

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6521
COMPANY NAME : Suria Capital Holdings Berhad
FINANCIAL YEAR : December 31, 2017

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company. Every Director kept abreast of his responsibilities as a director and of the conduct, business activities and development of the Company.</p> <p>The roles and responsibilities of the Board would include the following:</p> <p>Reviewing and adopting a strategic plan for the Company The Board provides 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. Management is responsible for developing strategy together with the Board, that actively guides, challenges and clarifies the multiple views and assumptions put forward by the Management.</p> <p>Oversee conduct of the Company's businesses A basic but critical function of the Board is to oversee 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>

KPIs are designed to link directly to the core values of a Company's strategy as pre-determined by the Board. KPIs should reflect the Company's historical performance (for example, Return of Equity and earnings before interest, tax, depreciation and amortization ("EBITDA") margin) and leading indicators (for example, capital productivity or Return of Capital Employed ("ROCE"), number of customer complaints and attrition rate of high performing employees).

Identifying risk and ensuring the implementation of appropriate internal controls and mitigation measures

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 risks exposures on an aggregate basis. All risks are rolled into a common metric such as "cash flow at risk" or "value at risk". Further, the Board ensures that there are sufficient internal controls and clear mitigation plans for major risks and that these plans include accountabilities and timeliness. For major risks, the Board should also have a good sense of the costs and benefits of risk mitigation, which takes into account the probability of occurrence and the magnitude of the impact of the risk.

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 tone, and ensure that in-depth risk analysis and qualification is conducted for all major investments or strategic decisions prior to the decision being made by the Board.

Succession planning

The Board's role under succession planning includes appointing, training, setting the reward system and the replacement of Management. The Board, through the Nomination/Appointment Committee, identifies candidates for both Board and the Senior Management to ensure the appointment made brings a balance of skill, knowledge, experience and diversity to the Company.

Shareholder communications (policy and implementation)

The Board acknowledges the importance of communicating to its shareholders, investors and analysts. The Board also recognises the importance of transparency and accountability to its shareholders and investors. This is done through the general meeting that serves as the main communication channel and principal forum for dialogue with shareholders, also through the distribution of Annual Report to the shareholders and investors.

	<p>In the Company's effort to enhance communication with the shareholders, the Corporate Affairs and Communications Department had set up an Investor's email alert where the Company will update shareholders on 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 on the Group is accessible via the Company's website at www.suriagroup.com.my</p> <p>Review adequacy and integrity of management information and internal control</p> <p>The Board has fiduciary responsibility to act in the best interest of the Company. Fulfilling this responsibility can take various forms. The Board takes into account capital market perspective when making financial and strategic decisions to ensure long-term sustainable value creation. The views of majority shareholders are considered and adopted where such views are aligned with the interests of all shareholders. Further, minorities shareholders' interest should also be adequately protected. The most common mechanism to do is to ensure that all related party transactions are on arm's length basis and that such transactions are fully disclosed.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Key responsibilities of the Chairman include:</p> <ul style="list-style-type: none"> • Providing leadership for the Board so that the Board can perform its responsibilities effectively. • Setting the Board Agenda and ensuring that Board Members receive complete and accurate information in a timely manner. • Leading Board Meetings and discussions. • Encouraging active participation and allowing dissenting views to be freely expressed. • Managing the interface between the Board and Management. • Ensuring appropriate steps are taken to provide effective communication with Stakeholders and that their views are communicated to the Board as a whole. • Leading the Board in establishing and monitoring good corporate governance practices in the Company. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>There is a clear division of responsibilities between the Chairman (who had never been the Group Managing Director of the Company) and Group Managing Director to ensure that there is a balance of power and authority in managing the Company</p> <p>CHAIRMAN</p> <ul style="list-style-type: none"> • Ensure orderly conduct and working of the Board, which encourages healthy debates on agendas being deliberated • Ensure that every Board Resolution is put to a vote to ensure that the decision is made collectively and reflects the will of majority • Ensure that the Board agrees on the strategy formulated by the Company and monitors its implementation <p>GROUP MANAGING DIRECTOR</p> <ul style="list-style-type: none"> • Implementing the policies and decisions of the Board, overseeing the operations, as well as coordinating the development and implementation of business and corporate strategies • Developing and translating the strategies into a set of manageable goals and priorities • Setting direction of the business operations, investment and other activities based on effective risk management controls
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	: Applied
Explanation on application of the practice	<p>The Company Secretary is charged with facilitating the Company's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board. The Company Secretary is appointed and dismissed by the Board and all Directors have the right access to the Company Secretary.</p> <p>The tasks of the Company Secretary shall include:</p> <p>MEETINGS AND MINUTES</p> <ul style="list-style-type: none">• Notifying the Directors in advance of a meeting of the Board.• Ensuring that the agenda and Board papers as and when they are required, are prepared and forwarded to Directors prior to Board meetings.• Recording, maintaining and distributing the minutes of all Board and Board Committee meeting as required.• Maintaining a complete set of Board papers at the Company's main office.• Preparing for and attending all annual and extraordinary general meetings of the Company.• Recording, maintaining and distributing the minutes of all general meetings of the Company. <p>COMPLIANCE</p> <ul style="list-style-type: none">• Overseeing the Company's compliance program and ensuring all Company legislative obligations are met.• Ensuring all requirements of the Securities Commission, Bursa Malaysia, Companies Commission and any other regulatory body are fully met.• Providing counsel on corporate governance principles and Director liability.

