

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 6521  
**COMPANY NAME** : Suria Capital Holdings Berhad  
**FINANCIAL YEAR** : December 31, 2018

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

*Disclosures in this section are pursuant to Paragraph 15.25 of the Main Market Listing Requirement (MMLR) of Bursa Malaysia Securities Berhad (BMSB).*

### Intended Outcome

The Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

### Practice 1.1

The Board sets the Company's strategic objectives, ensure that the necessary resources are in place for the Company to meet its objectives and reviews Management performance. The Board sets the Company's values and standards, and ensures that its obligations to its 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 interests of the Company. Every Director shall keep abreast of new developments, 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> <p><b>Review and adopt a strategic plan for the Company</b> 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. 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> <p><b>Oversee conduct of the Company's businesses</b> 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 on Equity and Earnings Before Interest, Tax, Depreciation and 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.

**Identify risk and ensure 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 risk 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 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, 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.

**Implement 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 positions to ensure the appointment made brings a balance of skill, knowledge, experience and diversity to the Company.

**Shareholders 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 <a href="http://www.suriagroup.com.my">www.suriagroup.com.my</a></p> <p><b>Review adequacy and integrity of management information and internal control</b></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 that there will be long-term sustainable value creation. The views of majority shareholders are considered and adopted where such views are aligned with the interests of all shareholders. Further, minorities 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>:</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>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

The Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Key responsibilities of the Chairman include: <ul style="list-style-type: none"><li>• Providing leadership to the Board so that the Board can perform its responsibilities effectively.</li><li>• Setting the Board Agenda and ensuring that Board Members receive complete and accurate information in a timely manner.</li><li>• Leading Board Meetings and discussions.</li><li>• Encouraging active participation and allowing dissenting views to be freely expressed.</li><li>• Managing the interface between the Board and Management.</li><li>• Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.</li><li>• Leading the Board in establishing and monitoring good corporate governance practices in the Company.</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 Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

### Practice 1.3

The positions of Chairman and Group Managing Director are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 as outlined below:</p> <p><b>CHAIRMAN</b></p> <ul style="list-style-type: none"><li>• Ensure orderly conduct and working of the Board, which encourages healthy debates on agendas being deliberated.</li><li>• Ensure that every Board Resolution is put to a vote to ensure that the decision is made collectively and reflects the will of majority.</li><li>• Ensure that the Board agrees on the strategy formulated by the Company and monitors its implementation.</li></ul> <p><b>GROUP MANAGING DIRECTOR</b></p> <ul style="list-style-type: none"><li>• Implementing the policies and decisions of the Board, overseeing the operations, as well as coordinating the development and implementation of business and corporate strategies.</li><li>• Developing and translating the strategies into a set of manageable goals and priorities.</li><li>• Setting direction of the business operations, investment and other activities based on effective risk management controls.</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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretary is tasked with facilitating the Company's corporate governance processes and 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 direct access to the Company Secretary.</p> <p>The tasks of the Company Secretary shall include:</p> <p><b>MEETINGS AND MINUTES</b></p> <ul style="list-style-type: none"><li>• Notifying the Directors in advance of a meeting of the Board.</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 as required.</li><li>• Maintaining a complete set of Board papers at the Company's main office.</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>COMPLIANCE</b></p> <ul style="list-style-type: none"><li>• Overseeing the Company's compliance program and ensuring all Company legislative obligations are met.</li><li>• Ensuring all requirements of the Securities Commission, Bursa Malaysia Securities BerhadB, Companies Commission and any other regulatory body are fully met.</li><li>• Providing counsel on corporate governance principles and Directors' liability.</li></ul>

	<p><b>GOVERNANCE ADMINISTRATION</b></p> <ul style="list-style-type: none"> <li>• Maintaining a Register of Company's Policies as approved by the Board.</li> <li>• Maintaining, updating and ensuring that all Directors have access to an up-to-date copy of the Board Charter and associated governance documentation.</li> <li>• Maintaining the complete list of the delegations of authority.</li> <li>• 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.</li> <li>• Any other services the Chairman or Board may require.</li> </ul>	
<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**

The Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

**Practice 1.5**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<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 constructive feedback on the quality of the information and analyses received so that Management is able to ensure Board papers are of high standard.</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 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.
- Issues and decisions reserved for the Board.

