

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 6521  
**COMPANY NAME** : SURIA CAPITAL HOLDINGS BERHAD  
**FINANCIAL YEAR** : December 31, 2022

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>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"><li>• <b>Define corporate goals and strategies to achieve it.</b></li></ul> <p>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.</p> <ul style="list-style-type: none"><li>• <b>Oversee the performance of the Company and determine if the business is being properly managed.</b></li></ul> <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</p>

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.

- **Secure critical talent and skills which are becoming increasingly competitive.**

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.

- **Understand and manage the Company's risks.**

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.

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 accounts the probability of occurrence and the magnitude of the impact of the risks.

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 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.

- **Have fiduciary responsibilities to act in the best interest of the Company.**

The Board has fiduciary responsibility to act in the best interests of the Company. The Board takes into accounts 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

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

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board is an Independent &amp; Non-Executive Director who is primarily responsible for the orderly conduct and function of the Board and ensures its effectiveness on all aspects of its roles.</p> <p>The Chairman of the Board shall also act as Chairman at general meetings.</p> <p>Key responsibilities of the Chairman include:</p> <ul style="list-style-type: none"> <li>• Leads Board meetings and discussions.</li> <li>• Sets the Board agenda and ensures that Board members receive complete and accurate information in a timely manner.</li> <li>• Encourages active participation and allows dissenting views to be freely expressed among the Board members.</li> <li>• Manages the interface between the Board and the Management.</li> <li>• Ensures effective communication with stakeholders.</li> <li>• Monitors good corporate governance practices in the Company.</li> </ul> <p>The Chairman of the Board's profile is set out on page 45 of the Annual Report 2022.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board practices a clear demarcation of duties and responsibilities between the Chairman and Group Managing Director (GMD)/CEO to ensure a balance of power and authority in the Board and in managing the Company. The positions of Chairman and GMD/CEO are held by two different individuals. The Chairman of the Company is Datuk Hj. Faisyal Bin Datuk Yusof Hamdain Diego, whilst the GMD/CEO of the Company is Datuk Ng Kiat Min.</p> <p>The responsibilities of the Chairman and the GMD/CEO are outlined below:</p> <p><b><u>Chairman</u></b></p> <ul style="list-style-type: none"> <li>• Ensures orderly conduct and working of the Board.</li> <li>• Ensures that every Board Resolution is made collectively and reflects the will of majority.</li> <li>• Ensures that the Board agrees on the strategy formulated by the Company and monitors its implementation.</li> </ul> <p><b><u>Group Managing Director (GMD)</u></b></p> <ul style="list-style-type: none"> <li>• Implements the policies and decisions of the Board, oversees the operations, as well as coordinates the development and implementation of business and corporate strategies.</li> <li>• Develops and translates the strategies into a set of manageable goals and priorities.</li> <li>• Sets the direction of the business operations, investment and other activities based on effective risk management framework, system, and controls.</li> </ul> <p>The profile of the Chairman and the GMD are set out on pages 45 and 47 of the Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

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

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Chairman of the Board, Datuk Hj. Faisyal Bin Datuk Yusof Hamdain Diego is not the Chairman of the Nomination/Appointment Committee. He is neither a member of the Audit Committee nor Remuneration Committee. He also did not participate in all these Board Committees' meetings by way of invitation during the year 2022.  The Board Committees' Terms of Reference were revised in 2021 to stipulate clearly that the Chairman of the Board shall not be appointed as a member of these Board Committees.  The profile of the Board Chairman is available on page 45 of the Annual Report 2022.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  



## Intended Outcome

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

## Practice 1.5

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company Secretary, Hikmah Rahmaniya Ahmad Khatib, is tasked with facilitating the Company's corporate governance processes and holds primary responsibility for ensuring that the Board's processes and procedures are carried out efficiently and effectively. The Company Secretary is 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 Secretary is appointed and shall be dismissed by the Board. All Directors have direct access to the Company Secretary.</p> <p>The tasks of the Company Secretary shall include:</p> <p><b><u>Meetings and Minutes</u></b></p> <ul style="list-style-type: none"><li>• Notifying the Directors in advance of a Board meeting.</li><li>• Ensuring that the agenda and Board papers are prepared and forwarded to Directors prior to Board meetings.</li><li>• Recording, maintaining, and distributing the minutes of all Board and Board Committee meetings.</li><li>• Maintaining a complete set of Board papers at the Company's registered address.</li><li>• Preparing for and attending all annual and extraordinary general meetings of the Company.</li><li>• Recording, maintaining, and distributing the minutes of all general meetings of the Company.</li></ul> <p><b><u>Compliance</u></b></p> <ul style="list-style-type: none"><li>• Overseeing the Company's compliance programme and ensuring relevant legislative obligations are met.</li><li>• Ensuring all requirements of the Bursa Malaysia Securities Berhad, Securities Commission Malaysia, Companies Commission Malaysia and any other regulatory bodies are fully met.</li><li>• Providing counsel to the Directors on corporate governance principles and requirements as well as on Directors' liability.</li></ul> <p><b><u>Governance &amp; Administration</u></b></p> <ul style="list-style-type: none"><li>• Maintaining a Register of Company's policies and procedures as approved by the Board.</li></ul>

