

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5148
COMPANY NAME : UEM Sunrise Berhad
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

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>The Board of Directors ("Board") of UEM Sunrise Berhad ("UEM Sunrise" or the "Company") recognises that maintaining good corporate governance practices is key to business integrity and delivering long term sustainable value for all of the Company and of its subsidiaries' (the "Group") stakeholders. The Board evaluates and continues to strengthen the existing corporate governance practices by embracing the latest corporate governance regime and regulatory framework in order to remain relevant with developments in market practice and regulations.</p> <p>(1) The Board, together with the Management, remains fully committed to high standards of corporate governance while pursuing the Company's vision of building communities of the future with you and for you. In 2017, UEM Sunrise was ranked among the top 50 companies in Minority Shareholder Watchdog Group's List of Top 100 Companies For Overall Corporate Governance & Performance.</p> <p>The Board leads and provides stewardship to the Group strategic direction and operations to maximise shareholders' value. In discharging its fiduciary duties and responsibilities, the Board is guided by its Charter and the Company's Discretionary Authority Limits ("DAL") which outline high level duties and responsibilities of the Board, matters that are specifically reserved for the Board, as well as those which the Board may delegate to the Board Committees, the Managing Director/Chief Executive Officer ("MD/CEO") and Management. In cultivating good governance practices, the Board also extends the adoption of the DAL to its subsidiaries for which it comprises authority limits delegated by the Board to the Senior Management for daily operations. The DAL will be reviewed from time to time to ensure that it remains relevant to the Company's objectives.</p>

	<p>Key matters reserved for the Board’s review and approval are:</p> <ul style="list-style-type: none"> • the annual operating plan for the Group, which includes the overall corporate strategy, business development and plans • dividend policy • major capital commitment • disposal and acquisition of significant assets and investments. <p>In discharging its fiduciary duties, the Board has delegated specific tasks to the following Board Committees, all of which operate within defined terms of reference:</p> <ul style="list-style-type: none"> ➤ Audit Committee ➤ Nominations & Remuneration Committee ➤ Board Tender Committee ➤ Board Development Committee (newly established on 9 August 2017) ➤ Board Risk Committee (newly established on 1 August 2017) ➤ ESOS Committee <p>These Committees have the authority to examine particular issues and report to the Board on their proceedings and deliberations together with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.</p> <p>(2) The Board reviewed the monthly Year-To-Date Performance Report on financial results; cash flow; project progress; outlook and forecast for key financial indicators; health, safety and environment; and business development at every Board meeting held in 2017 and provided feedback and guidance to the Management, where required.</p> <p>(3) The Board participates actively in the development of the Company’s strategy which encompasses the formulation and implementation of a strategic plan. In addition, the Board reviews and approves the Annual Operating Plan for the ensuing year and sets the key performance indicators (“KPIs”) and targets for the Company, reflective of competitive industry trends and internal capabilities. In line with the Malaysian Code on Corporate Governance (“MCCG”), the Board sets the Company’s strategic aims, ensuring that the necessary resources are in place for the company to meet its objectives and review management performance. A periodic monitoring and reporting system is in place which highlights significant variances of KPIs against plans and budget to monitor performance.</p> <p>The Company also has in place a robust performance management system based on a “Balanced Scorecard” approach with identified KPIs and targets being set at the beginning of each year in line with the Company’s business strategy and objectives in accordance with</p>
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	<p>the Annual Operating Plan. The KPIs in the overall Corporate Scorecard (which measures overall Company performance) are aligned and cascaded down to the MD/CEO, Senior Management team and all employees. Employees who meet their KPIs and achieve a high-performance rating are rewarded whilst non-performers are given the opportunity to improve their performance through specific Performance Improvement Plans.</p> <p>(4) A Board Retreat session with Senior Management was held on 19 and 20 October 2017 at an offsite venue in Klang Valley. This Retreat was imperative in ensuring alignment between the Board and Senior Management of UEM Sunrise in the strategy and future direction of the Company. This Retreat was also a platform for the Board to review these plans and provide feedback.</p> <p>The main objective of the Retreat was to stimulate discussion of strategic issues, discuss potential solutions and place emphasis on implementation of the strategies put forward by Management for continuing success of the Company. Senior Management reflected on what has been done in the past year, what worked and needs to continue and identified new opportunities or gaps in the current landscape for the Company to take on, which framed the presentation to the Board.</p> <p>Senior Management presented their key strategic imperatives during the retreat for the Company which includes “increase presence in Central”, “to drive catalytic projects in Iskandar Puteri”, “improve customer experience”, “scale up capabilities”, and “improve capital allocation”. All 2018 initiatives put forward are clustered based on priorities which the Company will execute and monitor closely.</p> <p>The Board was engaged throughout and provided their feedback and thoughts on what was presented. Following this Retreat, Senior Management has incorporated feedback provided at the Retreat into further detailed strategies and will ensure that the Board is engaged throughout the year through regular updates.</p> <p>With the insight and advice provided by the Board, the Strategic and Annual Operating Plan 2018 was presented to the Board and approved on 20 November 2017.</p> <p>(5) The Board recognises the importance of building a sustainable business and has established a Sustainability Policy which outlines key focus areas based on environmental, social and governance attributes. UEM Sunrise will continue its efforts to ensure that sustainability considerations are integrated as part of its corporate decision-making process in particular into the products it builds, the methods it employs, who it hires and how it works with the communities where it operates. In January 2017, the Company adopted an updated Corporate Responsibility Policy and</p>
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	<p>Sustainability Policy to reflect current times and its commitment towards operating in a responsible and sustainable manner. These policies outlined common goals focusing on:</p> <ul style="list-style-type: none"> • Education and Human Capital • Community Development • Green Environment and Technology • Value Creation <p>The Corporate Responsibility Policy and Sustainability Policy are published on the Company's website at www.uemsunrise.com/investor-relations and the Group's Corporate Responsibility activities for the year under review are disclosed in the Company's Annual Report 2017.</p> <p>(6) The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. Details of the Company's internal control system and the review of its effectiveness are respectively set out in the Statement on Internal Control and Risk Management and Risk Management Report of the Company's Annual Report 2017.</p> <p>The Audit Committee assists the Board in reviewing and monitoring the integrity and adequacy of the internal controls, financial and non-financial reporting process, policies and practices of the Group. It also reviews any related party transactions and conflict of interest situations that may arise within the Group.</p> <p>The Board Risk Committee assists the Board in overseeing risk management framework and policies of the Group. Risk Management Reports on the adoption of risk management framework and risk management review were tabled to the Board Risk Committee for deliberation and subsequent recommendation to the Board for approval and endorsement.</p> <p>(7) For an effective and orderly succession planning in UEM Sunrise Group, the Nominations & Remuneration Committee is entrusted by the Board with the responsibility to review candidates for Executive Directors and key management positions and recommend their compensation packages. It also reviews the compensation framework for Executive Directors and Senior Management staff, human resources roadmap and receives reports on manpower analysis and staffing requirements.</p> <p>In addition, to ensure that the Group has a robust leadership pool to meet current and future challenges as well as for succession planning, Leadership Management Programmes, Structured Coaching and Structured Developmental Assignments are in place to identify and nurture emerging leaders and employees with high potential, as well as to enhance the leadership skills of existing leaders. Robust talent acquisition complements this framework to</p>
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	<p>ensure that leadership talent that the Group brings from outside fits UEM Sunrise's organisational culture and eco-system. The Group aims to build a leadership brand that is both purpose-driven and people-driven. These initiatives are facilitated by UEM Sunrise and UEM Group Berhad's Talent Management and Learning & Development.</p> <p>(8) The Board on 20 February 2013 established a Shareholder Communication Policy to keep the market informed of all information which may or could have a material effect on the value of its securities.</p> <p>The Shareholder Communication Policy was reviewed, amended and renamed as Investor Relations and Communication Policy and approved by the Board on 5 December 2017 to align with the practices recommended in the MCCG and enhancement of the process for effectiveness, transparent and regular communication with the Company's stakeholders.</p> <p>A copy of this policy is available for reference on the Company's website www.uemsunrise.com/investor-relations.</p> <p>(9) The Board on 25 February 2014 ratified the adoption of the Company's Privacy Policy prepared in accordance with the seven data protection principles which form the basis of protection under the Personal Data Protection Act 2010. A copy of this policy is available for reference on the Company's website www.uemsunrise.com.</p> <p>(10) The Board has since 12 June 2012 adopted a dividend policy of paying out between 20% to 40% of the Group's consolidated profit after tax and minority interests subject to among others, availability of distributable reserves and adequate free cash flow from operations, to allow shareholders to participate in the Company's profits, at the same time retaining adequate reserves for future growth. Whilst the dividend policy reflects the Board's current views of the Group's financial and cash flow position, the dividend policy will be reviewed from time to time. A copy of the dividend policy can be obtained from the Company's website at www.uemsunrise.com/investor-relations.</p>
Explanation for departure	:
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure	:

Timeframe	:		
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Intended Outcome

