

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6521

COMPANY NAME : SURIA CAPITAL HOLDINGS BERHAD

FINANCIAL YEAR : December 31, 2020

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Intended Outcome

The 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 stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors are expected to discharge their fiduciary duties and responsibilities at all times in the best interests of the Company. Every Director shall keep abreast of new development, standards, regulations and practices relevant to the business conduct and activities as well as development of the Company.</p> <p>The roles and responsibilities of the Board would include the following:</p> <ul style="list-style-type: none">• Define corporate goals and strategies to achieve it The Board is responsible to lead and provide guidance and overall input on the strategic direction and aspirations of the Company. Prior to providing input to the Management, the Board deepens its knowledge and gains perspectives from industry experts, market analysis or briefings by the internal strategy teams. The Management is responsible for developing strategies together with the Board that actively guides, challenges and clarifies the multiple views and assumptions put forward by the Management.

	<ul style="list-style-type: none"> <p>• Oversee the performance of the Company and determine if the business is being properly managed</p> <p>The Board oversees the performance of the Company and determine if the business is being properly managed. The most effective way to achieve this is through adopting a strong corporate performance management approach built on the use of Key Performance Indicators (KPIs).</p> <p>KPIs are designed to link directly to the core values of the Company’s strategy as pre-determined by the Board. KPIs should reflect the Company’s historical performance, for example: Return on Equity (ROE) and Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) and leading indicators, for example: Capital productivity or Return on Capital Employed (ROCE), number of customer complaints and attrition rate of high performing employees.</p> <p>• Secure critical talent and skills which are becoming increasingly competitive</p> <p>The Board undertakes a role on succession planning for the Board Members and Senior Management such as appointment, training, setting the reward system and replacement of the Senior Management. The Board, through the Nomination/Appointment Committee and Remuneration Committee, identifies candidates for the Board and Senior Management positions to ensure the appointment made brings a balance of skill, knowledge, experience and diversity to the Company.</p> <p>• Understand and manage the Company’s risks</p> <p>The Board’s role is to establish the risk parameters, thresholds and boundaries for the Company and ensure that overall corporate risks are measured and thresholds are controlled within pre-determined limits.</p> <p>The Board understands major risk exposures on an aggregate basis. All risks are rolled into a common metric such as “cash flow at risk” or “value at risk”. The Board ensures that there are sufficient internal controls and clear mitigation plans for major risks and that these plans include accountabilities and timeliness. For major risks, the Board should also have a good sense of the costs and benefits of risk mitigation, which takes into account the probability of occurrence and the magnitude of the impact of the risks.</p> <p>The Board ensures that a culture of identifying and managing risk exists throughout the Company. One way to do this is by setting the right example and sending the right tone from the</p>
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	<p>top to bottom, and ensure that in-depth risk analysis and qualification are conducted for all major investments or strategic decisions prior to the decision being made by the Board.</p> <ul style="list-style-type: none"> Have fiduciary responsibilities to act in the best interests of the Company The Board has fiduciary responsibility to act in the best interests of the Company. The Board takes into account capital market perspective when making financial and strategic decisions to ensure that there will be long-term sustainable value creation. The views of majority shareholders are considered and adopted where such views are aligned with the interests of all shareholders. Further, minority shareholders' interest should also be adequately protected. The most common mechanism is to ensure that all related party transactions are on arm's length basis and that such transactions are fully disclosed.
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 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	:	Key responsibilities of the Chairman include: <ul style="list-style-type: none">• Leads Board meetings and discussions.• Sets the Board Agenda and ensures that Board Members receive complete and accurate information in a timely manner.• Encourages active participation and allows dissenting views to be freely expressed among the Board Members.• Manages the interface between the Board and the Management.• Ensures effective communication with stakeholders.• Monitors good corporate governance practices in 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

