part of the Group's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, shareholders and the media to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests.

9.2 The Company communicates information to shareholders and the investing community through announcements that are released to Bursa Securities via Bursa LINK. Such announcements include the quarterly results, material transactions and other developments relating to the Group requiring disclosure under the Listing Requirements of Bursa Securities. Communication channels with shareholders are also made accessible via:-

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

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

9.4 While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

10. RELATIONSHIP WITH OTHER STAKEHOLDERS

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

10.1 Employees

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

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

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

10.2 Environment

10.2.1 The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.

10.2.2 The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.

10.2.3 The Company supports initiatives on environmental issues.

10.3 Corporate Responsibility

10.3.1 The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.

10.3.2 The Company adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.

10.3.3 The Company supports charitable causes and initiatives on community development projects.

11. COMPANY SECRETARY

11.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

11.2 The Company Secretary is accountable to the Board on all governance matters.

11.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

11.4 The Company Secretary must keep abreast of, and inform the Board of current governance practices.

11.5 The Board members have unlimited access to the professional advice and services of the Company Secretary.