	<ul style="list-style-type: none"> <li>• Maintaining, updating, and ensuring that all Directors have access to an up-to-date copy of the Board Charter and related governance documentation.</li> <li>• Maintaining the complete list of the delegations of authority.</li> <li>• 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.</li> <li>• Providing any other services that the Chairman or the Directors may require.</li> </ul> <p>The Company Secretary constantly keep abreast of the evolving regulatory changes and developments in corporate governance through continuous training. The list of trainings attended during the year under review is specified on page 143 of the Annual Report 2022.</p> <p>The Company Secretary's profile is available on page 56 of the Annual Report 2022.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board meets at least quarterly with additional meetings convened as and when necessary. The Board, Board Committees and General meetings for the year under review were scheduled in advance to facilitate the Directors in planning ahead and incorporating the said meetings into their respective schedules.</p> <p>The Notice of the Board and Board Committee meetings are sent to the Directors via e-mail at least seven days prior to the respective meeting date. The agenda and Board papers encompassing comprehensive qualitative and quantitative information which include objectives, background, critical issues, financial implications, risks, strategic fit, recommendations and other pertinent information are circulated to the Directors to enable an informed decision making by the Board.</p> <p>The Board papers are circulated to all Directors not less than three days prior to each Board meeting. This enables the Directors to have sufficient time to peruse the Board papers and seek clarifications or further details from the Management or the Company Secretary before each meeting.</p> <p>Presentations and briefings by the Management and relevant external consultants, where applicable, are also held at Board meetings. In this regard, relevant information is furnished, and clarifications are given to assist the Board in making decisions.</p> <p>All proceedings of Board and Board Committees meetings are duly recorded in minutes of each meeting and all the signed minutes of meetings are properly kept by the Company Secretary. Minutes of meetings are tabled for confirmation at the next meeting whilst the deliberations and recommendations made by the Board Committees are presented to the Board for notation and further approval (if required).</p> <p>The Company Secretary will communicate to the Management on the Board's decisions/recommendations via circulation of e-mails and followed by relevant extract minutes of meetings for appropriate actions to be taken. The Company Secretary will also follow up with the Management on status of actions taken with reference to the</p>

	previous minutes of meetings for updating the Board. Action items would stay as matters arising in the minutes of meetings until the matters are resolved.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 2.1

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

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

<b>Application</b>	: Applied								
<b>Explanation on application of the practice</b>	<p>The Board has a Board Charter which is published on the Company's website, as well as Terms of Reference (TOR) of its Board Committees, which are reviewed and updated periodically to reflect relevant changes to the policies, procedures, and processes as well as amendments to rules and regulations to ensure the documents remain relevant and consistent with the applicable rules and regulations and recommended best practices.</p> <p>The Board Charter and the Board Committees' TOR clearly identify:</p> <ul style="list-style-type: none"> <li>▪ The respective roles and responsibilities of the Board, Board Committees, individual Directors, and Management; and</li> <li>▪ Issues and decisions reserved for the Board. The Board Committees' TOR have been revised during the year under review to reflect the relevant updates of Malaysian Code on Corporate Governance.</li> </ul> <p>The Board Charter and the Board Committees' TOR are accessible from the Company's corporate website at <a href="http://www.suriagroup.com.my/corporate_governance/">www.suriagroup.com.my/corporate_governance/</a>.</p> <p>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:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">COMMITTEE</th> <th style="text-align: center;">CURRENT MEMBERSHIP</th> <th style="text-align: center;">COMPOSITION</th> <th style="text-align: center;">KEY ROLES</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Nomination/ Appointment</td> <td> <p><b>Chairman</b> Kee Mustafa</p> <p><b>Members</b> Ahmad Rizal Bin Dahli</p> </td> <td> <ul style="list-style-type: none"> <li>• The Chairman is a Senior Independent &amp; Non-Executive Director.</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• Assists in finding suitable candidates, evaluates nominations received and</li> </ul> </td> </tr> </tbody> </table>	COMMITTEE	CURRENT MEMBERSHIP	COMPOSITION	KEY ROLES	Nomination/ Appointment	<p><b>Chairman</b> Kee Mustafa</p> <p><b>Members</b> Ahmad Rizal Bin Dahli</p>	<ul style="list-style-type: none"> <li>• The Chairman is a Senior Independent &amp; Non-Executive Director.</li> </ul>	<ul style="list-style-type: none"> <li>• Assists in finding suitable candidates, evaluates nominations received and</li> </ul>
COMMITTEE	CURRENT MEMBERSHIP	COMPOSITION	KEY ROLES						
Nomination/ Appointment	<p><b>Chairman</b> Kee Mustafa</p> <p><b>Members</b> Ahmad Rizal Bin Dahli</p>	<ul style="list-style-type: none"> <li>• The Chairman is a Senior Independent &amp; Non-Executive Director.</li> </ul>	<ul style="list-style-type: none"> <li>• Assists in finding suitable candidates, evaluates nominations received and</li> </ul>						