The 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 Group Managing Director are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman is Datuk Hj. Faisyal Bin Datuk Yusof Hamdain Diego, whereas the Group Managing Director is Datuk Ng Kiat Min.</p> <p>There is a clear division of responsibilities between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority in managing the Company as outlined below:</p> <p>Chairman</p> <ul style="list-style-type: none">• Ensures orderly conduct and working of the Board.• Ensures that every Board Resolution is made collectively and reflects the will of majority.• Ensures that the Board agrees on the strategy formulated by the Company and monitors its implementation. <p>Group Managing Director</p> <ul style="list-style-type: none">• Implements the policies and decisions of the Board, oversees the operations, as well as coordinates the development and implementation of business and corporate strategies.• Develops and translates the strategies into a set of manageable goals and priorities.• Sets the direction of the business operations, investment and other activities based on effective risk management framework, system and controls.
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 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 suitably qualified and competent Company Secretaries 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 Company Secretaries are tasked with facilitating the Company's corporate governance processes and holds primary responsibility for ensuring that the Board processes and procedures are carried out efficiently and effectively. The Company Secretaries are accountable to the Board, through the Chairman, on all governance matters and report directly to the Chairman as the representative of the Board. The Company Secretaries are appointed and shall be dismissed by the Board. All Directors have direct access to the Company Secretaries.</p> <p>The tasks of the Company Secretaries shall include:</p> <p>Meetings and Minutes</p> <ul style="list-style-type: none">• Notifying the Directors in advance of a Board meeting.• Ensuring that the agenda and Board papers are prepared and forwarded to Directors prior to Board meetings.• Recording, maintaining and distributing the minutes of all Board and Board Committee meetings.• Maintaining a complete set of Board papers at the Company's registered address.• Preparing for and attending all annual and extraordinary general meetings of the Company.• Recording, maintaining and distributing the minutes of all general meetings of the Company. <p>Compliance</p> <ul style="list-style-type: none">• Overseeing the Company's compliance programme and ensuring relevant legislative obligations are met.• Ensuring all requirements of the Bursa Malaysia Securities Berhad, Securities Commission Malaysia, Companies Commission Malaysia and any other regulatory bodies are fully met.• Providing counsel to the Directors on corporate governance principles and requirements as well as on Directors' liability.

	<p>Governance & Administration</p> <ul style="list-style-type: none"> • Maintaining a Register of Company’s policies and procedures as approved by the Board. • Maintaining, updating and ensuring that all Directors have access to an up-to-date copy of the Board Charter and related governance documentation. • Maintaining the complete list of the delegations of authority. • Reporting at Board meetings documents to be executed under a power of attorney in accordance with the Companies Act 2016 and the Company’s Constitution. • Providing any other services that the Chairman or the Directors may require. 	
<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

The 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 quality of the information received by the Board is critical to ensure the Board's effectiveness. All Directors have the same right of access to information. Information provided to the Board should not just be historical financial performance, it should also include other key leading indicators such as customer satisfaction, product and service quality, market share, market reaction and environmental impact.</p> <p>Board papers that are prepared by the Management are set out logically and contain synthesised information and pertinent critical analysis. The Board papers are preceded with a one-to-two-page summary that lays out what is requested from the Board. The Board provides constructive feedback to the Management on the quality of the information and analysis received so that the Board papers remain at high standard.</p> <p>The draft minutes of Board meeting is circulated together with the Board papers to the Directors and be confirmed at the subsequent Board meeting.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the Board, Board Committees and Management.

There is clarity in the authority of the Board, its Committees and Individual Directors.

Practice 2.1

The Board has a Board Charter which is periodically reviewed and published on the Company's website. The Board Charter clearly identifies:

- The respective roles and responsibilities of the Board, Board Committees, Individual Directors and Management; and
- Issues and decisions reserved for the Board.

Application :	Applied		
Explanation on application of the practice :	In line with the requirement under the Main Market Listing Requirements, the Company had formed several Board Committees to assist the Management in its operations towards achieving the optimum governance framework. The establishment of the following Board Committees assists the Board to be well-informed of the running of the Group's businesses and the various areas of risk management:		
	COMMITTEE	CURRENT MEMBERSHIP	COMPOSITION
	KEY ROLES		
Nomination/ Appointment	<p>Chairman Datuk Hj. Faisyal Bin Datuk Yusof Hamdain Diego</p> <p>Member Kee Mustafa</p>	<ul style="list-style-type: none"> • The Chairman is an Independent & Non-Executive Director. • The Committee Member is an Independent & Non-Executive Director. 	<ul style="list-style-type: none"> • Assists in finding suitable candidates, evaluates nominations received and recommends to the Board for appointment of Directors.
Remuneration	<p>Chairman Kee Mustafa</p> <p>Member Datuk Ng Kiat Min</p>	<ul style="list-style-type: none"> • The Chairman is a Senior Independent & Non-Executive Director. • The Committee Member is a Non-Independent & Executive Director. 	<ul style="list-style-type: none"> • Reviews and recommends the Group's remuneration policy. • Ensures remuneration policy reflects the industry practice and contributions. • Identifies, evaluates and recommends the appointment of Top Management and Senior Management.