	<p>GOVERNANCE ADMINISTRATION</p> <ul style="list-style-type: none"> • Maintaining a Register of Company's Policies as approved by the Board. • Maintaining, updating and ensuring that all Directors have access to an up-to-date copy of the Board Charter and associated governance documentation. • Maintaining the complete list of the delegations of authority. • Reporting at Board meetings the documents executed under a power of attorney, documents executed in accordance with the Companies Act 2016, and the Company's Articles of Association. • Any other services the Chairman or Board may require. 	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 1.5

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

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

Intended Outcome

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

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

Practice 2.1

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

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

Application :	Applied																	
Explanation on application of the practice :	<p>In line with the requirement under the MMLR, the Company had formed several Board Committees to assist the management in its operation towards achieving the optimal governance framework. The establishment of the following Board Committees, the Board is well informed of the running of the Group's business and the various areas of risk management:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">COMMITTEE</th> <th style="width: 25%;">CURRENT MEMBERSHIP</th> <th style="width: 20%;">COMPOSITION</th> <th style="width: 35%;">KEY ROLES</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Nomination/ Appointment</td> <td> <p>Chairman Datuk Hj. Faisyal bin Datuk Yusof Hamdain Diego</p> </td> <td>Majority being Independent & Non-Executive Directors</td> <td>Recommend to the Board candidates for all directorship to be filled for their approval at the general meeting</td> </tr> <tr> <td> <p>Members Datuk Dr. Mohd. Yaakub bin Hj. Johari</p> <p>Kee Mustafa</p> <p>Datuk Ismail bin Awang Besar</p> </td> <td> <p>The Chairman is Non-Executive & Independent Director</p> <p>Consists of not less than three (3) members</p> </td> <td>Recommend the appointment of Senior Management of the Group</td> </tr> <tr> <td>Audit</td> <td> <p>Chairman Chin Kiang Ming</p> <p>Members Datuk Ismail bin Awang Besar</p> <p>Kee Mustafa</p> <p>Georgina L. George</p> </td> <td> <p>All Committee members are Non-Executive Directors and majority of the Committee comprises Independent Directors</p> <p>The Chairman is an Independent & Non-Executive Director who has the necessary qualification in accordance with Paragraph 15.09(1)(c) of the Bursa Securities Listing Requirements</p> </td> <td>To assist the Board in assessing the risks and control environment, oversee the financial reporting process, evaluate the internal and external audit process, and review any conflict of interest situations and related party transactions.