		Datuk Juslie Bin Ajirol <i>(Resigned on 1 February 2023)</i>	<ul style="list-style-type: none"> <li>• One of the Committee members is an Independent &amp; Non-Executive Director.</li> </ul>	recommends to the Board for appointment of Directors.
	Remuneration	<p><b><u>Chairman</u></b> Kee Mustafa</p> <p><b><u>Members</u></b> Michael Tong Yin Shiew, J.P.</p>	<ul style="list-style-type: none"> <li>• The Chairman is a Senior Independent &amp; Non-Executive Director.</li> <li>• The Committee member is an Independent &amp; Non-Executive Director.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews and recommends the Group's remuneration policy.</li> <li>• Ensures remuneration policy reflects the industry practice and contributions.</li> <li>• Identifies, evaluates, and recommends the appointment of Top Management and Senior Management.</li> <li>• Manages the remuneration process for the Board, Top Management and Senior Management.</li> <li>• Recommends for approval of the Board matters relating to Group People's policies and remuneration of employees groupwide.</li> </ul>
	Audit	<p><b><u>Chairman</u></b> Michael Tong Yin Shiew, J.P.</p> <p><b><u>Members</u></b> Kee Mustafa</p>	<ul style="list-style-type: none"> <li>• The Chairman has the necessary qualification in accordance with Paragraph 15.09(1)(c) of the Main</li> </ul>	<ul style="list-style-type: none"> <li>• Acts as a forum to discuss internal control issues and contributes to the Board's review on the</li> </ul>

		<p>Datuk Alexandra Chin @ Fui Lin, J.P.</p> <p>Ahmad Rizal Bin Dahli</p>	<p>Market Listing Requirements.</p> <ul style="list-style-type: none"> <li>• The Committee comprises of Non-Executive Directors with the majority being Independent Directors.</li> </ul>	<p>effectiveness of the Group's internal control and risk management systems.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
	Risk Management & Governance	<p><b><u>Chairman</u></b> Ir. Jerome Jimbangan @ Terence</p> <p><b><u>Members</u></b> Datuk Hj. Faisyal Bin Datuk Yusof Hamdain Diego</p> <p>Michael Tong Yin Shiew, J.P.</p>	<ul style="list-style-type: none"> <li>• The Chairman is a Senior Independent &amp; Non-Executive Director.</li> <li>• The Audit Committee Chairman is also a Committee member.</li> </ul> <p>The Committee comprises of Independent Non-Executive Directors.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Oversees and recommends to the Board for approval the Group's</li> </ul>

			principles, policies and strategies on sustainability.
Investment	<p><b><u>Chairman</u></b> Datuk Seri Panglima Dr. Md Salleh Bin Tun Said Keruak, J.P. <i>(Resigned on 19 January 2023)</i></p> <p><b><u>Members</u></b> Datuk Hj. Faisyal Bin Datuk Yusof Hamdain Diego</p> <p>Datuk Alexandra Chin @ Fui Lin, J.P.</p> <p>Ir. Jerome Jimbangan @ Terence</p>	<ul style="list-style-type: none"> <li>Majority of the Members are Independent Directors.</li> </ul>	<ul style="list-style-type: none"> <li>Assists the Board in reviewing investment objectives, strategies, policies, and guidelines and to recommend strategic directions in governing the investment activities of the Group to the Board.</li> </ul>

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

	<b>BOARD'S ROLE</b>	<b>MANAGEMENT'S ROLE</b>
<b>Strategy Development and Target Setting</b>	<ul style="list-style-type: none"> <li>Challenges assumptions, priorities and options developed and recommended by the Management in the strategic planning process.</li> <li>Reviews the corporate and business plans,</li> </ul>	<ul style="list-style-type: none"> <li>Develops strategic direction and plans for the Company based on agreed strategic direction and focus.</li> <li>Implements corporate and business plans as per the Board-approved</li> </ul>



		<p>corporate budget and sets performance targets for the Management.</p>	<p>strategic plan and corporate budget.</p> <ul style="list-style-type: none"> <li>• Coordinates the development of the corporate and business plans and the utilisation of corporate budget across all business units.</li> </ul>
	<b>Performance Management</b>	<ul style="list-style-type: none"> <li>• Reviews, approves, and provides feedback on corporate Key Performance Indicators (KPIs) and targets.</li> <li>• Reviews operational and financial results on a quarterly basis, discusses material variances, and ensures that corrective actions are taken, if required.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishes corporate KPIs.</li> <li>• Cascades KPIs throughout the organisation.</li> <li>• Monitors KPIs with business units, investigates variances and develops corrective actions, if required.</li> </ul>
	<b>Human Capital Management</b>	<ul style="list-style-type: none"> <li>• Selects and proactively plans for succession of the Management.</li> <li>• Reviews the performance management philosophy.</li> <li>• Endorses the development plan of those in pivotal positions.</li> <li>• Understands the pool of potential future leaders.</li> </ul>	<ul style="list-style-type: none"> <li>• Develops and implements the Company's performance management system.</li> <li>• Evaluates leadership performance and potential of all executives.</li> <li>• Identifies the top talent pool and closely manages their performance and identifies training needs.</li> </ul>
	<b>Risk Management</b>	<ul style="list-style-type: none"> <li>• Sets the Company's risk parameters and risk appetite.</li> </ul>	<ul style="list-style-type: none"> <li>• Implements the Board Risk Policy.</li> <li>• Implements risk management process</li> </ul>