				<ul style="list-style-type: none"> • Manages the remuneration process for the Board, Top Management and Senior Management. • Recommends for approval of the Board matters relating to Group People's policies and remuneration of employees groupwide.
Audit	<p><u>Chairman</u> Michael Tong Yin Shiew, J.P.</p> <p><u>Members</u> Kee Mustafa</p> <p>Norlija @ Norlijah Binti Danin</p>	<ul style="list-style-type: none"> • The Chairman has the necessary qualification in accordance with Paragraph 15.09(1)(c) of the Main Market Listing Requirements. • The Committee comprises of Non-Executive Directors with the majority being Independent Directors. 	<ul style="list-style-type: none"> • Acts as a forum to discuss internal control issues and contributes to the Board's review on the effectiveness of the Group's internal control and risk management systems. • Conducts a review on the internal audit functions to ensure the adequacy of the audit plan and scope, functions and resources of the Group Internal Audit Department and that it has the necessary authority to carry out its work impartially. 	
Risk Management & Sustainability	<p><u>Chairman</u> Kee Mustafa</p> <p><u>Members</u> Michael Tong Yin Shiew, J.P.</p> <p>Ahmad Rizal Bin Dahli</p>	<ul style="list-style-type: none"> • The Chairman is a Senior Independent & Non-Executive Director. • The Audit Chairman is also a Committee Member. • The Committee comprises of Non-Executive Directors with the majority being Independent Directors. 	<ul style="list-style-type: none"> • Responsible to maintain a sound system of internal control that covers not only the financial aspects but also the operations, risk management and compliance control to safeguard shareholders' interest and the Group's assets. • Oversees and recommends to the Board for approval the Group's principles, policies and strategies on sustainability. 	

The Board and the Management clearly draw their boundaries with regard to their roles, as directed and guided by the Board Charter as follows:

	BOARD'S ROLE	MANAGEMENT'S ROLE
Strategy Development and Target Setting	<ul style="list-style-type: none"> Challenges assumptions, priorities and options developed and recommended by the Management in the strategic planning process. Reviews the corporate and business plans, corporate budget and sets performance targets for the Management. 	<ul style="list-style-type: none"> Develops strategic direction and plans for the Company based on agreed strategic direction and focus. Implements corporate and business plans as per the Board-approved strategic plan and corporate budget. Coordinates the development of the corporate and business plans and the utilisation of corporate budget across all business units.
Performance Management	<ul style="list-style-type: none"> Reviews, approves and provides feedback on corporate Key Performance Indicators (KPIs) and targets. Reviews operational and financial results on a quarterly basis, discusses material variances, and ensures that corrective actions are taken, if required. 	<ul style="list-style-type: none"> Establishes corporate KPIs. Cascades KPIs throughout the organisation. Monitors KPIs with business units, investigates variances and develops corrective actions, if required.
Human Capital Management	<ul style="list-style-type: none"> Selects and proactively plans for succession of the Management. Reviews the performance management philosophy. Endorses the development plan of those in pivotal positions. Understands the pool of potential future leaders. 	<ul style="list-style-type: none"> Develops and implements the Company's performance management system. Evaluates leadership performance and potential of all executives. Identifies the top talent pool and closely manages their performance and identifies training needs.
Risk Management	<ul style="list-style-type: none"> Sets the Company's risk parameters and risk appetite. Understands strategic risk exposures and ensures appropriate risk mitigation approaches are in place. Considers internal and external risk factors. Reviews the Board Risk Policy to ensure that it continues to remain current and relevant. 	<ul style="list-style-type: none"> Implements the Board Risk Policy. Analyses and quantifies the Company's risks. Manages all risks within the boundaries set by the Board. Instils risk management culture throughout the Group.