<b>Application</b> :	Applied												
<b>Explanation on application of the practice</b> :	In line with the requirement under the MMLR, the Company had formed several Board Committees to assist the Management in its operations towards achieving the optimal 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:												
	<table border="1"> <thead> <tr> <th>COMMITTEE</th> <th>CURRENT MEMBERSHIP</th> <th>COMPOSITION</th> <th>KEY ROLES</th> </tr> </thead> <tbody> <tr> <td>Nomination/ Appointment</td> <td> <p><b>Chairman</b> Tan Sri Ibrahim Menudin</p> <p><b>Members</b> Datuk Dr. Mohd. Yaakub bin Hj. Johari  Kee Mustafa  Datuk Ismail bin Awang Besar</p> </td> <td> <p>The Chairman is a Non-Executive &amp; Independent Director.</p> <p>Majority of Committee members are Independent &amp; Non-Executive Directors.</p> <p>Consists of not less than three (3) members.</p> </td> <td> <p>Recommends to the Board candidates for all directorship to be filled for their approval at the general meeting.</p> <p>Recommends the appointment of Senior Management of the Group.</p> </td> </tr> <tr> <td>Audit</td> <td> <p><b>Chairman</b> Chin Kiang Ming</p> <p><b>Members</b> Datuk Ismail bin Awang Besar  Kee Mustafa  Georgina L. George</p> </td> <td> <p>All Committee members are Non-Executive Directors and majority of the Committee members comprise Independent Directors.</p> <p>The Chairman is an Independent &amp; Non-Executive Director who has the necessary qualification in accordance with Paragraph 15.09(1)(c) of the</p> </td> <td> <p>Assists the Board in assessing the risks and control environment, oversees the financial reporting process, evaluates the internal and external audit process, and reviews any conflict of interest situations and related party transactions.</p> </td> </tr> </tbody> </table>	COMMITTEE	CURRENT MEMBERSHIP	COMPOSITION	KEY ROLES	Nomination/ Appointment	<p><b>Chairman</b> Tan Sri Ibrahim Menudin</p> <p><b>Members</b> Datuk Dr. Mohd. Yaakub bin Hj. Johari  Kee Mustafa  Datuk Ismail bin Awang Besar</p>	<p>The Chairman is a Non-Executive &amp; Independent Director.</p> <p>Majority of Committee members are Independent &amp; Non-Executive Directors.</p> <p>Consists of not less than three (3) members.</p>	<p>Recommends to the Board candidates for all directorship to be filled for their approval at the general meeting.</p> <p>Recommends the appointment of Senior Management of the Group.</p>	Audit	<p><b>Chairman</b> Chin Kiang Ming</p> <p><b>Members</b> Datuk Ismail bin Awang Besar  Kee Mustafa  Georgina L. George</p>	<p>All Committee members are Non-Executive Directors and majority of the Committee members comprise Independent Directors.</p> <p>The Chairman is an Independent &amp; Non-Executive Director who has the necessary qualification in accordance with Paragraph 15.09(1)(c) of the</p>	<p>Assists the Board in assessing the risks and control environment, oversees the financial reporting process, evaluates the internal and external audit process, and reviews any conflict of interest situations and related party transactions.</p>
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			Bursa Securities' MMLR.	
	Investment	Members are yet to be appointed following the resignation of previous members.	The Chairman is Independent & Non-Executive Director.  Committee members have relevant qualifications and experience.	Assists the Board in reviewing and assessing the viability of projects and investments.  Recommends to the Board for approval.
	Remuneration	<b><u>Chairman</u></b> Datuk Ismail bin Awang Besar  <b><u>Members</u></b> Hj. Muluk bin Samad  Kee Mustafa	Majority of Committee members are Independent & Non-Executive Directors.	Reviews and recommends the Group's remuneration policy.  Ensures remuneration policy reflects the industry practice and contributions.
	Risk Management and Sustainability	<b><u>Chairman</u></b> Kee Mustafa  <b><u>Members</u></b> Chin Kiang Ming  Hj. Muluk bin Samad  Georgina L. George	The Chairman is Independent & Non-Executive Director.  The Committee is made up of two Independent & Non-Executive Directors and one Non-Independent & Non-Executive Director.	Maintains a sound system of internal control that covers financial aspects, operations, risk management and compliance control.  Oversees and recommends to the Board for approval the Group's principles, policies and strategies on sustainability.
	Employee Share Scheme	<b><u>Chairman</u></b> Datuk Ismail bin Awang Besar  <b><u>Members</u></b> Hj. Muluk bin Samad  Chin Kiang Ming  Kee Mustafa	The Committee comprises Non-Executive Directors with the majority being Independent.	Administers the scheme including terms of eligibility of the employees of the Group.  Determine the method in which the scheme is made to and exercised by eligible employees.
<b>Explanation :</b> <b>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

The Board is promoting good business conduct and maintaining a healthy corporate culture that promotes integrity, transparency and fairness.