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

Practice 1.2

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>The Chairman leads the Board and sets its agenda to ensure effective performance of the Board. The Chairman also promotes a culture of openness and debate within the Board or General meetings and is responsible for facilitating effective communication with the shareholders.</p> <p>Tan Sri Dato' Sri Zamzamzairani Mohd Isa was appointed on the Board of the Company as its Chairman on 18 May 2017 upon the retirement of Tan Sri Dr. Ir. Ahmad Tajuddin Ali at the conclusion of the Annual General Meeting ("AGM") held on 18 May 2017. Although both the Chairmen are Non-Independent Non-Executive Directors, their influence on the Board are balanced by the presence of Independent Non-Executive Directors on the Board who number in majority as well as and the Senior Independent Director who acts as a point of contact for any concerns deemed inappropriate to be communicated through the normal channels.</p> <p>The Chairman:</p> <ul style="list-style-type: none">• Provides a strong leadership for the Board to discharge its responsibilities effectively;• Chairs the Board meetings and ensure the efficient organisation and conduct of the meetings;• Sets the Board agenda with consultation from the MD/CEO and the Company Secretary and ensuring that Board members receive complete and accurate information in a timely manner;• Leads Board meetings and discussions;• Provides guidance and mentoring to the MD/CEO;• Manages the interface between Board and Management; and• Leads the Board in establishing and monitoring good corporate governance practices in the Company. <p>Details of the responsibilities of the Chairman are set out in the Board Charter of the Company.</p>
Explanation for departure	:	

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

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>The functions of the Board and Management are clearly demarcated to ensure the effectiveness of the Company's business and operations as outlined in the Board Charter which is available on the Company's website at www.uemsunrise.com/investor-relations. The roles and responsibilities of the Chairman and the MD/CEO are clearly separated and distinct to ensure that there is a balance of power and authority.</p> <p>The Board is chaired by the Non-Executive Chairman, whose role is clearly separated from the role of the MD/CEO. The MD/CEO is responsible for the day-to-day management of the business with power, discretions and delegations authorised in the DAL. The Non-Executive Chairman leads the Board effectively and encourages contribution from all members.</p> <p>The Board takes collective responsibility and accountability for the smooth functioning of core processes involving Board governance, business value and ethical oversight while it is constantly mindful of safeguarding the interests of all stakeholders.</p> <p>Taking into cognisance of the importance of the interests of shareholders and stakeholders, the Board had identified an Independent Director, YBhg Dato' Srikandan Kanagaintiram, as the designated Senior Independent Director to whom concerns relating to the Company may be conveyed by shareholders and stakeholders.</p> <p>The MD/CEO is accountable for leading the Management, building a dynamic corporate culture and ensuring that the Company's human capital has the requisite skills and competency to achieve the Company's vision and goals. The MD/CEO is responsible for developing and recommending to the Board annual operating plans and budgets, formulating major corporate policies, implementing the policies and decisions of the Board, overseeing the operations and managing the development and implementation of the Company's business and corporate strategies.</p> <p>Details of the responsibilities of the MD/CEO are set out in the Board Charter of the Company.</p>
Explanation for departure	:	

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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>Both Company Secretaries of UEM Sunrise are qualified to act as company secretary under Section 235(2) of the Companies Act 2016. One of them is licensed by the Registrar of Companies whilst the other is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The profile of the Company Secretaries is set out in the Company's Annual Report 2017.</p> <p>(1) All Directors have full access to the advice and services of the Company Secretaries who ensure that Board procedures are adhered to at all times. The Company Secretaries, whose appointment and removal is a matter reserved for the Board, advised the Board on matters including corporate governance issues and Directors' responsibilities in complying with relevant legislation and regulations as well as updates on regulatory changes such as amendments to the Listing Requirements. The Company Secretaries provide support to the Board on adherence to Board policies and procedures.</p> <p>(2) The Company Secretaries organise and manage the logistics of all Board and Board Committees meetings. The Company Secretaries prepare meeting agenda in consultation with the Chairman and the MD/CEO, compile and circulate meeting folders via electronic means, attend all meetings and ensures all discussions/deliberations during meetings are accurately recorded and properly maintained. The Company Secretaries also facilitate proper communications and ensure the effective flow of information between the Board, Board Committees and the Senior Management by ensuring that action items identified and highlighted during meetings are acted upon by the Senior Management. The Company Secretaries further ensure that outstanding action items are brought to the attention to the Senior Management and upon which they are addressed and reported to the Board accordingly.</p> <p>(3) The Company Secretaries act as the custodians of the Company's statutory records, attend to all statutory and other filings, communicate with the regulatory bodies and Bursa Malaysia Securities Berhad ("Bursa Securities") and ensure compliance with</p>

	<p>the statutory requirements of the Companies Act 2016, the Listing Requirements and other regulatory bodies.</p> <p>(4) In order to play an effective advisory role to the Board, the Company Secretaries remain informed of the latest regulatory changes, evolving industry developments and best practices in corporate governance through continuous training and regular interactions with regulators and industry peers.</p> <p>The Company Secretaries have attended the relevant continuous professional development (“CPD”) programmes conducted by the Companies Commission of Malaysia, MAICSA, Bursa Securities, Malaysian Institute of Corporate Governance etc. and both have accumulated the required minimum CPD points imposed by the Companies Commission of Malaysia and/or MAICSA.</p> <p>(5) All new Directors appointed to the Board will receive a formal induction programme to be provided by the MD/CEO and Senior Management which is arranged through the Company Secretaries. To supplement the programme, an information kit will be furnished by the Company Secretaries immediately upon a Director’s appointment containing information such as disclosure obligations of a director, Board Charter, Code of Ethics, the Constitution of the Company, Board Committees’ terms of reference, schedule of meetings, amongst others. The Company Secretaries also provide one-to-one session to introduce the paperless meeting solution in the form of a digital app for instantaneous delivery of board and meeting packs which can be accessed online and offline from any location.</p> <p>On-boarding session of the induction programme for the two (2) new Directors appointed during the financial year was provided by the MD/CEO and Chief Financial Officer covering both operational and financial overview, future projects and strategies. The new Directors also attended the one-to-one session with the Company Secretaries on the digital app for board and meeting packs and received the information kit which includes comprehensive manual on the paperless meeting solution prepared by the Company Secretaries.</p> <p>(6) For the meetings of shareholders of the Company particularly the AGMs which are held in May annually, the Company Secretaries play an important role in ensuring that the processes and proceedings are properly managed. During the meeting, the Company Secretaries will assist the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, inclusive of the salient questions raised by the shareholders and the response from the Board and MD/CEO.</p> <p>(7) On 8 March 2017, the Company Secretaries through UEM Group Berhad, co-organised a seminar on the “Highlights of the</p>
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	<p>Companies Act 2016” together with Suruhanjaya Syarikat Malaysia for the Directors within the UEM Group of Companies, including those from UEM Sunrise and its Group.</p> <p>(8) The Company Secretaries also monitor the developments of Corporate Governance and assist the Board in applying best practices to meet the Board’s needs and stakeholders’ expectations. In June 2017, the Company Secretaries apprised the Nominations & Remuneration Committee who subsequently reported to the Board, with the identified areas which required further enhancements to apply the best practices of the MCCG.</p> <p>(9) The Company Secretaries arrange for the Directors’ attendance at the training programmes, which are conducted either in-house or by external parties and keeps a record of the training received by the Directors.</p> <p>(10)The Company Secretaries send notices on the closed period for trading in the Company’s listed securities to Directors and principal officers on a quarterly basis specifying the timeframe during which the Directors and principal officers are prohibited from dealing in the Company’s securities and to comply with relevant requirements governing their trading in securities during closed period. The Board and principal officers are also reminded not to deal in the Company’s securities when price sensitive information is shared with them on any proposed transactions presented to them.</p> <p>(11)The Company Secretaries also facilitate the Board in conducting the annual Board Effectiveness Assessment and prepare the evaluation forms on the assessment of the effectiveness of Board and Board Committees as well as the independence of the Independent Directors. The forms are refreshed annually to continuously engage the Directors’ perspective on relevant areas. The collation of the results and compilation of feedback are then facilitated by the Company Secretaries and tabled during the Nominations & Remuneration Committee and Board Meetings.</p>	
Explanation for departure	:	
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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 1.5

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 Directors have full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. The Directors may, if necessary, obtain independent professional advice from external consultants, at the Company's expense with consent from the Chairman or Committee Chairman, as the case may be.</p> <p>The Board is furnished with an agenda and a set of Board papers in advance of each Board meeting for the Directors to study and evaluate the matters to be discussed. The Board papers are generally circulated at least three (3) working days prior to the meeting in 2017. In December 2017, the Board Charter has been updated to five (5) business days for meeting materials to be circulated in advance in line with higher aspirations in corporate governance practices.</p> <p>The Board papers contain both quantitative and qualitative information and are presented in a manner which is concise and include comprehensive management reports, minutes of meetings, proposal papers and supporting documents. This will enable Directors to review, consider and, if necessary, obtain further information or research on the matters to be deliberated in order to be properly prepared at the meetings, thereby enabling informed decisions to be made.</p> <p>As part of promoting green initiatives and to improve meeting efficiency, the Company has in January 2017 implemented a Paperless Meeting Solution, a secured online portal through the use of an application on the tablet devices. This accorded enhanced mobility, document e-storage, cost and time savings and improved convenience in accessing board papers anytime and anywhere. Aside from reducing carbon footprint, the information to the Board is stored in a secure manner whereby the files can be electronically accessed and are archived in a secured digital storage to promote document security.</p> <p>The deliberations and decisions at Board and Board and Board Committees meetings are properly recorded in the minutes, including matters where Directors abstained from deliberation and/or voting or have dissenting views or significant concerns. The action items identified and highlighted during meetings are conveyed to the Senior Management for their attention and action.</p>