	Stakeholder Management	<ul style="list-style-type: none"> • Manages and reviews economic impact on stakeholders' interests and demands. • Supports the Management in managing key stakeholders. 	<ul style="list-style-type: none"> • Manages all stakeholders' interests within boundaries as agreed with the Board.
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 in 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 on 22 September 2020 approved and adopted SuriaGroup People Manual for implementation with effect from 1 January 2021. The Manual was established whereby employees are under a duty to serve the Group with good faith and fidelity. They are expected to serve the Company loyally, faithfully, honestly and diligently. It provides policies and guidelines relating to the standards of ethical conducts that all employees are expected to adhere to. It also ensures the Management maintains discipline and order in the workplace for employees of all levels. In the event of employees would be deemed to have breached the policies and procedures as codified in the Manual, it sets out actions that could be taken by the Company against them.</p> <p>The Board also on 29 June 2020 approved and adopted the SuriaGroup Anti-Corruption and Bribery Policy and Procedures ("ACB P&P") for implementation. The ACB P&P sets out the responsibilities of the Board and employees of SuriaGroup to adopt and observe a zero-tolerance policy against all forms of corruption and/or bribery in compliance with the Malaysian laws and regulations against corruption and bribery practices, especially the Section 17A of the MACC Act 2009. It sets out the procedures on how to deal with issues relating to corruption and/or bribery. It also ensures that SuriaGroup has adequate policy and procedures in place to prevent and detect corruption and/or bribery, which will protect SuriaGroup against possible penalties and repercussions resulting from any acts of corruption and/or bribery committed by the Board or employees.</p> <p>The SuriaGroup People Manual and ACB P&P are available for public viewing at https://suriagroup.com.my/corporate-governance.</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 in 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>The Board approved SuriaGroup Whistleblowing Policy on 28 August 2012 to provide an internal procedure for monitoring any disclosure on wrongdoings as defined under the Policy in a responsible manner and in accordance with internal procedures. Each disclosure is addressed and managed in an appropriate manner according to the gravity or nature of the wrongdoing. The Policy also protects the whistleblower from reprisal as a direct consequence of making a disclosure and safeguards the confidentiality of such disclosure. The Policy treats both the whistleblower and the alleged wrongdoer fairly.</p> <p>The SuriaGroup Whistleblowing Policy is available for public viewing at https://suriagroup.com.my/corporate-governance.</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's 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	:	The current Board composition complies with Chapter 15 of the Main Market Listing Requirements in terms of the number of Independent & Non-Executive Directors on the Board. The Board composition as at 31 December 2020 comprised of 50% Independent Directors. <table border="1"><thead><tr><th>BOARD COMPOSITION</th><th>NO. OF DIRECTOR</th></tr></thead><tbody><tr><td>Independent & Non-Executive</td><td>3</td></tr><tr><td>Non-Independent & Executive</td><td>1</td></tr><tr><td>Non-Independent & Non-Executive</td><td>2</td></tr></tbody></table>		BOARD COMPOSITION	NO. OF DIRECTOR	Independent & Non-Executive	3	Non-Independent & Executive	1	Non-Independent & Non-Executive	2
BOARD COMPOSITION	NO. OF DIRECTOR										
Independent & Non-Executive	3										
Non-Independent & Executive	1										
Non-Independent & Non-Executive	2										
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's 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 limit of nine (9) years. Upon completion of the nine (9) years, the Independent Director will continue to serve on the Board as a Non-Independent Director.

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 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	:	Please provide an explanation for the departure.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<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	:	Choose an item.	

Intended Outcome

The Board's 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 (9) years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	The Company Secretaries with guidance from the Board are in the process of reviewing and updating the Board Charter. The revised Board Charter will include the tenure limit of Independent Directors on the Board to nine (9) years.

Intended Outcome

The 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	:	Adopted	
Explanation on adoption of the practice	:	<p>The Directors are professionals in the fields of sociology, economics, accounting, finance, public service and business administration. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to ensure that the Group continues to be competitive within the industry segments it operates with a strong reputation for technical and professional competence.</p> <p>In evaluating candidates for appointment to the Board, the Nomination/Appointment Committee and the Board evaluates and matches the criteria of the candidate based on experience, skills, competencies, knowledge, potential contributions and boardroom diversity.</p> <p>Similarly, the evaluation for appointment of Senior Management is carried out by the Group Managing Director and Group People Department together with the Head of Companies based on the operational requirement. The due processes in the selection of candidate are followed through before tabling to the Remuneration Committee for recommendation. Appointment of Senior Management is approved by the Board and also based on objective criteria, diversity in skills, experience and potential contributions to 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's 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	:	Applied	
Explanation on application of the practice	:	The Board acknowledged and adheres to the Government's aspiration to empower women in leadership and key decision-making role by consistently having more than 30% of the women participation on the Board since 2019.	
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's 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 Board established a Nomination/Appointment Committee comprising exclusively of Independent & Non-Executive Directors.</p> <p>The Nomination/Appointment Committee assists in finding suitable candidates, evaluates and recommends to the Board for appointment of Directors.</p> <p>In identifying candidates for appointment of Directors, the Board does not solely rely on recommendations from existing Board members, the Management or major shareholders but also utilises independent sources to identify suitably qualified candidates.</p> <p>The duties and responsibilities of the Committee include:</p> <ul style="list-style-type: none">• Recommends to the Board, candidates for all directorships to be filled by the Board.• Considers, in making its recommendations, candidates for directorships proposed by the Group Managing Director and, within the bounds of practicability, by any other Senior Officer or any Director or Shareholder.• Recommends to the Board, Directors to fill the seats on Board Committees.• Examines the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness.• Ensures that at every annual general meeting, one third ($\frac{1}{3}$) of the Directors for the time being shall retire from the office in accordance with the Company's Constitution.• Reviews annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Director should bring to the Board and disclose the same in the Annual Report.