### 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 conflict 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 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 Group's 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 employees would be deemed to have breached the Code and the actions that can be taken against them if they do so.</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 Board is promoting good business conduct and maintaining a healthy corporate culture that promotes integrity, transparency and fairness.

### 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 also recognises the importance of the Whistleblower Policy and had approved the Group's Whistleblower Policy on 28 August 2012. By implementing the Whistleblower Policy, it enables the Company to do the following:</p> <ul style="list-style-type: none"><li>• To monitor any disclosure in a responsible manner by way of internal procedure.</li><li>• To address and manage a disclosure in an appropriate manner according to gravity or nature of the wrongdoing.</li><li>• To protect the whistleblower from reprisal as direct consequences of making a disclosure and to safeguard such person's confidentiality.</li><li>• To treat both the whistleblower and the alleged wrongdoer fairly.</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

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

### Practice 4.1

The Board's composition.

<b>Application</b>	:	Applied								
<b>Explanation on application of the practice</b>	:	<p>The current composition complies with Bursa Securities' MMLR 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 experiences, 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><b>BOARD COMPOSITION</b></th><th><b>NO. OF DIRECTOR</b></th></tr></thead><tbody><tr><td>Independent &amp; Non-Executive</td><td>4</td></tr><tr><td>Non-Independent &amp; Executive</td><td>1</td></tr><tr><td>Non-Independent &amp; Non-Executive</td><td>3</td></tr></tbody></table>	<b>BOARD COMPOSITION</b>	<b>NO. OF DIRECTOR</b>	Independent & Non-Executive	4	Non-Independent & Executive	1	Non-Independent & Non-Executive	3
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<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 4.2

The tenure of an independent director does not exceed a cumulative limit of nine (9) years. Upon completion of the nine (9) years, the Independent Director will continue to serve on the Board as a Non-Independent Director.

<b>Application</b>	:	<a href="#">Choose an item.</a>
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Starting from year 2018, Datuk Ismail bin Awang Besar has exceeded a cumulative limit of nine (9) years as the Independent Director. The Board intends to retain his independency beyond nine (9) years by seeking shareholders' approval at every General Meeting.</p> <p>If the Board continues to retain independency of Datuk Ismail bin Awang Besar after the twelfth (12<sup>th</sup>) year (by year 2021), the Board shall seek annual shareholders' approval through a two-tier voting process.</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>	:	
<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 4.3**

Appointment of Board is based on objective criteria, merit and with due regard for diversity in skills, experience, age and gender.

<b>Application</b>	:	<a href="#">Choose an item.</a>
<b>Explanation on adoption of the practice</b>	:	<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>

**Intended Outcome**

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

**Practice 4.4**

The Board is targeting to have at least 30% women directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Under the Tenth Malaysia Plan, the Government had set targets to increase the number of women in key decision-making positions on the Board to 30%. In response towards the target shortfall, the Board has taken effort to increase the total number of woman participation on the Board from 10% in year 2016 to 25% in year 2018.	
<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 4.5

The Board is utilising varied sources to identify suitably qualified candidates for appointment of new directors.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board established a Nomination/Appointment Committee comprising exclusively of Non-Executive Directors, a majority of whom are Independent Directors.</p> <p>The Nomination/Appointment Committee is responsible to recommend candidates to the Board for all directorship to be filled for their approval and for submission to the Annual General Meeting (AGM) for re-appointments or re-elections including those of its Subsidiaries. The Committee also recommends the appointment of the Group Managing Director and Senior Management. In making these recommendations, the Nomination/Appointment Committee considers the required mix of skills and experience that the directors should bring to the Board.</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 AGM, one third (1/3) of the Directors for the time being shall retire from the office in accordance with the Company's Articles of Association.</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 Committees of the Board 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</p>

	Company Secretary on the number of his or her directorships in other companies.	
<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 form an opinion on the overall effectiveness of the Board and Individual Director.