Explanation for departure	:			
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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>The Board had on 20 February 2013 adopted a Board Charter, which sets out the role, composition and responsibilities of the Board and serves as a source of reference for new Board members. The Board Charter was reviewed and revised for the Board's adoption at its meeting held on 5 December 2017. The revised Board Charter aligns with the practices recommended in the MCCG as well as current practices.</p> <p>The Board Charter comprises, amongst others, the following areas:</p> <ul style="list-style-type: none"> • Role, duties and responsibilities of the Board and Board Committees • Roles of the Chairman, MD/CEO and the Company Secretary • Composition and structure of the Board which include appointments and re-election, tenure of independent directors and appointment of senior independent director • Risk and compliance management and internal controls as well as sustainability emphasis • Code of Ethics and Conduct • Non-Executive Directors' remuneration • Assessment and evaluation of Board performance • Succession planning of the MD/CEO, Board members and Senior Management • Independent external advice • Directors' training and continuous education <p>The Company acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging its responsibilities.</p> <p>In view of the challenges and recognising the demand of increased board leadership, members of the Board are expected to continuously enhance their knowledge and skills pursuant to Paragraph 15.08 of the</p>

	<p>Listing Requirements. The Board will have access to relevant training programmes and seminars to enhance their knowledge and skills in discharging their duties, at the Company's expense.</p> <p>All Directors appointed to the Board, apart from attending the Mandatory Accreditation Programme accredited by Bursa Securities, have also attended other relevant training programmes and seminars organised by the relevant regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Group. In addition, some members of the Board have also been invited to participate in forums and/or seminars in the capacity as a speaker, moderator or panelists in areas of their expertise. The training/conferences/seminars and/or workshop in which members of the Board had participated during the financial year ended 31 December 2017 are set out in the Corporate Governance Overview Statement in the Company's Annual Report 2017.</p> <p>The Board Charter is subject to review from time to time and updated in accordance with the requirements of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p> <p>In discharging its fiduciary duties, the Board has delegated specific tasks to the following Board Committees, all of which operate within defined terms of reference:</p> <p>(1) Audit Committee The Audit Committee was established on 15 September 2008 to assist the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Group. It also reviews any related party transactions and conflict of interest situations that may arise within the Group.</p> <p>(2) Nominations & Remuneration Committee The Nominations & Remuneration Committee was established on 26 September 2008 to assist the Board in the nomination of new Directors and evaluating remuneration package of Executive Directors and Senior Management.</p> <p>(3) Board Tender Committee The Board Tender Committee was established on 1 March 2009. The functions and responsibilities of the Board Tender Committee pertaining to the project tender related matters are in line with the Group's DAL requirements.</p> <p>(4) Board Development Committee The Board Development Committee was established on 9 August 2017. The Board Development Committee's primary function is to</p>
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	<p>oversee the development planning for all projects and provide strategic direction and guidance concerning development matters.</p> <p>(5) Board Risk Committee The Board Risk Committee was established on 1 August 2017 to review the effectiveness of risk management framework and to manage the overall risk exposure to the Group.</p> <p>(6) ESOS Committee The ESOS Committee was established on 28 February 2012. The functions of the ESOS Committee are to administer the implementation of the Employee Share Option Scheme ("ESOS") in accordance with the objectives and regulations set out in the By-Laws.</p> <p>These Committees have the authority to examine particular issues and report to the Board on their proceedings and deliberations together with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.</p> <p>The revised Terms of Reference for all the Board Committees were approved by the Board on 23 August 2017 to align with the practices recommended in the MCCG as well as current practices and provisions in the Listing Requirements.</p> <p>The Board Charter as well as the Terms of Reference for all six (6) Board Committees are available for reference at the Company's website at www.uemsunrise.com/investor-relations.</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>(1) The Board on 27 March 2013 adopted and implemented a Code of Ethics for Directors (the "Code") which sets out appropriate code of conduct to enhance the standards of corporate governance to achieve a standard of ethical behaviour for Directors based on trustworthiness and values of social responsibility and accountability. The Code was revised and incorporated into the Board Charter which was reviewed and approved by the Board on 5 December 2017.</p> <p>The conduct of employees is governed by the Code of Ethics for employees which provides clear direction on conduct of business, general workplace behaviour and dealings with stakeholders. It includes guidance on disclosure of conflict of interests, maintaining confidentiality, no gifts policy, practices regarding entertainment, personal solicitation and graft, amongst others. Signage of "No Festive Gift Policy" is also placed at the reception area for the information of all visitors to the Company's offices. The employees' Code of Ethics is placed in the Employee Handbook as well as in the Company's Intranet web portal called "Titans" for reference by the employees and also the Company's website www.uemsunrise.com/investor-relations.</p> <p>The Directors and employees are expected to behave ethically and professionally at all times and protect and promote the reputation and performance of the Company. The Group communicates its code of conduct to all Directors and employees upon their appointment or employment.</p> <p>(2) Directors and employees of the Group who have access to price-sensitive information relating to the Company's listed securities or of other listed issuers which are not available to the public must not deal in such listed securities in line with the Capital Markets and Services Act 2007 which prohibits insider trading.</p>

	<p>Directors and employees of the Group who do not have access to price-sensitive information mentioned above can deal in the securities of the Company provided that the procedures set out in the Listing Requirements are strictly adhered to.</p> <p>Notices on the closed period for trading in the Company's listed securities are sent to Directors and principal officers on a quarterly basis specifying the timeframe during which the Directors and principal officers are prohibited from dealing in the Company's securities and to comply with relevant requirements governing their trading in securities during closed period.</p> <p>The Board and principal officers are also reminded not to deal in the Company's securities when price sensitive information is shared with them on any proposed transactions presented to them.</p> <p>(3) Directors are required to declare their respective interest in the securities of the Company and related companies and their interests in contracts or proposed contracts with the Company or any of its related companies. The Directors concerned shall abstain from deliberating and voting in relation to these transactions.</p> <p>(4) An internal compliance framework exists to ensure that the Group meets its obligations under the Listing Requirements including obligations relating to related party transactions. The Board, through the Audit Committee, reviews all related party transactions involved. A Director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolution in respect of such transaction at the Board and at any general meeting convened to consider the matter.</p> <p>The Recurrent Related Party Transactions entered into by the Group with its related parties in 2017 are set out in the Company's Annual Report 2017.</p> <p>(5) On 4 December 2017, the Company reaffirmed its long-standing commitment against corruption and towards good governance as it signed the Corruption-Free Pledge with the Malaysian Anti-Corruption Commission. The pledge reinforces the will and the corruption-free stand of the Board and top management team which sets a clear tone that there is no compromise on the issue of corruption. UEM Sunrise continues to be committed in promoting values of integrity and good governance amongst its personnel as well as the Company's intolerance on the abuse of power and corrupt practices in any form throughout the organisation.</p>
Explanation for departure	:

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

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 Company is committed to the highest standards of professionalism, honesty, integrity and ethical behaviours in the conduct of its business and operations.</p> <p>The Company has in place a Whistle Blower Policy which provides a secure mechanism for employees of the Company and members of the public to report instances of unethical behaviour, actual or suspected fraud, abuse, dishonesty or violation of the Company's Code of Conduct or Ethics Policy. The Whistle Blowing Framework was enhanced in April 2016 with the establishment of a Whistle Blower Committee and the various reporting channels made available to the employees and members of the public, which included electronic platforms i.e. online whistle blowing reporting system known as Secured Postbox hosted at Whistle Blower Portal and a dedicated whistleblowing email address whistleblower@uemnet.com.</p> <p>All communications made in good faith that discloses or demonstrates information that may evidence malpractice or unethical activity should be addressed to the Chairman of the Board or the Chairman of the Audit Committee, if the concerns cannot be resolved through the normal reporting channels. Reports made anonymously will not be entertained as it would not be possible to interview the officer or employee who made the report. The identity of the whistle blowers will be kept confidential unless otherwise required by law or for purposes of any proceedings by or against the Group. The Board is committed that the officer or employee who raised genuine concerns in accordance with the Whistle Blower Policy will not suffer any form of retribution, victimisation or detriment.</p> <p>The Company's Whistle Blowing Policy which contains, among others, the procedures, investigation, protection, investigators, decisions and other matters related to whistle blowing, is available on the Company's website at www.uemsunrise.com/investor-relations.</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 4.1