		<ul style="list-style-type: none"> <li>• Understands strategic risk exposures and ensures appropriate risk mitigation approaches are in place.</li> <li>• Considers internal and external risk factors.</li> <li>• Reviews the Board Risk Policy to ensure that it continues to remain current and relevant.</li> </ul>	<p>of establishing context, risk assessment and risk treatment.</p> <ul style="list-style-type: none"> <li>• Manages all risks within the boundaries set by the Board.</li> <li>• Instils risk management culture throughout the Group.</li> </ul>
	<b>Stakeholder Management</b>	<ul style="list-style-type: none"> <li>• Manages and reviews economic impact on stakeholders' interests and demands.</li> <li>• Supports the Management in managing key stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Manages all stakeholders' interests within boundaries as agreed with the Board.</li> </ul>
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board on 22 September 2020 approved and adopted SuriaGroup People Manual for implementation with effect from 1 January 2021. The Manual covers SuriaGroup People Policies, SuriaGroup Terms and Conditions of Service and SuriaGroup Code of Conduct relating to People Management, People Engagement and Culture, Centre of Excellence and People Performance and Strategy.</p> <p>The SuriaGroup Code of Conduct establishes a set of standard expectations for employee conduct. It governs the employees who are expected to serve the Company loyally, faithfully, honestly, diligently and with integrity. Employees must not engage in any conduct that would impair his job performance, cause damage to SuriaGroup or public property, jeopardise his safety or the safety of others, or negatively affect SuriaGroup's reputation or image. 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 deemed to have breached the policies and procedures as contained in the Code of Conduct, 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&amp;P") for implementation. The ACB P&amp;P sets out the responsibilities of the Board and employees of the Group 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 the Group has adequate policy and procedures in place to prevent and detect corruption and/or bribery, which will protect the Group against possible penalties and repercussions resulting from any acts of corruption and/or bribery committed by the Board or employees.</p>

	The SuriaGroup Code of Conduct and ACB P&P are available for public viewing at <a href="http://www.suriagroup.com.my/corporate-governance/">www.suriagroup.com.my/corporate-governance/</a> .	
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 at <a href="http://www.suriagroup.com.my/corporate-governance/">www.suriagroup.com.my/corporate-governance/</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board together with the Management takes the responsibility for the governance of sustainability in the Company including in setting the Company's sustainability strategies, priorities, and targets which are incorporated into the Business Plan of the Company.</p> <p>In exercising its duties, the Board takes into sustainability considerations in implementing and managing the Company's business plans, strategies, risks, and opportunities. Strategic management of material sustainability matters, on the other hand, is led by the Management particularly on day-to-day operations as well as to ensure the effective implementations of the sustainability strategies and plans.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In determining the Company's long-term strategy and success, the Board ensures that the sustainability strategies, priorities, and targets and performance against the targets are communicated well to the internal and external stakeholders.</p> <p>To communicate these updates to the stakeholders, the comprehensive description of SuriaGroup's sustainability journey has been outlined in the annual Sustainability Statement which is part of the Company's Annual Report. This information is accessible both in hard copy and in the Company's website.</p> <p>The Sustainability Statement is on pages 61 to 121 of the Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>To ensure the Board stay abreast with and understand the sustainability issues and have sufficient understanding in sustainability matters relevant to the Company and its business, Directors are required to attend sustainability-related programmes including conferences, seminars, and trainings.</p> <p>During the year under review, few Directors attended trainings related to sustainability as follows:</p> <p>1) MIA International Accountants Conference 2022 - Leading ESG, Charting Sustainability; and</p> <p>2) The International Symposium on Developing and Managing Water’s Edge City 2022.</p> <p>Moving forward, a structured programme related to sustainability will be devised for all the Directors to ensure their understanding of the sustainability matters and issues relevant to the company and its business, including climate-related risks and opportunities.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the year 2022, the Company took steps to engage an independent expert to conduct the Board and Directors' evaluation to be carried out in 2023.</p> <p>The Board and Directors' evaluation will also include a review of the performance of the Board and Senior Management in addressing the company's material sustainability risks and opportunities.</p> <p>The outcome of the evaluation will be disclosed in the CG Report for year 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Head of Corporate Affairs and Communications has been designated as the officer-in-charge of compiling information on sustainability initiatives taken up by the Group and to produce a Sustainability Report/Statement to be endorsed by the Board.</p> <p>Moving forward, the Company plans to appoint a designated person to manage sustainability strategically.</p>

**Intended Outcome**

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

**Practice 5.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination/Appointment (NAC) Committee reviews the Board Succession Plan i.e., the composition, tenure, skills, and experience matrix of the Board annually.</p> <p>The NAC assessed the performance of the Directors standing for re-election at the Company’s Annual General Meeting (AGM) based on the Directors’ competencies, commitment, contribution, performance, independence and their ability to act in the best interest of the Company as a whole.</p> <p>The Company Secretary at the same time notified the substantial shareholder of the Company on the Directors who are standing for re-election at the Company’s AGM for their notation and concurrence prior to issuing the Notice of AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Applied								
<b>Explanation on application of the practice</b>	:	<p>The Board composition complied with Chapter 15, Para 15.02 of the Bursa Malaysia's Main Market Listing Requirements in terms of the number of Independent Directors on the Board, whereby at least two Directors or one third of the Board of Directors are Independent Directors.</p> <p>The Company has majority of six (6) Independent &amp; Non-Executive Directors out of nine (9) Directors as of 31 December 2022.</p> <p>The Board composition as of 31 December 2022 comprised of 66.7% Independent Directors.</p> <table border="1"><thead><tr><th><b>BOARD COMPOSITION</b></th><th><b>NO. OF DIRECTOR</b></th></tr></thead><tbody><tr><td>Independent &amp; Non-Executive</td><td>6</td></tr><tr><td>Non-Independent &amp; Executive</td><td>1</td></tr><tr><td>Non-Independent &amp; Non-Executive</td><td>2</td></tr></tbody></table>	<b>BOARD COMPOSITION</b>	<b>NO. OF DIRECTOR</b>	Independent & Non-Executive	6	Non-Independent & Executive	1	Non-Independent & Non-Executive	2
<b>BOARD COMPOSITION</b>	<b>NO. OF DIRECTOR</b>									
Independent & Non-Executive	6									
Non-Independent & Executive	1									
Non-Independent & Non-Executive	2									
<b>Explanation for departure</b>	:									
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>										
<b>Measure</b>	:									
<b>Timeframe</b>	:									