### Practice 5.1

The Board undertakes a formal and objective annual evaluation to determine the effectiveness of the Board, its Committees and each Individual Director.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination/Appointment Committee undertakes three (3) steps to begin their journey in raising the Board's effectiveness. First, to conduct an assessment on the Board's current effectiveness, then develop an actionable improvement programme 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.</p> <p>All Directors have completed the Mandatory Accreditation Programme in accordance with the Bursa Securities' MMLR.</p> <p>The Board continued to attend various programmes to keep themselves abreast with developments in the economy and industry. In addition, the Directors were also briefed from time to time during Board Meetings on any changes in laws and regulations that were relevant to the Company's operations.</p> <p>The Company Secretary facilitates participation of Directors in seminars, workshops and training sessions at the cost borne by the Company according to the Director's entitlement.</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**

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.

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<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>	
<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.

### 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.

<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 and Non-Executive Directors 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.
<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 statements is a reliable source of information.

**Practice 7.1**

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>Chin Kiang Ming, an Independent &amp; 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 Bursa Securities' MMLR. He is assisted by three (3) other Committee Members who are Non-Executive Directors and majority of the Committee comprise Independent Directors.</p> <p>Chin Kiang Ming and the Committee Members assist the Board in the following manners:</p> <ul style="list-style-type: none"> <li>• Assessing the risks and control environment.</li> <li>• Oversee the financial reporting process.</li> <li>• Evaluate the internal and external audit process.</li> <li>• Review any conflict of interest situations and related party transactions.</li> </ul>
<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 an effective and independent Audit Committee.

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

## Practice 7.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee was previously known as the Audit &amp; 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 Auditors at least once annually to discuss the financial statements and their audit findings. The Committee may also meet with the External Auditors whenever it deems necessary.</p> <p>The minutes of the Committee meetings are formally tabled to the Board for notation and for action when necessary.</p> <p>In addition to the duties and responsibilities 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 on 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 the Finance Division and that it has the necessary authority to carry out its work impartially.</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**

Company makes informed decisions about the level of risks they want to take and implements necessary controls to pursue their objectives.

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

**Practice 8.1**

The Board established an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Risk Management Committee was established on 29 January 2010 after the Board decided to separate their Audit &amp; Risk Management in two (2) separate Committees, namely the Audit Committee and the Risk Management Committee. The Risk Management Committee also serves as the Sustainability Committee with effect from 6 April 2017 and the Committee's name was changed to Risk Management &amp; Sustainability 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' interests and the Group's assets. Key management personnel are tasked with the responsibility to monitor, manage and provide reports to the Board on compliance with policies and procedures, financial matters and the business activities of the Group.</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

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

### Practice 9.1

The Audit Committee ensures 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>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 reports directly to the Audit Committee. The Internal Auditors have 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, requirements of the Securities Commission and Bursa Securities' MMLR, and other applicable laws and regulations. In addition, the Internal Audit Department monitors and checks for compliance with applicable 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 the Audit Committee and the Board, of their findings that are included as part of the Group's financial reports with respect to this year's audit on statutory financial statements.</p> <p>The Group has established a good working relationship with the 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 that 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 the External and Internal Auditors.</p> <p>Meetings with External and Internal Auditors are held 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 AGM 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</p>

	<p>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 are not compromised.</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.

### Practice 10.1

The Board ensures there is effective, transparent and regular communications with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company adheres strictly to BMSB's disclosure framework to disseminate accurate information to the public in a timely manner. The Company discloses its financial and operational results to the market quarterly and on annual basis 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 BMSB, 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 disclosed formally to the market via any BMSB announcement. Slides and presentations used in briefings will also be released immediately prior to the briefing to the market via BMSB. After the conclusion of each briefing or discussion and if any price sensitive information was disclosed it will be announced immediately to BMSB.</p> <p>The Company has adopted an internal Investors 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 BMSB. 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">http://www.suriagroup.com.my</a></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.

**Practice 10.2**

The Board adopts integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for ensuring that the financial statements of the Company as reported in the quarterly announcements to BMSB 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 at page 116 of this 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 Audit Committee also reviews the Company's accounting policies and the changes to these policies as well as ensures that these financial statements comply with the accounting and regulatory requirements.</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 11.1**

Notice for the AGM be given to the shareholders at least 21 days prior to the Meeting.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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 listing requirements for the Resolutions 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.	
<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 11.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The presence of all Directors at General Meetings will provide opportunity for shareholders to effectively engage with each Director. Having the Chairmen of Board Committees or 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 11.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In line with the recent amendments to the Bursa Securities' MMLR, the Company has implemented 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 appoints one (1) scrutineer to validate the votes cast at the 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>	:		