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 Board is chaired by a Non-Independent Non-Executive Chairman. Its composition comprises a majority of Independent Non-Executive Directors, who account for more than half of the members to ensure a balance of power and authority within the Board.</p> <p>As at the end of the financial year under review, the Board consisted of nine (9) members comprising the Non-Independent Non-Executive Chairman, the MD/CEO, two (2) Non-Independent Non-Executive Directors, a Senior Independent Non-Executive Director and four (4) Independent Non-Executive Directors, as follows:</p> <table><tr><th>Directors</th><th>Directorate</th></tr><tr><td>Tan Sri Dato' Sri Zamzamzairani Mohd Isa (Appointed on 18.05.2017)</td><td>Non-Independent Non-Executive Chairman</td></tr><tr><td>Anwar Syahrin Abdul Ajib</td><td>MD/CEO</td></tr><tr><td>Dato' Srikandan Kanagaintiram</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>Dato' Izzaddin Idris</td><td>Non-Independent Non-Executive Director</td></tr><tr><td>Zaida Khalida Shaari</td><td>Non-Independent Non-Executive Director</td></tr><tr><td>Lim Tian Huat</td><td>Independent Non-Executive Director</td></tr><tr><td>Ungku Suseelawati Ungku Omar</td><td>Independent Non-Executive Director</td></tr><tr><td>Subimal Sen Gupta</td><td>Independent Non-Executive Director</td></tr><tr><td>Tan Sri Dr Azmil Khalili Dato' Khalid (Appointed on 13.12.2017)</td><td>Independent Non-Executive Director</td></tr></table>	Directors	Directorate	Tan Sri Dato' Sri Zamzamzairani Mohd Isa (Appointed on 18.05.2017)	Non-Independent Non-Executive Chairman	Anwar Syahrin Abdul Ajib	MD/CEO	Dato' Srikandan Kanagaintiram	Senior Independent Non-Executive Director	Dato' Izzaddin Idris	Non-Independent Non-Executive Director	Zaida Khalida Shaari	Non-Independent Non-Executive Director	Lim Tian Huat	Independent Non-Executive Director	Ungku Suseelawati Ungku Omar	Independent Non-Executive Director	Subimal Sen Gupta	Independent Non-Executive Director	Tan Sri Dr Azmil Khalili Dato' Khalid (Appointed on 13.12.2017)	Independent Non-Executive Director
Directors	Directorate																					
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	<p>The composition of the Board complied with the Listing Requirements where at least two (2) Directors or one-third of the Board, whichever is the higher, must comprise Independent Directors. As at the end of the financial year, the Board comprised 56% of independent directors which is a majority of the Board.</p> <p>Subsequent to the financial year end, an Independent Non-Executive Director was appointed on 1 March 2018 to the Board of UEM Sunrise.</p> <p>In accordance with the Company's Constitution and unless determined by the Company in a general meeting, the number of Directors shall not be less than two (2) or more than fifteen (15).</p> <p>All the Independent Non-Executive Directors met the criteria of independence as prescribed by the Listing Requirements and other independence criteria applied by the Company and the Board confirmed that there had been no transactions, relationship or arrangements that would have impaired the independence or any judgement made by the Board.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Not applicable - Step Up 4.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted																					
Explanation on adoption of the practice	:	<p>The Board has a policy of not allowing Independent Non-Executive Directors to serve a cumulative term of exceeding nine (9) years. Such Director may continue to serve on the Board provided he is re-designated as a Non-Independent Director.</p> <p>The Company shall therefore not retain an independent director for a period of more than nine (9) years.</p> <p>As at the financial year ended 31 December 2017, the tenure of the Independent Non-Executive Directors is as follows:</p> <table border="1"> <thead> <tr> <th>Independent Non-Executive Directors</th><th>Appointment Date</th><th>Tenure</th></tr> </thead> <tbody> <tr> <td>Lim Tian Huat</td><td>28 November 2012</td><td>< 6 years</td></tr> <tr> <td>Dato' Srikandan Kanaganthiram</td><td>19 March 2013</td><td>< 5 years</td></tr> <tr> <td>Ungku Suseelawati Ungku Omar</td><td>19 March 2013</td><td>< 5 years</td></tr> <tr> <td>Subimal Sen Gupta</td><td>31 March 2016</td><td>< 2 years</td></tr> <tr> <td>Tan Sri Azmil Khalili Dato' Khalid</td><td>13 December 2017</td><td>< 1 year</td></tr> <tr> <td>Professor Philip Sutton Cox - Retired on 18.05.2017 upon the conclusion of the Ninth AGM</td><td>14 June 2012</td><td>< 5 years</td></tr> </tbody> </table> <p>None of the Independent Directors of the Company has served for a cumulative period of more than nine (9) years during the financial year.</p>	Independent Non-Executive Directors	Appointment Date	Tenure	Lim Tian Huat	28 November 2012	< 6 years	Dato' Srikandan Kanaganthiram	19 March 2013	< 5 years	Ungku Suseelawati Ungku Omar	19 March 2013	< 5 years	Subimal Sen Gupta	31 March 2016	< 2 years	Tan Sri Azmil Khalili Dato' Khalid	13 December 2017	< 1 year	Professor Philip Sutton Cox - Retired on 18.05.2017 upon the conclusion of the Ninth AGM	14 June 2012	< 5 years
Independent Non-Executive Directors	Appointment Date	Tenure																					
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Professor Philip Sutton Cox - Retired on 18.05.2017 upon the conclusion of the Ninth AGM	14 June 2012	< 5 years																					

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 Nominations & Remuneration Committee is responsible for making recommendations to the Board on the appropriate size and composition of the Board. In discharging its responsibilities, the Nominations & Remuneration Committee has developed certain criteria used in the recruitment process and annual assessment of Directors, including Independent Directors as well as Senior Management.</p> <p>In selecting the possible candidates for Directors, the Board and the Nominations & Remuneration Committee take into account the skills, knowledge, expertise, experience, professionalism, character and integrity, gender, age and ethnicity amongst others. The detailed criteria in selecting the possible candidates for Directors are set out in the Term of Reference of Nominations & Remuneration Committee which is available at the Company's website.</p> <p>In selecting the possible candidates for Senior Management, the Board and the Nominations & Remuneration Committee will consider candidates who demonstrate among others, the key competencies and behaviours required at top management level. In addition to the leadership competencies, candidates should also have the technical capabilities, experience and professional qualifications outlined in the job description of the respective portfolio.</p> <p>The Board is committed to provide fair and equal opportunities and nurturing diversity within the Group. The Nominations & Remuneration Committee will take steps to ensure women candidates are sought and considered as part of the recruitment exercise.</p> <p>In 2017, the Board agreed that the Board composition of the Company should be increased to ten (10) members with majority of Independent Directors. The optimal size would enable effective oversight, delegation of responsibilities and productive discussions amongst members of the Board.</p> <p>During the year 2017, the Nominations & Remuneration Committee was engaged in numerous searches for suitable candidates for the nomination as the Board members.</p>

	<p>The Nominations & Remuneration Committee has undertaken an assessment of the existing Board Skills Matrix and the following skills/areas were identified to be sought in new Board candidates:</p> <p>(1) Leadership/stewardship (2) Regulatory experience and network (3) Business Management (4) Sector/service experience (5) Strategy/entrepreneurship</p> <p>The process of appointing two (2) new Directors in 2017 was subjected to the procedures guided by the Nominations & Remuneration Committee.</p> <p>The Board is certain that the addition of potential members will constitute a balance of Independent and Non-Independent Directors, presently with a mix of suitably qualified and experienced professionals in the various fields. This combination of different professions and skills working together would enable the Board to effectively lead and successfully supervise the Company’s business activities, which are vital to the success of the Group.</p> <p>The process of appointment of new Directors and summary of the age and ethnicity of the Board of the Company as well as Senior Management as at 31 December 2017 are set out in the Corporate Governance Overview Statement in the Company’s Annual Report 2017.</p>	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In promoting boardroom diversity, the Board aspires to have a higher female representation at the Board. Besides Board diversity, the Board encourages and promotes gender diversity at the Senior Management level as well.</p> <p>As at the end of the financial year, the Board has two (2) female directors, one of whom is an Independent Non-Executive Director and the other, a Non-Independent Non-Executive Director which resulted in the representation of women on the Board of 22% (i.e. 2 out of 9 Directors).</p> <p>In 2017, the Nominations & Remuneration Committee was actively engaged in the search for suitable independent directors and women directors as additional members to the Board of the Company.</p> <p>Based on the assessment on the Board Matrix Skills and the selection criteria, the Nominations & Remuneration Committee reported to the Board on the list of candidates and sought feedback from the Board prior to the final selection and recommendations made to the Board.</p> <p>In line with the Malaysian Government's aspirations to champion Board diversity where more women will be appointed to serve at the board level, the Board had on 31 May 2016 adopted the Top Management External Directorships Policy to allow suitably qualified top management personnel to serve on the boards of companies which are not related, directly or indirectly, to UEM Group Berhad and its group of companies, subject to the Board's approval. This will also help the top management of the Company to broaden their exposure and personal development.</p> <p>Subsequent to the financial year end, a woman Independent Non-Executive Director was appointed on 1 March 2018 to the Board of UEM Sunrise. With the additional woman member, the Board now comprises 30% women directors (3 out of 10 Directors).</p>

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

Measure	:	The Board has taken steps and appointed an additional woman director subsequent to the financial year end which addressed the 30% female representation on Board.	
Timeframe	:	Not applicable	

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	:	<p>The Nominations & Remuneration Committee identifies Board candidates through various sources and approach to achieve an objective and successful search.</p> <p>In 2017, the Nominations & Remuneration Committee was actively engaged in the search for suitable independent directors and women directors as Board members of the Company. The sources of the search considered by the Nominations & Remuneration Committee include:</p> <ul style="list-style-type: none">(1) Recommendation from the Board members, MD/CEO and major shareholder;(2) External registries of corporate directors from LEAD Women, Woman Directors Onboarding Training Programme and MINDA in collaboration with NAM Institute for the Empowerment of Women; and(3) Internal database of potential candidates from among members of the public who are currently in active top management positions and other established personalities. <p>To extend the search, the Nominations & Remuneration Committee also met with an external independent consultant to explore enlisting independent help but did not proceed with its appointment, pending the search from the above sources to be completed.</p> <p>In 2017, two (2) new Directors were appointed to the Board of the Company. One of them is a nominee of the holding company of UEM Sunrise who the Nominations & Remuneration Committee assessed to have the desired quality and experience whilst the other appointed as Independent Director was selected from the candidate given by internal sources from among the Board members.</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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nominations & Remuneration Committee is made up exclusively of Non-Executive Directors with a majority of them being Independent Directors.</p> <p>The Committee is chaired by an Independent Director, Ungku Suseelawati Ungku Omar.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board conducts an annual evaluation of its activities and performance as prescribed in MCCG, the Green Book on Enhancing Board Effectiveness and Listing Requirements. Through its Board Effectiveness Assessment which is designed to identify the strengths and weaknesses of Board operations and establish a common understanding of the Board's roles and responsibilities with a view to maximising Board performance, the Board via the Nominations & Remuneration Committee evaluates the overall Board's performance against criteria that the Board determines are important to its success. These include the Board's structure, operations and interaction, communication, effectiveness and roles and responsibilities. Questionnaires are sent to Directors to obtain their feedback, views and suggestions to improve the performance of the Board and its Board Committees. The set of questions are annually reviewed to continuously engage the Directors' perspectives on fresh and relevant areas. Each of the Directors were rated by their peers and via self-assessment in respect of their training attendance and needs.</p> <p>The Nominations & Remuneration Committee assessed the overall effectiveness of the Board, its Committees and the contribution and performance of each Director in respect of the financial year 2017. Various factors for assessment were considered including its size, structure, composition, mix of skill and experience, time commitment of the Directors, integrity and other qualities including core competencies which Directors should bring to the Board to discharge their roles and responsibilities. All assessments and evaluations carried out by the Nominations & Remuneration Committee are documented. The preparation of the assessment and the collation of the results were facilitated by the Company Secretary and tabled during the Nominations & Remuneration Committee and Board Meetings.</p> <p>The outcome of the Board Effectiveness Assessment in respect of the financial year 2017 are as follows:</p> <ol style="list-style-type: none"> 1) The Directors have contributed positively to the Board as a whole by providing quality input and adding value to Board