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	As of 31 December 2022, none of the Independent & Non-Executive Directors have served the Board for more than nine (9) years.  However, one (1) Independent & Non-Executive Director will reach the cumulative term of more than nine (9) years after the 40 <sup>th</sup> Annual General Meeting (AGM) of the Company to be held on 27 June 2023.  The Board intends to retain him as an Independent Director beyond nine (9) years. The Board has provided justification to seek the shareholders' approval through a two-tier voting process during the forthcoming AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors are professionals in the fields of sociology, economics, accounting, finance, public service, business administration, law, and engineering. 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 candidates are followed through before tabling to the Remuneration Committee for recommendation. Appointment of Senior Management is approved by the Board and based on objective criteria, diversity in skills, experience, and potential contributions to the Group.</p> <p>Article 105(g) of the Company's Constitution states that the offices of Directors shall become vacant if the Directors are absent for more than 50% of the total Board of Directors' meetings held during a financial year. Thus, the office of the Directors will be vacated if the attendance fell below 50%.</p>
<b>Explanation for departure</b>	:	

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

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



## Intended Outcome

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

## Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board established a Nomination/Appointment Committee comprising majority of Independent &amp; 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"><li>• Recommends to the Board, candidates for all directorships to be filled by the Board.</li><li>• 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.</li><li>• Recommends to the Board, Directors to fill the seats on Board Committees.</li><li>• Examines the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness.</li><li>• Ensures that at every annual general meeting, one third (1/3) of the Directors for the time being shall retire from the office in accordance with the Company's Constitution.</li><li>• 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.</li><li>• 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.</li></ul>

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

## Intended Outcome

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

## Practice 5.7

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Nomination/Appointment Committee (NAC) had assessed the Directors' eligibility for appointment and re-election of Directors by considering their competencies, commitment, contribution, and their ability to act in the best interest of the Company.</p> <p>The Board at its meeting held on 28 March 2023 endorsed the recommendation of the NAC for the following Directors to be considered for re-election pursuant to the following relevant Articles of the Company's Constitution at its forthcoming 40<sup>th</sup> Annual General Meeting (AGM) of the Company:</p> <p><b>Article 94</b></p> <ul style="list-style-type: none"><li>i) Datuk Hj. Faisyal Bin Datuk Yusof Hamdain Diego; and</li><li>ii) Kee Mustafa</li></ul> <p>The profile of the Directors retiring by rotation and eligible for re-election is set out on pages 45 and 47 of the Annual Report 2022.</p> <p><b>Article 101</b></p> <ul style="list-style-type: none"><li>i) Datuk Mohd Sofian Alfian Nair;</li><li>ii) Datuk Dr. Hj. Yusof Bin Hj. Yacob; and</li></ul> <p>Datuk Mohd Sofian Alfian Nair and Datuk Dr. Hj. Yusof Bin Hj. Yacob were appointed effective from 16 March 2023 and 1 April 2023 respectively.</p> <p>Meanwhile, the Board had, on 18 April 2023, approved the appointment of Emmie M Idang as Director of the Company effective from 20 April 2023. Therefore, she will also retire pursuant to Article 101.</p> <p>The profile of the Directors retiring pursuant to Article 101 and eligible for re-election is set out in the Statement Accompanying Notice of AGM on pages 297 and 298 of the Annual Report 2022.</p>

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

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Nomination/Appointment Committee is a Senior Independent & Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company in year 2022 was following the updated Malaysian Code on Corporate Governance (MCCG 2021), Practice 5.9 to have at least 30% women Directors with the appointment of Datuk Alexandra Chin @ Fui Lin, J.P. with effect from 1 February 2022.</p> <p>It was only after the resignation of Datuk Norlija @ Norlijah Binti Danin on 16 December 2022 that the women Directors' composition fell below 30% at 22.2%.</p> <p>However, another woman director, Emmie M Idang was recently appointed effective from 20 April 2023, which made up a total of 30% of women directors on the Board.</p> <p>Her profile is set out in the Statement Accompanying Notice of AGM on pages 297 and 298 of the Annual Report 2022.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has not devised a policy on gender diversity for the Board and Senior Management.	
		The Company consciously aware of the requirement for the gender diversity for the Board and Senior Management and strives to comply accordingly.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