</td> </tr> </tbody> </table>			COMMITTEE	CURRENT MEMBERSHIP	COMPOSITION	KEY ROLES	Nomination/ Appointment	<p>Chairman Datuk Hj. Faisyal bin Datuk Yusof Hamdain Diego</p>	Majority being Independent & Non-Executive Directors	Recommend to the Board candidates for all directorship to be filled for their approval at the general meeting	<p>Members Datuk Dr. Mohd. Yaakub bin Hj. Johari</p> <p>Kee Mustafa</p> <p>Datuk Ismail bin Awang Besar</p>	<p>The Chairman is Non-Executive & Independent Director</p> <p>Consists of not less than three (3) members</p>	Recommend the appointment of Senior Management of the Group	Audit	<p>Chairman Chin Kiang Ming</p> <p>Members Datuk Ismail bin Awang Besar</p> <p>Kee Mustafa</p> <p>Georgina L. George</p>	<p>All Committee members are Non-Executive Directors and majority of the Committee comprises Independent Directors</p> <p>The Chairman is an Independent & Non-Executive Director who has the necessary qualification in accordance with Paragraph 15.09(1)(c) of the Bursa Securities Listing Requirements</p>	To assist the Board in assessing the risks and control environment, oversee the financial reporting process, evaluate the internal and external audit process, and review any conflict of interest situations and related party transactions.
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	Investment	<p>Chairman Datuk Hj. Faisyal bin Datuk Yusof Hamdain Diego</p> <p>Members Datuk Mohd. Hasnol bin Ayub</p>	<p>The Chairman is Independent & Non-Executive Director</p> <p>Members have relevant qualifications and experience</p>	<p>Assist the Board in reviewing and assessing the viability of projects and investment</p> <p>Recommend to the Board for approval</p>
	Remuneration	<p>Chairman Datuk Ismail bin Awang Besar</p> <p>Members Hj. Muluk bin Samad Kee Mustafa</p>	<p>Majority are Independent & Non-Executive Directors</p>	<p>Reviews and recommend the Group's remuneration policy</p> <p>Ensure remuneration policy reflects the industry practice and contributions</p>
	Risk Management and Sustainability	<p>Chairman Kee Mustafa</p> <p>Members Chin Kiang Ming Hj. Muluk bin Samad Georgina L. George</p>	<p>The Committee is made up two Independent & Non-Executive Directors and one Non-Independent & Non-Executive Director</p> <p>The Chairman is Independent & Non-Executive Director</p>	<p>Maintaining a sound system of internal control that covers financial aspects, operations, risk management and compliance control</p>
	Employee Share Scheme	<p>Chairman Datuk Ismail bin Awang Besar</p> <p>Members Hj. Muluk bin Samad Chin Kiang Ming Kee Mustafa</p>	<p>The Committee comprises Non-Executive Directors with the majority being Independent</p>	<p>Administers the scheme including terms of eligibility of the employees of the Group.</p> <p>Determine the method in which the scheme is made to and exercised by eligible employees.</p>
Explanation for departure :				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure :				
Timeframe :				