	<p>meetings. Members of the Board demonstrated strong commitment and objective judgement in discharging their duties and responsibilities.</p> <p>2) The Directors and Chief Financial Officer have the character, experience, integrity, competence and time to effectively discharge their roles.</p> <p>3) All members of the Board agreed that the Chairman of the Board demonstrates effective leadership and they have sufficient access to the Chairman.</p> <p>4) The Board has the relevant mix of skills and experience to function effectively.</p> <p>5) The Independent Directors are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement and objective or the ability to act in the best interests of the Company</p> <p>The Board is also satisfied that all Board Committees have discharged their functions in accordance with their terms of reference respectively.</p> <p>The Board through the Nominations & Remuneration Committee reviewed annually the time commitment of the Directors and ensures that they are able to carry out their responsibilities and contributions to the Board. It is the Board’s policy for Directors to notify the Chairman before accepting any new directorship. Such notification is expected to include an indication of time that will be spent on the new appointment.</p> <p>Based on the assessment in respect of the financial year 2017, the main focus areas for the Board are identified as follows:</p> <table><tr><th>Focus</th></tr><tr><td>Board Structure and Meetings</td></tr><tr><td>Performance Management</td></tr><tr><td>Human Capital Management</td></tr></table> <p>The Board agreed to consider having an optimum number of Board meetings, enforce interim performance review and to increase visibility to succession planning updates of the Company.</p> <p>The Nominations & Remuneration Committee may consider the engagement of an external consultant to conduct Board Effectiveness Assessment within the next two (2) years’ time and a budget would be set aside by the Board for that purpose. This is to ensure that the evaluation by the independent experts would provide a more meaningful feedback with all directors serving a minimum tenure of 6 months.</p>	Focus	Board Structure and Meetings	Performance Management	Human Capital Management
Focus					
Board Structure and Meetings					
Performance Management					
Human Capital Management					

	<p>Further, the Board acknowledges the importance of Independent Directors who are tasked with ensuring that there is a proper check and balance on the Board as they are able to provide unbiased and independent views in Board deliberations and decision-making of the Board taking into account the interests of the Group and the minority shareholders. The Independent Directors and especially the Chairman of the Audit Committee are also proactively engaged with both the Internal and External Auditors.</p> <p>In its annual assessment, the Nominations & Remuneration Committee reviewed the independence of Independent Directors as per the criteria defined under the Listing Requirements and other independence criteria applied by the Company which took into account that the individual Director is independent of management and free from any business or other relationship which could interfere with the exercise of independent and objective judgement, and his or her ability to advise the Board on matters relating to existing transactions where conflict of interest may exist.</p> <p>Based on the Nominations & Remuneration Committee's assessment in respect of the financial year 2017, the Board was of the opinion that the Independent Directors consistently provided independent and objective judgement in all Board and Board Committee deliberations and was satisfied with the level of independence demonstrated by the Independent Directors.</p> <p>Under the provisions of the Company's Constitution, all Directors, including the MD/CEO, shall retire from office at least once every three years but shall be eligible for re-election. At the first AGM and in every year thereafter one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to one-third, shall retire from office at each AGM. All retiring Directors can offer themselves for re-election.</p> <p>The Company's Constitution also provides for Directors who are appointed by the Board during the period before an AGM to retire and to offer themselves for re-election at the next AGM to be held following their appointments.</p> <p>To assist the shareholders in their decision, sufficient information such as personal profile and attendance of meetings for the Directors standing for re-election as well as the details of their interest in the securities of the Company are disclosed in the Directors' Profile and Analysis of Shareholdings of the Company's Annual Report 2017 respectively.</p> <p>Pursuant to Paragraph 15.08 of the Listing Requirements and the MCGG, the Board through the Nominations & Remuneration Committee also conducted an assessment of each Director's training needs via its Board Evaluation Assessment. All the Directors agreed that they and their peers have attended training that are relevant in their</p>
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	discharge of duties as Directors and suggested some relevant trainings which are beneficial to the Board.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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 Company's policy on Directors' remuneration is to attract and retain Directors of high calibre needed to lead the Group successfully. UEM Sunrise recognises that the remuneration packages for Executive Directors should involve balance between fixed and performance linked-elements which are reflected on his responsibilities, expertise and complexity of the Company's activities. The MD/CEO was paid in line with the Company's general remuneration policy for its Senior Management. His remuneration was structured so as to link rewards to corporate and individual performance. He was not paid any Directors' fees and meeting allowances for the Board and Board Committee meetings that he attends.</p> <p>In evaluating the MD/CEO's remuneration, the Nominations & Remuneration Committee takes into account corporate financial performance, as well as performance on a range of non-financial factors including accomplishment of strategic goals. The Nominations & Remuneration Committee recommends to the Board the remuneration package of an Executive Director and it is the responsibility of the Board to approve the remuneration package of an Executive Director, with the Executive Director concerned abstaining from deliberation and voting on the same.</p> <p>Meanwhile, the Non-Executive Directors' remuneration framework encompasses a fixed fee for Chairman and members of the Board and Board Committees which are tabled to the shareholders for annual approval at the AGM.</p> <p>The remuneration policy for the Senior Management is in line with the business strategy, objectives, values and long term goals and interests of the Company. To enable the Company to attract, develop and retain high-performing and motivated staff, competitive remuneration package is offered to encourage the staff to continue to perform and create sustainable results in alignment to stakeholders' interest. Remuneration and rewards are granted to an employee based on</p>

	achievement of their KPIs and subject to the Company's overall annual financial performance, besides being guided by the Company's affordability, approved remuneration and reward matrix and comparison against the current market practice in the same industry.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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	:	<p>The Board delegated to Nominations & Remuneration Committee the responsibility to review and recommend matters relating to the remuneration of Board and Senior Management.</p> <p>As at 31 December 2017, the Nominations & Remuneration Committee consisted of three (3) Non-Executive Directors, a majority whom are Independent:</p> <table><tr><td>1.</td><td>Ungku Suseelawati Ungku Omar</td><td>Independent Non-Executive Director (Chairperson)</td></tr><tr><td>2.</td><td>Lim Tian Huat</td><td>Independent Non-Executive Director (Member)</td></tr><tr><td>3.</td><td>Zaida Khalida Shaari</td><td>Non-Independent Non-Executive Director (Member)</td></tr></table> <p>The Board is satisfied that the Nominations & Remuneration Committee has discharged its functions in accordance with its terms of reference in respect of nomination and remuneration matters. Thus, there is no necessity to segregate the functions into two separate committees.</p> <p>Besides conducting the annual Board Effectiveness Assessment, the Nominations & Remuneration Committee has also undertaken the following key activities in the discharge of its duties for the financial year:</p> <ul style="list-style-type: none">Reviewed and recommended to the Board the proposed Corporate and MD/CEO's Scorecard for 2017; reviewed and evaluated the results of Corporate and MD/CEO's Scorecard for 2016; reviewed	1.	Ungku Suseelawati Ungku Omar	Independent Non-Executive Director (Chairperson)	2.	Lim Tian Huat	Independent Non-Executive Director (Member)	3.	Zaida Khalida Shaari	Non-Independent Non-Executive Director (Member)
1.	Ungku Suseelawati Ungku Omar	Independent Non-Executive Director (Chairperson)									
2.	Lim Tian Huat	Independent Non-Executive Director (Member)									
3.	Zaida Khalida Shaari	Non-Independent Non-Executive Director (Member)									