## Intended Outcome

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

### Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>As a matter of compliance to Practice 6.1 of the MCCG, the Company during the year 2022 took steps to engage an independent expert to conduct the Board and Directors' evaluation to be carried out in 2023. Engaging an independent expert to conduct the Board evaluation is the Company's first-time initiative. The aim is to enhance credibility, depth, and objectivity in assessing the Board's performance and governance practices, and to build consensus towards further improvements.</p> <p>The effectiveness and performance of the Board, its Committees and each individual Director will be assessed through a combination of one-on-one interviews, sighting of governance documents (i.e. Board Charter, Board Committee Terms of Reference, and minutes of meetings), online surveys, peer reviews and Board-working facilitation. Few selected Senior Management Team who frequently interact with the Board will participate in the online questionnaires.</p> <p>A comprehensive report on the findings and other key issues will be presented to the Nomination &amp; Remuneration Committee and the Board. An Individual Director Evaluation (IDE) report is provided to each Board member. The IDE report includes self vs. peer Board competency comparisons, technical knowledge, areas for reflection, development and recommendations for greater effectiveness in their role. The IDE report will be given to the individual Director as well as the Chairman so that the Chairman can guide the development of each Director. Recommendations will be put forward which are all benchmarked against corporate governance best practices.</p> <p>The Board will prioritise the recommended improvements and agree on the best course of action to enhance the Board effectiveness of their oversight functions further. The results of the Board and Directors' Evaluation in year 2023 and its recommendations will be the subject of the Board's focus for that year.</p>



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

### Intended Outcome

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

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

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee considers 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>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	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.  The Terms of Reference (TOR) of the Remuneration Committee is available at <a href="http://www.suriagroup.com.my/corporate-governance/">www.suriagroup.com.my/corporate-governance/</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Please refer to the Table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Ng Kiat Min	Executive Director	-	-	498	88	35	89	710	-	-	498	88	35	89	710
2	Datuk Hj. Faisyal Bin Datuk Yusof Hamdain Diego	Independent Director	60	213	-	-	4	-	277	60	219	-	-	4	-	283
3	Datuk Seri Panglima Dr.. Md Salleh Bin Tun Said Keruak, J.P.	Non-Executive Non-Independent Director	60	8	-	-	-	-	68	60	8	-	-	-	-	68
4	Kee Mustafa	Independent Director	60	16	-	-	-	-	76	102	22	-	-	-	-	124
5	Michael Tong Yin Shiew, J.P.	Independent Director	60	27	-	-	-	-	87	60	27	-	-	-	-	87
6	Ahmad Rizal Bin Dahli	Non-Executive Non-Independent Director	60	17	-	-	-	-	77	60	17	-	-	-	-	77
7	Datuk Norlija @ Norlijah Binti Danin	Non-Executive Non-Independent Director	58	10	-	-	-	-	68	58	10	-	-	-	-	68
8	Datuk Alexandra Chin @ Fui Lin, J.P.	Independent Director	55	15	-	-	-	-	70	55	15	-	-	-	-	70
9	Datuk Juslie Bin Ajirol	Independent Director	55	3	-	-	-	-	58	55	3	-	-	-	-	58
10	Ir. Jerome Jimbangan @ Terence	Independent Director	55	13	-	-	-	-	68	55	13	-	-	-	-	68
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has yet to adopt the practice.	
		There was no detailed disclosure on named basis for the remuneration of top five senior management personnel which include salary, bonus, benefits in-kind and other emoluments.  However, summary of the senior management's remuneration is included on page 270 of the Annual Report 2022.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Audit Committee (AC) is Michael Tong Yin Shiew, J.P., an Independent &amp; Non-Executive Director and is not the Chairman of the Board. This ensures that the Board can objectively review the audit and risk findings and recommendations.</p> <p>The AC Charter / Terms of Reference stipulates that the Chairman of the Board cannot be a member of the AC.</p> <p>The profile of Michael Tong Yin Shiew, J.P. is set out on page 48 of the Annual Report 2022.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has yet to adopt the policy.</p> <p>However, the Company never had a former partner of the Company's external audit firm been appointed as a member of the Audit Committee (AC).</p> <p>The Company shall observe the cooling-off period requirement of at least three (3) years for appointment of a former partner of the Company's external audit firm (if any) as a member of the AC.</p> <p>Meanwhile, the Charter / Terms of Reference of the AC are consistent with the requirements of the Main Market Listing Requirements of Bursa Malaysia and the updated Malaysian Code on Corporate Governance (MCCG 2021). The AC carried out its duties in accordance with the Charter of the AC and the MCCG 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Under its Terms of Reference (TOR), the Audit Committee (AC) is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, reappointment, or termination of the external auditor.</p> <p>The AC meets with the external auditor at least once in a financial year to discuss the audit plan, the audited financial statements, their audit findings and performance. Under its TOR, the AC has expressed authority to communicate directly with the external auditor. The external auditor continues to report to the AC 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 AC will meet with the external auditor without the presence of the Management.</p> <p>The AC meetings with external Auditor are held to discuss the audit plans, findings, and financial statements. External auditor may, conversely, call for a meeting with the AC to discuss issues relating to their audits and other related matters. Other Directors and Senior Management of the Group attend the AC meetings upon invitation. In addition, the external auditor is 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>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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



## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The appropriate level of knowledge, skills, experience and commitment of the Audit Committee (AC) members is critical to its ability to discharge its responsibilities effectively.</p> <p>All members of the AC possess a wide range of necessary skills and experience to discharge their duties. They are financially literate and can understand matters under the purview of the AC 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> <p>The list of trainings attended by the AC members is specified on pages 178 and 179 of the Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has in place an effective risk management and internal control framework.</p> <p>The main objective of the risk management and internal control framework is to provide a sound risk management to safeguard shareholders' investments, the Group's assets and other stakeholders' interests. The Group has established an on-going process for identifying, evaluating, managing and monitoring key risks that may hamper the achievement of the Group's business objectives. Risk assessments are conducted on daily operations, as well as on new ventures and activities, including projects, processes, systems and business activities to ensure that these are aligned with the Group's objectives and goals. Any risk or opportunity arising from these assessments will be identified, analysed and reported to the appropriate management level for further direction.</p> <p>The Group risk profiles are monitored through the online Risk Management System (RMS). The RMS enables updating of risk profiles based on the latest evaluation either from routine, planned or ad-hoc risk management exercise or programme for effective monitoring, recording and managing of risk for the Group. The RMS was developed to capture and register all key risks, their causes and consequences; and the current controls that are in place. It also captures the action plans to achieve the range of risk tolerance acceptable by the Group. Following the completion of each risk assessment exercise, the risk reports are reviewed and discussed with key personnel at operating companies to ensure that risk mitigation plans are carried out within the agreed time frame. Subsequently, the risk reports are tabled to the Risk Management &amp; Governance Committee (RMGC) and the Board for deliberation and approval.</p> <p>Further information on risk management and internal control framework are disclosed on pages 158 to 172 of the Statement of Risk Management and Internal Control (SORMIC) in the Annual Report 2022.</p>
<b>Explanation for departure</b>	:	

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

## Intended Outcome

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

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

## Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b><u>RISK MANAGEMENT FRAMEWORK</u></b></p> <p><b>The Board</b> The Board has oversight responsibility for the Group's risk management and internal control system and for reviewing its adequacy and effectiveness. The Board's oversight refers to its responsibility to provide the direction for the conduct of the business and affairs of the Group in relation to the Group's risk management and internal control system.</p> <p>The Board approves the Board Risk Policy, the governance structure and sets the risk appetite of the Group. The Board Risk Policy states and affirms the Board's oversight and expectations from Management for the commitment to sound risk management and enhances the Group's ability to deliver its vision, mission and corporate strategies. The Policy also clarifies the Board's governance responsibilities as prescribed in the Malaysian Code of Corporate Governance. It should be noted that the system of risk management and internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.</p> <p><b><u>The Risk Management &amp; Governance Committee (RMGC)</u></b> The RMGC, supports the Board in the ongoing review of the Group's risk management and internal control system. The RMGC is also in charge of reviewing risk exposures and ensuring resources as well as systems are in place for effective risk management oversight. The principal objectives of the RMGC are to assist the Board in fulfilling its responsibilities and function in the following matters:</p> <ul style="list-style-type: none"><li>• Overseeing the overall management of process identification and assessment on risk exposure of the Group;</li><li>• Monitoring and reviewing the effectiveness of Enterprise Risk Management (ERM) framework in managing key risks;</li><li>• Overseeing the implementation of the Group's integrity programme and monitoring the overall issue of unethical conduct and corruption within the Group; and</li></ul>

- Overseeing and monitoring the effectiveness of the Group’s sustainability programme by ensuring that the programme aligns with the Group’s long-term strategy.

**The Management**

The Management is responsible for implementing the approved frameworks, policies and procedures related to risk management and internal controls. The management, led by the Group Managing Director (GMD), supports the Board in managing the Group’s day-to-day risk management activities and Board’s governance responsibilities.

The Board Risk Policy, specifically detailed the Board’s expectations from Management to:

- Support the Board to review the effectiveness of its governance responsibilities;
- Support the Board in the discharge of its stewardship of the Group and oversight role;
- 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;
- 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;
- Ensure the interest of the stakeholders are considered in all business undertakings and results in value creation;
- Establish operational policies and procedures and implement appropriate internal control and compliance mechanisms;
- Ensure the Group’s operations and business undertakings are in compliance with relevant laws, rules and regulations;
- Ensure employees are educated on key policies relating to business conduct and ethical behaviour; and
- Implement and maintain a Business Continuity Plan to enable the continuity of critical business functions in the event of a disaster.

Regular senior management meetings such as the Executive Management Committee (EXCOM) meeting and the Suria Management Committee (MCM) meeting 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 & Integrity (GRI) Department**

The GRI is responsible for the overall coordination and implementation of the Board Risk Policy and is responsible for providing risk reports to the RMGC and the Board on a quarterly basis. The GRI is also responsible to ensure the Board Risk Policy and the Enterprise Risk Management (ERM) framework continue to remain effective and relevant to the Group. The GRI 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.

The GRI provides independent advice, monitors and promotes effective management of all risk categories and fosters the establishment of effective risk culture throughout the Group. The Head of GRI provides quarterly reports to the RMGC and the Board on any significant risks affecting the Group and how such risks are being managed. The Head of GRI reports functionally to the RMGC and the Board, 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 system 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 appropriate 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 to deliver the Group's intended results and performance.