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to the highest standard of integrity, openness and accountability in the conduct of its business and operations. It seeks to conduct its affairs in an ethical, responsible and transparent manner.</p> <p>Effective 1 January 2012, the SuriaGroup Code of Conduct and Discipline was established whereby employees are under a duty to serve the Group with good faith and fidelity and are expected to serve the Company loyally, faithfully, honestly and diligently. The Code of Conduct contains policies and guidelines relating to the standards and ethics that all employees are expected to adhere to in the course of their work. It is designed to maintain discipline and order in the workplace among employees of all levels. It also sets out the circumstances in which such employees would be deemed to have breached the Code and the actions that can be taken against them if they do so.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board also recognises the importance of the Whistleblower Policy and had approved the SuriaGroup's Whistleblower Policy on 28 August 2012. By implementing the Whistleblowing Policy, it enables the Company to do the following:</p> <ul style="list-style-type: none">• To monitor any disclosure in a responsible manner by way of internal procedure.• To address and manage a disclosure in an appropriate manner according to gravity or nature of the wrongdoing.• To protect the whistleblower from reprisal as direct consequences of making a disclosure and to safeguard such person's confidentiality.• To treat both the whistleblower and the alleged wrongdoer fairly.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied									
Explanation on application of the practice	:	<p>The current composition complies with MMLR requirements in terms of the number of Independent Non-Executive Directors in the composition of the Board. The Directors bring a diverse range of skills and backgrounds. In view of the composition of the Board, and having regard to the calibre of the Directors and their range of experience, the Board believes that the interests of investors including the Company's minority shareholders and the public are adequately protected and advanced.</p> <table border="1"> <thead> <tr> <th>BOARD COMPOSITION</th> <th>NO. OF DIRECTOR</th> </tr> </thead> <tbody> <tr> <td>Independent & Non-Executive</td> <td>4</td> </tr> <tr> <td>Non-Independent & Executive</td> <td>1</td> </tr> <tr> <td>Non-Independent & Non-Executive</td> <td>5</td> </tr> </tbody> </table>		BOARD COMPOSITION	NO. OF DIRECTOR	Independent & Non-Executive	4	Non-Independent & Executive	1	Non-Independent & Non-Executive	5
BOARD COMPOSITION	NO. OF DIRECTOR										
Independent & Non-Executive	4										
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Explanation for departure	:										
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>											
Measure	:										
Timeframe	:										

Intended Outcome

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

Practice 4.2

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In 2018, Datuk Ismail bin Awang Besar has exceeding a cumulative limit of nine (9) years as the Independent Director. The Board of Directors intend to retain his independency beyond nine (9) years by seeking Shareholders' approval in every general meeting.</p> <p>The Board of Directors is of the view that the length of service does not in any way interfere with the exercise of his independent judgement and ability to act in the best interest of the Company</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Directors are professionals in the fields of sociology, economics, accounting, finance, senior public administration and business administration. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to ensure that the Group continues to be competitive within its industry segment 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>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	Under the 10 th Malaysia Plan, the Government had set targets to increase the number of women in key decision-making positions on the boards to 30 per cent. In response towards the target shortfall, the Board has taken effort to increase the total number of woman participation on the Board from 10 per cent in year 2016 to 20 per cent in year 2017.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	Majority of the members of Nomination/Appointment Committee are being Independent Directors. In making new recommendations, the Nomination/Appointment Committee shall consider the candidates skills, knowledge, expertise and experience.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

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

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination/Appointment Committee undertook three (3) steps to begin their journey or raising Board effectiveness; conduct an assessment on the Board's current effectiveness, then develop an actionable improvement program which covers the next 12 months, and begin implementing the program. The Board then reviews their progress every six (6) months and refines the improvement program accordingly.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Remuneration Committee proposes the Directors' remuneration before tabling to the Board prior to endorsement by the Members during the AGM. 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 Directors do not participate in making decisions on their own remuneration packages.</p>	
Explanation for departure	:		
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Intended Outcome