	<p>bonus, salary increment, market adjustment and promotion for the Company's staff; and reviewed bonus and salary revision for Senior Management staff.</p> <ul style="list-style-type: none"> • Reviewed and recommended to the Board the offer of fixed-term employment contract the MD/CEO and Senior Management staff of the Company. • Heard presentation from MINDA on Board Evaluation Assessment activities and services offered. • Reviewed Special Recognition Award Policy and Additional Responsibility Allowance Policy and recommended to the Board for approval. • Reviewed and recommended Special Recognition Award for a Senior Management Personnel. • Reviewed and recommended the Fit & Proper Assessment Guidelines for the Top Management External Directorships Policy. • Reviewed the statement on Nominations & Remuneration Committee's activities for disclosure in the Annual Report. • Reviewed the nomination of a UEM Group Nominee Director for appointment on the Board of the Company. • Identified, assessed and recommended the appointments of Directors to the Board for approval. • Reviewed the framework for nominee directors in joint venture companies and associates of the Group. • Apprised on the key changes and impact to the Company from the MCCG. • Apprised on the audit findings related to human resources matter. • Reviewed and recommended new organisational structure of the Company to the Board for approval. • Reviewed the criteria for and assessed suitable candidates for Independent Director positions. • Reviewed and recommended the revisions to the Terms of Reference of the Nominations & Remuneration Committee. • Proposed the re-election of Directors and Non-Executive Directors' fees and benefits to the Board for recommendation to the shareholders at AGM for approval. • Reviewed the performance of the Board Committees and its members. • Conducted annual assessment of independence status of the Independent Non-Executive Directors. • Conducted assessment of Directors' continuing education needs and status of continuing education programme. • Oversee the succession planning for the Senior Management including being kept apprised of the Talent Pool. • Evaluated and satisfied that the minimum 50% attendance requirement at Board meetings imposed by the Listing Requirements was met by all Directors.
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	:	<p>The Company pays its Non-Executive Directors a fixed base fee, not by a commission or on percentage of profits or turnover as consideration for their Board duties. Non-Executive Directors' remuneration is a matter to be decided by the Board collectively with the Directors concerned abstaining from deliberations or voting on the decision in respect of their individual remuneration. The aggregate amount of directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at the AGM.</p> <p>The fees and benefits payable and accorded to the Non-Executive Directors comprises the following:</p> <p>(a) As per the Ninth AGM held on 18 May 2017, the Directors' fees approved by the shareholders are:</p> <ul style="list-style-type: none">(i) Directors' fees amounting to RM210,000 per annum for the Non-Executive Chairman and RM108,000 per annum for each Non-Executive Director;(ii) Directors' fees amounting to RM50,000 per annum for the Non-Executive Audit Committee Chairman and RM30,000 per annum for each Non-Executive Audit Committee member; and(iii) Directors' fees amounting to RM25,000 per annum for the Non-Executive Committee Chairman and RM15,000 per annum for each Non-Executive Committee member of other Committees. <p>(b) An allowance of RM1,000.00 per day will be paid to Directors for the following, subject to the approval of the Chairman of UEMS or the Group Managing Director/Chief Executive Officer of UEM Group Berhad:</p> <ul style="list-style-type: none">(i) Attending meetings with Government representatives on behalf of the Company; or(ii) Handling operational issues such as visiting sites to advise the operating companies.

During the year under review, a Director attended a site visit for an international project to oversee the project status and assist in addressing any issues arising from the project. The table below summarised the allowance paid for the site visit:

No	Director	Site Visits	
		Project Site	Total (RM)
1.	Dato' Mohd Izzaddin Idris	Melbourne (1 day)	1,000 *
			1,000

* Allowance for nominee of UEM Group on the Board of the Company is paid directly to UEM Group.

(c) Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes:

- (i) Chairman of committee – RM2,000 per meeting
- (ii) Member of committee – RM1,000 per meeting

During the year under review, a total of three (3) ad-hoc committee meetings were held.

(d) Discount for purchase of property as follows:

- (i) 10% discount will be given once in 5 years for residential property; and
- (ii) For subsequent purchase of residential property within 5 years' period or any non-residential property purchase, 3% discount will be given.

During the year under review, the amount of property discount received by the Directors upon delivery of vacant possession of their property units amounted to RM108,440.

The details of the Directors' remuneration for the financial year ended 31 December 2017 are as below:

Name of Director	Salary	Fees	Allowance, other benefits & emoluments	Bene-fits in-kind	Total ⁽⁷⁾
	RM'000				
Tan Sri Dato' Sri Zamzamzairani Mohd Isa ⁽¹⁾		130	-	-	130
Anwar Syahrin Abdul Ajib	976	-	526	87	1,589

Dato' Srikandan Kanagaintiram	-	175	-	-	175
Dato' Izzaddin Idris	-	148	1 ⁽²⁾	-	149 ⁽⁴⁾
Zaida Khalida Shaari	-	129	3 ⁽²⁾	-	132 ⁽⁴⁾
Lim Tian Huat	-	190	58 ⁽³⁾	-	248
Ungku Suseelawati Ungku Omar	-	148	6 ⁽²⁾	-	154
Subimal Sen Gupta	-	153	-	-	153
Tan Sri Dr Azmil Khalili Dato' Khalid ⁽⁵⁾	-	5	-	-	5
Tan Sri Dr Ir Ahmad Tajuddin Ali ⁽⁶⁾	-	90	50 ⁽³⁾	-	140
Professor Philip Sutton Cox ⁽⁶⁾	-	47	-	-	47
TOTAL	976	1,215	644	87	2,922

(1) Appointed with effect from 18.05.2017 upon the conclusion of the Ninth AGM.

(2) Comprised site visit allowance and/or ad-hoc committee meeting attendance allowance.

(3) Discount for purchase of property.

(4) Fees for nominees of UEM Group Berhad and Khazanah Nasional Berhad on the Board of the Company are paid directly to the respective companies.

(5) Appointed with effect from 13.12.2017.

(6) Retired on 18.05.2017 upon the conclusion of the Ninth AGM.

(7) Excluding GST where applicable.

Directors' Indemnity

The Company through UEM Group Berhad's group-wide Directors' and Officers' Liability Insurance maintains coverage throughout the financial year to indemnify directors and officers against any liability incurred by them in the discharge of their duties while holding office as directors and officers of the Company. The insurance does not provide coverage in the event of any negligence, fraud, breach of duty or trust, or fine upon conviction. All the Directors contributed their portion of the premium payment for this policy for year 2017.

Medical Coverage for Directors

The medical benefits for Directors are as follows:

(i) Medical coverage of RM7,000.00 per annum, inclusive of outpatient, clinical, specialist and dental; and

	(ii) Hospitalisation of RM100,000.00 per annum including room and board at RM500.00 per day. Where a Director sits on several boards, he will only be entitled to claim medical benefits from one (1) company only.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
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	:	<p>The Board recognises the importance of compensating the Senior Management with a competitive and attractive remuneration package at a market level based on their responsibilities and performance carried throughout each financial year. The Board ensures that its proposed remuneration is in the best interests of the Company and its shareholders from a growth perspective, since it helps motivate and retain talented and committed Senior Management staff. There is a robust internal process to ensure that the remuneration of Senior Management is fair and competitive when benchmarked internally for parity and externally with the market.</p> <p>The Board is of the opinion that disclosure on named basis of the top five (5) Senior Management personnel in bands of RM50,000 would be disadvantageous to the Group's business interests, given the highly competitive property development industry where poaching of talented executives is not uncommon.</p> <p>As a reference, the total remuneration/compensation of key management personnel is currently disclosed under Note 38(b) of the Audited Financial Statements for the financial year 2017.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will review and consider such disclosure in the future.
Timeframe	:	Others

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>The Audit Committee comprises three (3) members who are Independent Non-Executive Directors. The Audit Committee is chaired by Mr Subimal Sen Gupta, who assumed the chairmanship from the former Chairman, Mr Lim Tian Huat on 1 August 2017 and as a result, Mr Lim Tian Huat was re-designated to member.</p> <p>Tan Sri Dato' Sri Zamzamzairani Mohd Isa is the current Chairman of the Board of UEM Sunrise.</p> <p>Whilst this practice has always been adopted by UEM Sunrise, the Terms of Reference of the Audit Committee has been amended and approved by the Board on 23 August 2017 to reflect Practice 8.1 of the MCCG that <i>"The Chairman of the Audit Committee is not the Chairman of the Board"</i>.</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 8.2

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 requirement that a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee is reflected in the revised Audit Committee’s Term of Reference approved by the Board on 23 August 2017.</p> <p>As at the year under review, none of the Audit Committee members are former key former audit partners in an audit firm.</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 Company maintains a transparent relationship with its auditors and seeks their professional advice to ensure that accounting standards are complied with. The Audit Committee discusses with the External Auditors the nature and scope of the audit and reporting obligations before the audit commences. The Audit Committee ensures that the management provides timely responses on all material queries raised by the External Auditors.</p> <p>The Audit Committee in reviewing the appointment of External Auditors tabled at the Ninth AGM in 18 May 2017 had considered their independence, objectivity and cost effectiveness primarily guided by the criteria set out in the Corporate Governance Guide Second Edition issued by Bursa Malaysia Berhad in October 2013. The Audit Committee has in 2018 updated the External Auditors' independence assessment with reference to the Corporate Governance Guide Third Edition. The assessment covers the External Auditors' independence, objectivity and cost effectiveness of the audit which covered quality of services provided, sufficiency of experience and resources, audit scope and planning, communication and interaction.</p> <p>The Company has established policies governing the provision of non-audit services that can be provided by the External Auditors if the services rendered are deemed as a value added to the Company, as set out in the Terms of Reference of the Audit Committee.</p> <p>Other factors which the Audit Committee takes into consideration included, but are not limited to, the measures to keep track of evolving standards and best practices in areas relating to independence and ethical rules, limit on the engagement term of External Auditors to ensure minimal familiarity threat, specified criteria on the qualification of External Auditors in relations to scope and size of audit and other related means of External Auditors' oversight functions.</p> <p>The Board received a written assurance by the External Auditors, confirming their independence in providing both audit and non-audit services for the year under review.</p>

	The Audit Committee, having taken all appropriate factors into consideration and being satisfied with Messrs Ernst & Young's suitability, performance, technical competency and audit independence, recommended the appointment of Messrs Ernst & Young as External Auditors for the ensuing financial year. The Board approved the Audit Committee's recommendation and proposed for the appointment of Messrs Ernst & Young as the External Auditors of the Company. The External Auditors' tenure is up to the conclusion of the next forthcoming 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	:	