### **Establishment of Committees**

Several Board Committees and Management Committees have been instituted to strengthen governance, improve accountability and assist the Board in discharging its duties. The Committees are:

#### **(i) Board Level**

The composition of the Board complies with Paragraph 15.02 of Bursa Malaysia's Main Market Listing Requirements (MMLR) as more than one-third of its members are independent directors. A balanced composition of independent directors enables a practical and objective check and balance on the Board's deliberation and decision making. The Board delegates specific responsibilities to the various Board Committees with clearly defined terms of reference to assist the Board in discharging its duties. The Board Committees that had been set up are as follows:

- Audit Committee
- Risk Management & Governance Committee
- Nomination/Appointment Committee
- Remuneration Committee
- Investment Committee

	<p>(ii) <u>Management Level</u></p> <p>On the Management level, several committees have been established to monitor and ensure effective management and delivery of outcomes of different functions, roles, responsibilities and activities of every department. The Management or Working Committees that had been set up are as follows:</p> <ul style="list-style-type: none"> <li>• SuriaGroup Executive Committee</li> <li>• Sabah Ports Sdn Bhd Executive Committee</li> <li>• Suria Management Committee</li> <li>• Group People Committee</li> <li>• Tender Evaluation Committee</li> <li>• Strategic Planning Working Committee</li> <li>• SuriaGroup IT Steering Committee</li> </ul> <p>For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the Group’s system of risk management and internal control. The Board has received reasonable assurance from the Group Managing Director that the Group’s system of risk management and internal control, in all material aspects, is operating adequately and effectively.</p> <p>Further information on risk management and internal control frameworks are disclosed in the Statement on Risk Management and Internal Control (SORMIC) on pages 158 to 172 of the Company’s Annual Report 2022.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	As at 31 December 2022, the Risk Management & Governance Committee comprises Non-Executive Directors with majority being Independent Directors.



### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee (AC) 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 conflicts of interest situations and related party transactions. The AC meets with the external auditors at least once in a financial year to discuss the financial statements, audit findings, and their performance.</p> <p>The AC acts as a forum for discussion of internal control issues and contributes to the Board’s review on the effectiveness of the Group’s internal control and risk management systems. The AC also conducts a review of the internal audit function to ensure the adequacy of the 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 AC ensures that the Group Internal Audit is independent of the activities it audits and reports its audit findings and Management’s action plans to address the audit findings to the AC.</p> <p>The Audit Committee Report is provided from pages 173 to 179 of the Company’s Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 GIA 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, one (1) Senior Executive, four (4) 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 58 of the Company's Annual Report 2022.</p> <p>GIA adopts the Committee of the Sponsoring Organisations (COSO) Internal Control Integrated Framework in assessing and reporting on the adequacy and effectiveness of the design, implementation and</p>

	<p>efficiency of the Group's overall system of internal controls, risk management and governance.</p> <p>The Statement on Risk Management and Internal Control (SORMIC) and Audit Committee Report are provided from pages 158 to 179 of the Company's Annual Report 2022.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company 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"><li>• Annual and quarterly operational and financial results;</li><li>• Events occurred throughout the year;</li><li>• Media releases; and</li><li>• Minutes of general meetings.</li></ul> <p>The Company also conduct briefings and discussions with analysts and institutional investors which includes briefings via virtual platform. 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 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 &amp; 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 <a href="http://www.suriagroup.com.my">www.suriagroup.com.my</a>.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

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

### Practice 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Although the Company is not categorised under Large companies, the Company aspires to adopt Integrated Reporting.</p> <p>In the preparation of Annual Report 2022, the Company has taken its effort by gradually align to Integrated Reporting (&lt;IR&gt;) by making reference to the International Integrated Reporting Council Framework (IIRC). Given that the Company is still at the initial stage of incorporating &lt;IR&gt;, 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 12.2 of the Malaysian Code on Corporate Governance which recommends public listed issuers to adopt an &lt;IR&gt; format based on globally recognised frameworks.</p> <p>The Company's journey towards Integrated Reporting can be found on pages 8 and 9 of the Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 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 Bursa Malaysia's Main Market Listing Requirements (MMLR) 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 (AGM) at least 28 days prior to the meeting. On 29 April 2022, the Company had dispatched the Notice of its 39th Annual General Meeting (AGM) to shareholders, which was more than 28 days requirement under Practice 13.1.</p> <p>The Company had also advertised the Notice of 39th AGM in three (3) newspapers on 19 May 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.2**

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

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



### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has 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. With the movement restrictions due to COVID-19 pandemic, the Company has been conducting fully virtual general meetings via remote participation and voting facilities for the Annual General Meetings in year 2020 and 2021.</p> <p>However, in year 2022, the Company conducted a physical Annual General Meeting on 21 June 2022 when there was no more restriction to conduct public gathering.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The 39th Annual General Meeting (AGM) of the Company held on 21 June 2022 was conducted physically.</p> <p>The Group Managing Director presented slides during the AGM explaining on the Group's financial performance as well as the Group's milestones and future plans. The Board answered the pre-submitted and live questions posed by shareholders during the Question &amp; Answer session.</p> <p>All answers to the pre-submitted questions as well as the live questions at the AGM was responded by e-mail to the individual shareholder and was published in the Company's corporate website at <a href="http://www.suriagroup.com.my/Investor-Relations/">www.suriagroup.com.my/Investor-Relations/</a>.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Not applicable – only physical general meetings were conducted in the financial year
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Minutes of the 39th Annual General Meeting held on 21 June 2022 was posted on the Company's website after 30 business days after the meeting. It is available at the Company's corporate website at <a href="http://www.suriagroup.com.my/Investor-Relations/">www.suriagroup.com.my/Investor-Relations/</a> .
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

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

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

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