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

Practice 6.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Remuneration Committee is responsible for reviewing and recommending to the Board on the Company's remuneration policy including that of the Executive and Non-Executive Directors to ensure that their remuneration reflects the industry practice and their contributions to the Company's growth and profitability. The remuneration policy also supports the Company's objectives and shareholders' interests.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The breakdown of remuneration of the individual directors are disclosed in Audited Financial Statements for the financial year ended 31 December 2017 on page 152 and 153 of the 2017 Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The only remuneration of the senior management disclosed is the executive director on page 152 of the 2017 Annual Report. The Board of Directors is of the view that disclosing Senior Management's remuneration would be at disadvantage to the Group.	
		The Board of Directors will continue to evaluate the implications and will make the necessary disclosures if satisfied that it is in the best interest of the Group to do so.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Chin Kiang Ming is an Independent & Non-Executive Director was appointed as the chairman of the Audit Committee with effect from 15 August 2014. He has the necessary qualification in accordance with Paragraph 15.09(1)(c) of the MMLR. He is assisted by other three (3) Committee Members which all of them are Non-Executive Directors and majority of the Committee comprises of Independent Directors.</p> <p>Chin Kiang Ming and the Committee Members assist the Board in following manners:</p> <ul style="list-style-type: none"> • Assessing the risks and control environment. • Oversee the financial reporting process. • Evaluate the internal and external audit process. • Review any conflict of interest situations and related party transactions. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has not appointed any former key audit partner onto the Committee.</p> <p>The Company Secretary will revise the Term of Reference on incorporating a policy requires a former key audit partner to be appointed as a member of the Audit Committee</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee was previously known as the Audit & Risk Management Committee and on 29 January 2010, the Board decided to separate the Committee into the Audit Committee and Risk Management Committee respectively to enable the Audit Committee to focus on compliance with auditing and accounting standards.</p> <p>The Committee meets with the External and the Internal Auditors at least twice annually to discuss the financial statements and their audit findings. It also meets with the External Auditors whenever it deems necessary.</p> <p>The minutes of the Committee meetings are formally tabled to the Board for noting and for action when necessary.</p> <p>In addition to the duties and responsible set out under its terms or reference, the Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Group's internal control and risk management systems. The Audit Committee also conducts a review of the internal audit function to ensure the adequacy of the scope, functions and resources of Finance Division and that it has the necessary authority to carry out its work impartially.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	Members of the Audit Committee possess the necessary qualifications and experience in financial and auditing matters. Their profiles are disclosed on page 29-32 of the 2017 Annual Reports.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Risk Management Committee has been recently established on 29 January 2010 after the Board decided to separate their Audit & Risk Management in two (2) separate Committees, namely the Audit Committee and the Risk Management Committee.</p> <p>The Board is fully aware and acknowledges their responsibilities 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' investment and the Group's assets. The key management personnel are tasked with the responsibility to monitor, manage and provide reports to the Board on compliance of procedures, financial strength and the business activities of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The report of the Risk Management Committee is presented to the Board to inform on the level of risk and the control undertaken by the Management to mitigate the risk	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Risk Management Committee has been established and currently serves as the Sustainability Committee as well. The Chairman of the Risk Management and Sustainability Committee is an Independent Director.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>An Internal Audit Function has been established that is independent of the activities it audits, to regularly review and appraise the effectiveness of the Group's system of internal controls. The Internal Audit Function reports directly to the Audit Committee. The Internal Audit Function has the relevant qualifications and the audits are conducted based on operational, financial and administrative controls and compliance to the Group's authority limits, policies and procedures, Securities Commission and Bursa Securities' Listing Requirements, and other applicable laws and regulations. In addition, Internal Audit Division monitors and checks for compliance and standards and the effectiveness of internal control structures across the Group.</p> <p>The Board has appropriately established a formal and transparent relationship with the External Auditors. The External Auditors have continued to report to members of the Group, of their findings that are included as part of the Group's financial reports with respect to this year's audit on statutory financial statements.</p> <p>The Group has established a good working relationship with External Auditors through the Audit Committee and the Internal Audit Department. The Audit Committee has always maintained a professional relationship with the External Auditors by ensuring the Group takes the necessary action to address the key issues highlighted to the Group. Where necessary, meetings with the External Auditors are held. Under its terms of reference, the Audit Committee has expressed authority to communicate directly with External and Internal Auditors.</p> <p>Meetings with External and Internal Auditors are held at least twice a year as appropriate to discuss the audit plans, findings and financial statements. External Auditors and Internal Auditors may, conversely, call for a meeting with the Audit Committee to discuss issues relating to the financial statements and other related matters. Other Directors and Senior Management of the Group attend the Audit Committee Meetings upon invitation. In addition, the External Auditors are invited to attend the annual general meeting and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.</p>