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	:	Adopted											
Explanation on adoption of the practice	:	As at 31 December 2017, the Audit Committee consisted of three (3) members of the Board, all of whom are Independent Non-Executive Directors: <table><tr><td>1.</td><td>Subimal Sen Gupta *</td><td>Independent Non-Executive Director (Chairman)</td></tr><tr><td>2.</td><td>Dato' Srikandan Kanagainthiram</td><td>Senior Independent Non-Executive Director (Member)</td></tr><tr><td>3.</td><td>Lim Tian Huat #</td><td>Independent Non-Executive Director (Member)</td></tr></table> <p>* Mr. Subimal Sen Gupta was re-designated from member to Chairman on 1 August 2017.</p> <p># Mr. Lim Tian Huat was re-designated from Audit Committee Chairman to member on 1 August 2017.</p>			1.	Subimal Sen Gupta *	Independent Non-Executive Director (Chairman)	2.	Dato' Srikandan Kanagainthiram	Senior Independent Non-Executive Director (Member)	3.	Lim Tian Huat #	Independent Non-Executive Director (Member)
1.	Subimal Sen Gupta *	Independent Non-Executive Director (Chairman)											
2.	Dato' Srikandan Kanagainthiram	Senior Independent Non-Executive Director (Member)											
3.	Lim Tian Huat #	Independent Non-Executive Director (Member)											

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	:	<p>The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's Statement and Management Discussion & Analysis in the Company's Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.</p> <p>The Audit Committee reviews the Company's financial results on a quarterly basis, particularly on significant changes in accounting policies, practices and its implementation if any, significant adjustments arising from the audit, the going concern assumption, compliance with accounting and financial reporting standards and other legal requirements. The review typically involves the Management and the Internal and External Auditors to ensure that the financial statements are well deliberated in line with the standards set out by the Malaysian Financial Reporting Standards to provide a true and fair view of the Company's financial position.</p> <p>The Board, through Nominations & Remuneration Committee, reviews the term of office and assesses the performance of the Audit Committee and its members through an annual Board Committee Effectiveness Assessment.</p> <p>The Chairman and members of Audit Committee are financially literate, and have carried out their duties in accordance with the Terms of Reference of the Audit Committee.</p> <p>Mr Subimal Sen Gupta is a Fellow of the Institute of Chartered Accountants in England and Wales and a past President of Malaysian Institute of Certified Public Accountants ("MICPA") whilst Mr Lim Tian Huat is the Founding President of Insolvency Practitioners Association</p>

	<p>of Malaysia, a Member of Malaysian Institute of Accountants and MICPA as well as a Fellow of the Association of Chartered Certified Accountants. Both of them are not the Chairman of the Board.</p> <p>The Audit Committee members undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>The training attended by the Audit Committee members during the year under review are set out in the Corporate Governance Overview Statement in the Company's Annual Report 2017.</p> <p>Subsequent to the end of the financial year, at the Audit Committee's instruction, the Management's impact assessment of adoption of the new MFRS Framework particularly MFRS 9: Financial Instruments and MFRS 15: Revenue from Contracts with Customers were shared and discussed by External Auditors, Messrs Ernst & Young together with the Board on 19 January 2018.</p> <p>A summary of activities of the Audit Committee for the year under review can be found in the Audit Committee Report as set out in the Company's Annual Report 2017.</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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The ultimate responsibility for ensuring a sound and effective system of internal control and risk management lies with the Board as well as reviewing its adequacy and effectiveness. The internal control and risk management system covers financial, operational, organisational, risk management strategy, governance and compliance with applicable laws, regulations, rules, directives and guidelines.</p> <p>Acknowledging the practices and guidance in the MCCG, the Board sets policies and procedures for internal control and risk management and oversees that the implementation of the internal control and risk management system is properly carried out by the executive management.</p> <p>The Board acknowledges that while the internal control and risk management system is devised to cater for particular needs of the Group, such controls by their nature can only provide reasonable but not absolute assurance against material misstatements, loss or fraud.</p> <p>The Group has established a Risk Management Framework that is aligned with ISO 31000:2009 and UEM Group Berhad's Risk Management Framework, as a tool to anticipate and manage both existing and potential risks, taking into consideration the changing risk profiles as influenced by changes in business and market environment.</p> <p>The process of identifying risk, evaluation, mitigation, review and its assessments by the Risk Management Committee and Internal Control system are detailed in the Risk Management Report which is set out in the Company's Annual Report 2017.</p> <p>A statement on the state on internal control and risk management in the Group is set out in the Company's Annual Report 2017.</p>
Explanation for departure	:	

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

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	:	<p>The Board through the Audit Committee and subsequently the Board Risk Committee which was established on 1 August 2017, identifies, reviews and assesses the principal risks in the achievement of the Group's objectives and oversees the implementation of appropriate systems/processes to manage these risks.</p> <p>The Risk Management Committee, which is a management committee, is chaired by the MD/CEO and the members are appointed from the Senior Management team. The Risk Management Committee deliberates on organisational risks related to the achievement of the Group's strategic objectives and decides on appropriate plans to mitigate and manage identified risks.</p> <p>The risk identification process, which is done on an on-going basis, entails reviewing and assessing all key factors within the Group's business context from an external perspective, i.e. from macro-environment to industry and internal risks. Risks are categorised as strategic or operational risk and further classified into distinct categories, i.e. financials, operations, market/industry, compliance and people.</p> <p>Risk information and treatment plans are captured and updated into a risk register which is maintained by Risk Management Department and presented to the Board Risk Committee on a semi-annual basis. The information is consolidated to provide an enterprise overview of material risks faced by the Group and the associated risk mitigation plans, which are tracked and reviewed.</p> <p>The Board guided by the Corporate Governance Guide Third Edition, inquired of the Senior Management on areas relating to financial reporting, internal control and regulations issues for the Board to assess:</p> <ul style="list-style-type: none">• the reasonableness and appropriateness of the financial statements in accordance with applicable approved accounting standards;

	<ul style="list-style-type: none"> • risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company; and • regulatory and legislative requirements are met and complied with by the Company. <p>After having reviewed the representation by Senior Management through the Audit Committee and the Board Risk Committee, the Board concluded that the risk management and internal control system of the Company are generally adequate and effective for the financial year under review.</p> <p>Details on the Company's internal control and risk management framework are set out in the Statement on Internal Control and Risk Management as well as the Risk Management Report of the Company's Annual Report 2017.</p> <p>The Statement on Internal Control and Risk Management has been reviewed by the External Auditors pursuant to paragraph 15.23 of the Listing 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

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	:	<p>The Company had on 1 August 2017 established a Board Risk Committee to assist the Board in overseeing risk management framework and policies of the Group. The Board Risk Committee, which took over the risk oversight responsibilities previously undertaken by the Audit Committee, comprises three (3) members of the Board, all of whom are Independent Non-Executive Directors:</p> <table><tr><td>1.</td><td>Lim Tian Huat</td><td>Independent Non-Executive Director (Chairman)</td></tr><tr><td>2.</td><td>Dato' Srikandan Kanaganthiram</td><td>Senior Independent Non-Executive Director (Member)</td></tr><tr><td>3.</td><td>Subimal Sen Gupta</td><td>Independent Non-Executive Director (Member)</td></tr></table>	1.	Lim Tian Huat	Independent Non-Executive Director (Chairman)	2.	Dato' Srikandan Kanaganthiram	Senior Independent Non-Executive Director (Member)	3.	Subimal Sen Gupta	Independent Non-Executive Director (Member)
1.	Lim Tian Huat	Independent Non-Executive Director (Chairman)									
2.	Dato' Srikandan Kanaganthiram	Senior Independent Non-Executive Director (Member)									
3.	Subimal Sen Gupta	Independent Non-Executive Director (Member)									

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>The size and complexity of the Company's operation is indeed a challenging endeavour. Therefore the Board has to ensure that operational risk, financial risk and general risk are all managed effectively through effective internal controls. Acknowledging the importance of internal controls, the setting up of an internal audit function for the Group was approved by the Audit Committee in the financial year 2013.</p> <p>The Internal Audit function for the Company is undertaken by its own Internal Audit Department. The head of the Internal Audit Department reports directly to the Audit Committee and administratively to the MD/CEO. Empowered by its Internal Audit Charter, Internal Audit undertakes its activities independently and objectively to provide reasonable assurance to the Audit Committee regarding the adequacy and effectiveness of risk management, internal control and governance systems.</p> <p>The Audit Committee continued to provide support and guidance to the internal audit function and the head of the Internal Audit Department has oversight of the internal audit activities of the Group. The Internal Audit role is to provide independent, objective assurance and consulting services designed to add value the Company's operation and promote a strong and transparent control and governance culture in the Company. The Internal Audit team conducts follow-up audits to ensure the corrective actions were tracked and implemented appropriately. In this respect, the Internal Audit team strives to achieve sustainable control processes within the Group and to improve on areas which have weak control.</p> <p>All internal auditing activity is guided by the Internal Audit Charter which was approved by the Audit Committee on 26 September 2014 for adoption by the internal audit function of the Company and International Standards for the Professional Practice of Internal Auditing (Standards) issued by the Institute of Internal Auditors, Inc. The Internal Audit Charter should be re-assessed at least once every five years or more frequently if necessary.</p> <p>The 2018 budget for Internal Audit division was included in the Annual Operating Plan 2018 and approved by the Board in November 2017.</p>