	<ul style="list-style-type: none"> Assesses annually the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director based on the process implemented by the Board. <p>A Director, upon acceptance of appointment, must commit sufficient time to carry out his or her duties and declare to the Board details of all other significant interests. Prior to accepting a new directorship, the Director is to notify the Chairman and the Company Secretary on the number of his or her directorships in other companies.</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

The Board's decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

Practice 4.7

The Nomination/Appointment Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Nomination/Appointment Committee is an Independent & Non-Executive Director. He is also the Chairman of the Board.	
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	:	Applied
Explanation on application of the practice	:	<p>The Board through the Nomination/Appointment Committee undertakes a formal and objective annual self-evaluation to determine the effectiveness of the Board, its Committees and each Director.</p> <p>There are four (4) steps to elevate the Board's effectiveness. Firstly, the Board, led by the Chairman conduct an assessment either in-house or obtain external support to facilitate assessment on the Board's current effectiveness. Secondly, the Board develops an actionable improvement programme which covers the Board's milestones and accountabilities for the next twelve (12) months period and thirdly, the individual Director begins implementing the programme that leads to specific initiatives. The Board then reviews their progress every six (6) months and refines the improvement programme accordingly.</p> <p>All Directors, upon their appointment to the Board had completed the Mandatory Accreditation Programme in compliance with the Main Market Listing Requirements.</p> <p>The Board continue to attend various programmes to keep themselves abreast with developments in the economy and industry. In addition, the Directors are also briefed from time to time during Board Meetings on any changes in laws and regulations that are relevant to the Company's operations.</p> <p>The Company Secretaries also facilitate participation of Directors in seminars, workshops and training sessions at the cost borne by the Company according to the Director's entitlement.</p>

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

Intended Outcome

The level and composition of remuneration of Directors and Senior Management take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives.

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

Practice 6.1

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee takes into account the demands, complexities and performance of the Company as well as skills and experiences required in determining the remuneration of Directors and Senior Management.</p> <p>The Remuneration Committee recommends the Non-Executive Directors' remuneration before tabling to the Board prior to endorsement by the Members during the annual general meeting. The Remuneration Committee and the Board also make necessary reference to industry practice involving comparable organisations in making the recommendation.</p> <p>The Remuneration Committee ensures that the Executive Director does not participate in making decisions on his/her own remuneration package. Remuneration of Executive Director is approved by the Board.</p> <p>Similarly, the appointment and remuneration packages for Senior Management are subject to recommendation of the Remuneration Committee and approved by the Board. There are specific guidelines within the Group in determining the remuneration packages for Senior Management which had earlier been approved by the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of Directors and Senior Management take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives.

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

Practice 6.2

The Board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and Senior Management.

Application	:	Applied	
Explanation on application of the practice	:	The Remuneration Committee is responsible for reviewing and recommending to the Board on the Group's remuneration policy including that of the Executive Director and Non-Executive Directors as well as Senior Management to ensure that their remuneration reflects the industry practice and their contributions to the Group's growth and profitability. The remuneration policy also supports the Group's objectives and shareholders' interests.	
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 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	:	The detailed disclosure on named basis for the remuneration of Individual Directors which includes fees, salary and/or other emoluments and benefits in-kind are included on pages 187 and 188 of the Company's Annual Report 2020. Whereas, the disclosure on page 107 of the Company's Annual Report 2020 summarised the remuneration receivable by the Executive Director and Non-Executive Directors of the Company during the financial year 2020.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 statements 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 assists the Board in assessing the risks and control environment, oversees the financial reporting process, evaluates the internal and external audit process and reviews any conflict of interest situations and related party transactions.</p> <p>Michael Tong Yin Shiew, the Audit Committee Chairman is an Independent & Non-Executive Director appointed to the Board with effect from 31 October 2019. He has the necessary qualification in accordance with Paragraph 15.09(1)(c) of the Main Market Listing Requirements. The Audit Committee Chairman is not the Chairman of the Board.</p> <p>The Chairman of the Audit Committee is assisted by two (2) Committee Members who are Non-Executive Directors and one (1) of the Committee Members is a Senior Independent Director.</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 statements is a reliable source of information.

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee meets with the External Auditors at least once in a financial year to discuss the audit plan, the audited financial statements, their audit findings and performance.</p> <p>Under its terms of reference, the Audit Committee has expressed authority to communicate directly with the External Auditors. The External Auditors continue to report to the Audit Committee and the Board, of their findings that are included as part of the Group's financial reports with respect to this year's statutory audit on financial statements. Where necessary, the Audit Committee will meet with the External auditors without the presence of the Management.</p> <p>The Audit Committee meetings with External Auditors are held to discuss the audit plans, findings and financial statements. External Auditors may, conversely, call for a meeting with the Audit Committee to discuss issues relating to their audits and other related matters. Other Directors and Senior Management of the Group attend the Audit Committee Meetings upon invitation. In addition, the External Auditors are invited to attend the annual general meeting and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.</p> <p>The Audit Committee reviews the External Auditors' fees payable to them on an annual basis. Whilst the External Auditors may be appointed by the Company or the Group to provide services in relation to non-audit matters, the relationship with the External Auditors is monitored to ensure that their impartiality and independence remains unquestionable. The Audit Committee approves all ad hoc non-audit services and ensures that the objectivity and independence of the External Auditors shall not be compromised.</p>