	<p>The Audit Committee also reviews the appointment of the Group's External Auditors and the fees payable to them on an annual basis. Whilst the External Auditors may be appointed by the Company or the Group to provide services in relation to non-audit matters, the relationship with the External Auditors is monitored to ensure that their impartiality and independence remains unquestionable. The Audit Committee approves all ad hoc non-audit services and ensures that the objectivity and independence of the External Auditors not compromised.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	All audit members are required to declare to the Audit Committee that they are free from any relationship or conflict of interest which would impair their objectivity or independence	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company adheres strictly to Bursa Securities' disclosure framework to disseminate accurate information to the public in a timely manner. The Company discloses its financial and operational results to the market each year and quarterly as well as informing the market of other events throughout the year as they occur. Annual and quarterly financial reports, media releases and AGM speeches are all lodged with relevant bodies. As all financial information is disclosed through Bursa Securities, the Company will only comment on factual errors in information and underlying assumptions when commenting on market analysis' financial projections, rather than commenting on the projections themselves.</p> <p>The Company also conduct briefings and discussions with analysts and institutional investors. However, price sensitive information will not be discussed unless that particular information has been previously formally disclosed to the market via any Bursa Securities announcement. Slides and presentations used in briefings will also be released immediately prior to the briefing to the market via Bursa Securities. After the conclusion of each briefing or discussion if any price sensitive information was disclosed it will be announced immediately to Bursa Securities.</p> <p>The Company has adopted an internal Investor Relation Policy as obligation to maintain its corporate credibility and instil investor 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 future 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>The Company acknowledges the importance of communicating to its shareholders, investors and analysts. The Board also recognises the importance of transparency and accountability to its shareholders and investors. This is done through the general meeting that serves as the main communication channel and principal forum for dialogue with shareholders, also through the distribution of Annual Report to the shareholders and investors.</p> <p>In the Company's effort to enhance communication with the shareholders, the Corporate Affairs and Communications Department had set up an Investor's email alert where the Company will update shareholders on latest news and announcements on the Company immediately after an announcement is released to Bursa Securities. This service is available to shareholders who had registered for the email alert.</p> <p>Up-to-date information is accessible via the corporate website at http://www.suriagroup.com.my</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for ensuring that the financial statements of the Company as reported in the quarterly announcements to Bursa Securities and the Annual Report to Shareholders, are drawn up in accordance with the Companies Act 2016 and applicable Approved Accounting Standards in Malaysia, so as to give a true and fair view of the state of affairs of the Company as at the end of the reporting period.</p> <p>The Statement by Directors for preparing the Audited Financial Statements pursuant to Section 251(2) of the Companies Act 2016 is set out in the Annual Report.</p> <p>The Audit Committee assists the Board in ensuring completeness, accuracy and adequacy of information by reviewing and recommending for adoption of information for disclosure. The Committee also reviews Company's accounting policies and the changes to these policies as well as ensures these financial statements comply with the accounting and regulatory requirements.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board, pursuant to Section 316(2) of the Companies Act 2016, ensure 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 listing requirements for the Resolution proposed to enable Shareholders to make an informed decision in exercising their voting rights. The Notice includes details of the Resolutions proposed along with any background information and reports or recommendations that are relevant.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	Presence of all Directors at the AGM will provide opportunity for Shareholders to effectively engage each Director. Having the chair of board committees or Senior Management present facilitate these conversations and allows Shareholders to raise questions and concerns directly to those responsible.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	In line with the recent amendments to the MMLR, the Company will implement poll voting for all the resolutions set out in the Notice of AGM via electronic means at the AGM to expedite verification and counting of votes. In addition, the Company will appoint one (1) scrutineer to validate the votes cast at the AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		