	<p>The Audit Committee has always maintained a professional relationship with the External Auditors by ensuring that the Group takes the necessary action to address key issues highlighted by the External Auditors. The Group has also established a good working relationship with the External Auditors through the Audit Committee and the Group Internal Audit Department.</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 an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	<p>The Audit Committee comprises of three (3) members who are Non-Executive Directors with a majority of them being Independent Directors.</p> <p>The Chairman of the Audit Committee is a qualified accountant and member of the Malaysian Institute of Accountants.</p> <p>The Company is in compliance with Paragraph 15.09(1) of the Main Market Listing Requirements with regard to composition of the Audit Committee.</p>

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 statements 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 appropriate level of knowledge, skills, experience and commitment of the Audit Committee members is critical to its ability to discharge its responsibilities effectively.</p> <p>All members of the Audit Committee possess a wide range of necessary skills and experience to discharge their duties. They are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.</p> <p>At the same time, the members undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</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 Company makes informed decisions about the level of risks the Company is able to take and implements 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 Risk Management Committee was established on 29 January 2010. The Risk Management Committee also serves as the Sustainability Committee with effect from 6 April 2017 and the Committee's name has been changed to Risk Management and Sustainability Committee.</p> <p>The Risk Management and Sustainability Committee is responsible to ensure that the Group has put in place sound systems of internal control and effective risk management framework guided by the Board Risk Policy to ensure that risks facing the Group are being identified, assessed, evaluated and properly managed and treated.</p> <p>The Group Risk Management Department reports to the Risk Management and Sustainability Committee its assessment on the adequacy and effectiveness of the Group's system of risk management and internal control, its concerns on certain risk exposures and its action plans to manage and treat those risks.</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 Company makes informed decisions about the level of risks the Company is able to take and implements 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><u>RISK MANAGEMENT FRAMEWORK</u></p> <p>The Board</p> <p>The Board is responsible for the overall oversight function and is responsible for the adequacy and effectiveness of the Group's risk management and systems of internal control. It holds the authority to approve the Board Risk Policy, the governance structure as well as setting the risk appetite of the Group. The Board, through its Board Risk Management & Sustainability Committee (RMSC) reviews these processes. The RMSC, supports the Board in the effective review of the Group's risk management and systems of internal control. The RMSC is also in charge of reviewing risk exposures and ensuring resources as well as systems are in place for effective risk management oversight. The RMSC meeting is held at least four (4) times a year.</p> <p>The Board Risk Policy was approved by the Board with the objective to clarify the oversight function of the Board in relation to specific risks and outline the Board's expectation on the Management's roles in supporting them in managing the risk of the Group. The Policy also clarifies the Board's governance responsibilities as prescribed in the Malaysian Code of Corporate Governance. The Board's oversight refers to the Board's responsibility to provide the direction for the conduct of the business and affairs of the Group in relation to the Group's Enterprise-wide risk management.</p> <p>The Management</p> <p>The Board sets its expectations on the Management. Led by the Group Managing Director (GMD), the Management supports the Board in managing the Group's day-to-day risk management activities and discharging the Board's governance responsibilities. The Board Risk Policy, specifically detailed out the Board's expectation on the Management to:</p>

- (a) Support the Board to review the effectiveness of its governance responsibilities;
- (b) Support the Board in the discharge of its stewardship of the Group and oversight role;
- (c) Identify significant risks affecting the Group, select the appropriate risk treatment options, and implement the relevant risk action plans to mitigate those risks, if required;
- (d) Assist the Board in developing the strategic direction and monitoring the corporate strategies and corporate plans, taking into account the opportunities and risks facing the Group;
- (e) Ensure the interest of the stakeholders are considered in all business undertakings and results in value creation;
- (f) Establish operational policies and procedures and implement appropriate internal control and compliance mechanisms;
- (g) Ensure the Group's operations and business undertakings are in compliance with relevant laws, rules and regulations;
- (h) Ensure employees are educated on key policies relating to business conduct and ethical behaviour; and
- (i) Implement and maintain a Business Continuity Plan to enable the continuity of critical business functions in the event of a disaster.

The GMD provides assurance to the Board that the risk management and internal control systems of the Group are adequate and operating effectively based on the risk management framework. Regular senior management meetings such as the Executive Management Committee Meeting (EXCOM) and the Management Committee Meeting (MCM) at the Group level are held on a quarterly basis to review, identify, discuss and resolve strategic, operational, financial, environmental, compliance and other key management issues.

The Group Risk Management Department

The Group Risk Management (GRM) Department is responsible for the overall coordination and implementation of the Board Risk Policy and is responsible in providing risk reports to the RMSC and the Board on a quarterly basis. GRM is also responsible to ensure the Board Risk Policy and Enterprise Risk Management (ERM) Framework continue to remain effective and relevant to the Group. GRM serves to assist the Risk Management Working Committee (RMWC) at the holding and subsidiary company level in identifying, analysing, evaluating and treating their key risks and exposures in support of the effective implementation of the Board Risk Policy.

GRM provides independent advice, monitors and promotes effective management of all risk categories and fosters the establishment and effective risk culture throughout the Group. The Head of GRM provides quarterly reports to the RMSC and the Board on any significant risks affecting the Group and how such risks are being managed. As GRM is an independent function in the Group, it enables the Head of GRM to fulfil his/her responsibilities effectively. The Head of GRM reports functionally to the Board and the RMSC, and reports administratively to the Chief Financial Officer (CFO) and the GMD. The respective subsidiary companies are responsible for the management of all identified risks at the company level and for ensuring that necessary risk mitigation strategies, control mechanisms and improvement initiatives are carried out effectively and timely.

INTERNAL CONTROL FRAMEWORK

Organisational Structure

The Group's systems of internal control is supported by a formal organisational structure which defines the segregation of roles and functions, to facilitate proper implementation of the Group's strategies and day-to-day business activities and defines proper lines of accountability and levels of authority which are essential in promoting effective and independent stewardship. Qualified and experienced management personnel have been appointed to oversee the operating companies in order to deliver the Group's intended results and performance.

Establishment of Numerous Committees

Numerous Board Committees as well as Management Committees have been instituted to strengthen governance and improve accountability and assist the Board in discharging its duties. The committees are:

(i) **Board Level**

The composition of the Board is in compliance with Paragraph 15.02 of the Bursa Malaysia's Main Market Listing Requirements as more than one third of its members are independent directors. A balanced composition of independent directors enables an effective and objective check and balance on the Board's deliberation and decision making. The Board delegates certain responsibilities to the various Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities.

	<p>(ii) <u>Management Level</u></p> <p>Various Management or Working Committees have been established to monitor and ensure effective management and delivery of outcomes of various functions, roles, responsibilities and activities of every department. The Management or Working Committees that have been set up by the Group are as follows:</p> <ol style="list-style-type: none"> a. SuriaGroup Executive Management Committee. b. Sabah Ports Sdn Bhd Executive Management Committee. c. Suria Capital Holdings Berhad Management Committee. d. Tender Evaluation Committee. e. Group People Committee. f. SuriaGroup Strategic Planning Working Committee. <p>The Statement on Risk Management and Internal Control is provided from page 114 to 128 of the Company's Annual Report 2020.</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

The Company makes informed decisions about the level of risks the Company is able to take and implements 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	:	As at 31 December 2020, the Risk Management & Sustainability Committee comprises Non-Executive Directors with majority being Independent Directors.

Intended Outcome

The Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such 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 Audit Committee acts as a forum for discussion of internal control issues and contributes to the Board's review on the effectiveness of the Group's systems of internal control and risk management. The Audit Committee also conducts a review on the internal audit function to ensure the adequacy of the audit plan and scope, functions and resources of the Group Internal Audit Department and that it has the necessary authority to carry out its work impartially.</p> <p>The Audit Committee ensures that the Group Internal Audit is independent of the activities it audits and regularly reviews and appraises the effectiveness of the Group's system of internal controls. The Group Internal Audit reports its audit findings and Management's action plans to address the audit findings to the Audit 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

The Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such 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>The internal audit personnel in the Group Internal Audit (GIA) Department are free from any relationships or conflicts of interest with any director or major shareholder of the Company which could impair their objectivity and independence.</p> <p>The GIA Department has eight (8) personnel. They have relevant qualifications and possess various skills from accounting to information technology backgrounds and able to perform the audits on the effectiveness and adequacy of operational, financial and administrative controls and ensure compliance with the Group's authority limits, policies and procedures, requirements of the Securities Commission and Bursa Malaysia's Main Market Listing Requirements as well as other applicable laws and regulations. In addition, the Group Internal Audit Department also monitors and assesses the effectiveness of internal control structures across the Group.</p> <p>The GIA Department is headed by a Manager, Mohammad Daniel Lim and supported by one (1) Assistant Manager, five (5) Executives and one (1) Non-Executive. He reports directly to the Audit Committee and responsible to undertake regular and systematic reviews of the systems of internal control covering all business units and operations within the Group, so as to provide reasonable assurance that such systems are operating effectively within the Group to ensure that the Group's operations are efficient and effective, integrity of financial reporting is maintained, assets are safeguarded and applicable laws and regulations are being complied with.</p> <p>Mohammad Daniel Lim is a Certified Enterprise-Wide Risk Manager from Asia Risk Management Institute. His profile is on page 055 of the Company's Annual Report 2020.</p>

	<p>GIA adopts the COSO (Committee of the Sponsoring Organisations of the Treadway Commission) Internal Control Integrated Framework in assessing and reporting on the adequacy and effectiveness of the design, implementation and efficiency of the Group's overall system of internal controls, risk management and governance.</p> <p>The Statement on Risk Management and Internal Control and Audit Committee Report are provided from page 114 to 133 of the Company's Annual Report 2020.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

There is 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 communications with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company disseminate accurate information to the public in accordance to Chapter 9 of the Bursa Malaysia's Main Market Listing Requirements on the timely dissemination of the following information:</p> <ul style="list-style-type: none">• Annual and quarterly operational and financial results;• Events occurred throughout the year;• Media releases; and• Minutes of general meetings. <p>The Company also conduct briefings and discussions with analysts and institutional investors. However, price sensitive information will not be discussed unless that particular information has been previously and formally disclosed to the market via immediate announcement to Bursa Securities.</p> <p>The Company has adopted an Investor Relations Policy as an obligation to maintain its corporate credibility and instil investors' confidence in the Company by having a structured approach to the communication of material information. It is the responsibility of the Company as a public-listed company to consistently inform the shareholders, stakeholders and the general public of the company's development, its management, operations, financial situation as well as its prospects. The Company makes every effort to ensure that all material information is made available as freely and widely as possible. The aim is to fairly and accurately represent the Company so that investors and potential investors can make informed investment decisions.</p> <p>General meetings are important platforms for the Board and Senior Management to engage with shareholders to facilitate a greater understanding of the Company's business, governance and performance. The Company leverages on technology to facilitate greater shareholder's participation and enhance the proceedings of general meetings through the distribution of virtual</p>

	<p>Annual Report in the form of QR Code to the shareholders and encourage remote participation in the general meetings via virtual platform.</p> <p>In the Company's effort to enhance communication with the shareholders, the Group Corporate Affairs & Communications Department had set up an Investor's email alert where the Company will update shareholders on the latest news and announcements on the Company immediately after an announcement is released to Bursa Malaysia Securities Berhad. This service is available to shareholders who had registered for the email alert.</p> <p>Up-to-date information is accessible via the corporate website at http://www.suriagroup.com.my</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

There is 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	:	In the preparation of Annual Report 2020, the Company has taken its effort by gradually align to Integrated Reporting (<IR>) by making reference to the International Integrated Reporting Council Framework (IIRC). Given that the Company is still at the initial stage of incorporating <IR>, going forward, it will endeavour to enhance its reporting in line with best reporting practices as recommended by the IIRC. This is also in line with Practice 11.2 of the Malaysian Code on Corporate Governance which recommends public listed issuers to adopt an <IR> format based on globally recognised frameworks.
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	:	Adoption of full <IR> guiding principles and content elements for Financial year 2022 onwards.

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 the 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 Board, pursuant to Section 316(2) of the Companies Act 2016 ensures that shareholders are given sufficient notice and time to consider the Resolutions that will be discussed and decided at the General Meeting. The Notice should provide further explanation beyond the minimum content stipulated in the Main Market Listing Requirements for the proposed Resolutions to enable shareholders to make an informed decision in exercising their voting rights. The Notice includes details of the proposed Resolutions along with any background information and reports or recommendations that are relevant.</p> <p>The Company complied with the requirement for issuance of Notice of Annual General Meeting at least 28 days prior to the meeting.</p> <p>The Company also advertised the Notice in three (3) local newspapers on the day of announcement been made to 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

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 including the Chairmen of the Board Committees attend General Meeting and provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	The presence of Chairman of the Board and all Directors at General Meetings provides opportunity for shareholders to effectively engage with each Director. Having the Chairmen of Board Committees and Senior Management present at General Meetings will facilitate these conversations and allow shareholders to raise questions and concerns directly to those responsible.	
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

The Company leverages on technology to facilitate voting process at General Meetings.

Application	:	Applied	
Explanation on application of the practice	:	<p>In line with the amendments in the Main Market Listing Requirements, the Company has implemented poll voting for all the resolutions set out in the Notice of Annual General Meeting via electronic means at the general meeting to expedite verification and counting of votes. In addition, the Company appoints one (1) independent scrutineer to validate the votes casted at the general meeting.</p> <p>The Company's Constitution also allows a shareholder to attend, ask question and cast its votes at the general meeting via remote participation.</p> <p>With the movement restrictions due to COVID-19 pandemic, the Company has been conducting fully virtual general meetings via remote participation and voting process since the previous Annual General Meeting in year 2020.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		