	<p>To ensure that the responsibilities of internal audit are fully discharged, the Audit Committee reviews:</p> <ol style="list-style-type: none"> 1. The Annual Internal Audit Plan and ensuring adequate risk, internal control and governance coverage; 2. The results of the internal audit process and where necessary ensuring that appropriate actions are taken on the recommendations of the internal auditors including any advisory support on strategy provided by the internal auditors; 3. The overall performance and budget of the internal audit function; and 4. The appointment, removal or termination of the Head of Internal Audit. <p>The Audit Committee provides its feedback on the internal audit function via Internal Audit Satisfactory Survey annually.</p> <p>In keeping the Internal Audit team abreast with developments in the profession, relevant industry and regulations, the Audit Committee reviews the training needs of Internal Audit Department.</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 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	:	<p>1. Empowered by the Internal Audit Charter, Internal Audit undertakes its activities independently and objectively to provide reasonable assurance to the Audit Committee regarding the adequacy and effectiveness of risk management, internal control and governance systems.</p> <p>Internal Audit is a separate function from the activities or operations of other operating units in the Group. The Internal Audit function is guided by its Internal Audit Charter which defines the role, scope of work, independence and objectivity, proficiency and due professional care of the Internal Audit function of the Group.</p> <p>2. The Internal Audit Department manpower as at 31 December 2017 comprises 6 personnel with relevant experience and qualifications as follows:</p> <table><tr><th>Discipline</th><th>No of Personnel</th><th>%</th></tr><tr><td>Accounting</td><td>4</td><td>66.66</td></tr><tr><td>Quantity Surveyor</td><td>1</td><td>0.17</td></tr><tr><td>Business Management</td><td>1</td><td>0.17</td></tr><tr><td>Total</td><td>6</td><td>100.00</td></tr></table> <p>3. En. Ali Talib is the General Manager heading the Internal Audit Department of UEM Sunrise. He graduated with a Bachelor of Accountancy from Universiti Technology Mara in 1997 and he is a member of The Institute of Internal Auditors Malaysia as well as Malaysian Institute of Accountants. He has Certification in Risk Management Assurance and is a Chartered Accountant.</p> <p>4. The Internal Audit function is guided by the International Standards for the Professional Practice of Internal Auditing (Standards) issued by the Institute of Internal Auditors, Inc.</p>	Discipline	No of Personnel	%	Accounting	4	66.66	Quantity Surveyor	1	0.17	Business Management	1	0.17	Total	6	100.00
Discipline	No of Personnel	%															
Accounting	4	66.66															
Quantity Surveyor	1	0.17															
Business Management	1	0.17															
Total	6	100.00															

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 has a dedicated Investor Relations person functioning as an intermediary between Management and external stakeholders.</p> <p>With the revised Investor Relations and Communication Policy which has been approved by the Board on 5 December 2017, the Company aims to create a climate of clear and open communication with the stakeholders and to nurture the loyalty and confidence of its shareholders through frequent, full and forthright communication.</p> <p>The Company has been transparent and accountable to its shareholders and investors and recognises the importance of timely dissemination of information to shareholders and other stakeholders. The Board is also committed to ensure that the shareholders and other stakeholders are well informed of major developments of the Group and the information is communicated to them through the following channels:</p> <ul style="list-style-type: none">• Annual Report;• Various disclosures and announcements to Bursa Securities including quarterly results;• Press releases and announcements to Bursa Securities and to the media;• Dialogues and presentations at general meetings to provide overview and clear rationale with regard to the proposals tabled for approval by shareholders; and• Online investor relations on the Company's website at www.uemsunrise.com/investor-relations. <p>The Annual Report as well as those for past years are available through the Company's website. All announcements made by the Company to Bursa Securities are posted on the Company's website.</p> <p>The Company's website has a dedicated section that provides investors with detailed information on the Group's business, governance commitments and latest developments.</p> <p>While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful</p>

	<p>of the legal and regulatory framework governing the release of material and price-sensitive information.</p> <p>The Board also encourages engagements with the shareholders by disseminating crucial information such as strategic matters, future plans and key issues in regards to the Company via technological means. For the financial year 2017, the investor relations team conducted a total of 33 meetings with analysts and fund managers including visits to Iskandar Puteri (formerly known as Nusajaya) and project sites in Melbourne, one-on-one meetings and tele-conferences. The Company also participated in Invest Malaysia 2017, a conference organised jointly by Bursa Malaysia Berhad and CIMB Berhad in July 2017 as well as the Credit Suisse Malaysia Property Day 2017 organised by Credit Suisse Malaysia in September 2017. The analysts were also briefed on the Company's quarterly results via tele-conferencing after the quarterly results announcements were released to Bursa Securities.</p> <p>Shareholders may forward any concern/queries to Investor Relations at ir@uemsunrise.uemnet.com and all relevant and appropriate issues raised will be addressed accordingly.</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 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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	UEM Sunrise aims to transition into integrated reporting based on the global recognised framework in the near future in stages. The Company's Annual Report contains some of the required information in integrated reporting. However, efforts are required to enhance the disclosures in UEM Sunrise Annual Report toward adopting the integrated reporting framework based on the global recognised framework.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	In adopting the integrated reporting framework based on the globally recognised framework, Management will identify personnel to take measures and involve the cross-functional teams.
Timeframe	:	Within 3 years

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The AGM of the Company serves as the principal forum that provides the opportunity for shareholders to raise questions pertaining to issues in the Annual Report, audited financial statements and corporate developments in the Group, the resolutions being proposed and on the businesses of the Group. The Chairman as well as the MD/CEO and the External Auditors, if so required, will respond to shareholders' questions during the meeting. Each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate better understanding and evaluation of issues involved.</p> <p>The 2017 AGM for UEM Sunrise was held on 18 May 2017 and the notice for AGM was issued on 26 April 2017 i.e. at least 21 clear days prior to the meeting, which complied with the Company's Constitution, Paragraph 7.15 of the Listing Requirements and the Companies Act 2016.</p> <p>The Board endeavours to comply with the 28 days period for issuing of AGM notice in the future to enable the shareholders to be well informed with the timeframe given and allow them to have ample time in making necessary preparations to attend and participate in person or by corporate representative, proxy or attorney. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the AGM.</p> <p>As an alternative practice, the proxy forms provided before the AGM includes information to the shareholders regarding the details of the AGM, their entitlement to attend the AGM, their right to appoint a proxy and information as to who may be accounted as a proxy. The Company allows a member to appoint a proxy who need not be a member 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	:	For the 2018 AGM, UEM Sunrise will serve at least 28 clear days' notice period.	
Timeframe	:	2018	

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>At the 2017 AGM, all the Directors (including the Chairman of Audit Committee, Board Tender Committee and ESOS Committee), save for a Director (Chairperson of Nominations & Remuneration Committee) who has conveyed her apologies for her absence due to health issues, were present in person to engage directly with the shareholders. The External Auditors were in attendance to respond to any shareholders' queries.</p> <p>At the 2017 AGM, the Chairman explained the procedure to be followed in tabling and approving each of the resolutions, encouraged shareholders to participate at the meeting and explained the poll procedure in regard to the proposed resolutions put to the meeting for voting.</p> <p>En Anwar Syahrin Abdul Ajib, the MD/CEO of the Company, gave a presentation on the Company's financial and operational performance and also shared with the shareholders the Company's responses to questions submitted in advance of the 2017 AGM by the Minority Shareholder Watchdog Group.</p> <p>The outcome of the 2017 AGM was announced on the same day to Bursa Securities. The Company has made available the summary of proceedings which comprised salient excerpts from the minutes of its Ninth AGM on its website.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	All Directors are committed to attend general meetings.
Timeframe	:	2018

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	:	<p>The 2017 AGM was held at Persada PLUS which is located at KM15 Persimpangan Bertingkat Subang in Petaling Jaya. This venue is easily accessible and it should be familiar to most shareholders of the Company since several past AGMs were held at the same venue. As per previous years, to facilitate and encourage more participants to attend the AGM, the Company provided complimentary shuttle bus transportation service from Kelana Jaya LRT Station to Persada PLUS and return trip upon conclusion of the AGM. The bus schedule and location map are made available in the Administrative Note provided in the abridged Annual Report sent to shareholders.</p> <p>Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in their stead at a general meeting if they are not available to attend the meeting in person.</p> <p>The Board encourages participation at general meetings and will adhere to the Listing Requirements on poll voting for all resolutions set out in the notices of the general meetings. Polling processes are explained during the general meetings and the Board may consider the use of electronic voting for polling, to facilitate greater participation taking into account its reliability, applicability, cost and efficiency. Poll results are to be verified by an appointed Scrutineer, which is not the Polling Administrator.</p> <p>UEM Sunrise leveraged on technology to facilitate electronic polling ("e-polling") for the conduct of poll on all resolutions proposed at its 2017 AGM. The voting at the 2017 AGM was conducted on a poll in accordance with Paragraph 8.29A of the Listing Requirements. The Company's Share Registrar, Symphony Share Registrars Sdn Bhd ("Symphony") was appointed as the Poll Administrator to conduct the polling process. The Company had appointed Commercial Quest Sdn Bhd as Scrutineers to verify the poll results.</p> <p>Barcoded wristbands were issued by the Share Registrar upon registration for e-voting at the 2017 AGM. The polling process for the resolutions was conducted only upon completion of the deliberation of all items transacted at the 2017 AGM. The Share Registrar briefed the shareholders on the procedures for e-polling prior to the</p>

	<p>commencement of the e-polling. Symphony’s e-polling system was used where each of the e-polling counters was equipped with desktop and barcode reader. The shareholders/proxies were directed to the e-polling counters to cast their votes with his/her barcoded wristbands.</p> <p>The scrutineer, Commercial Quest Sdn Bhd upon verification of the poll results, confirmed the results for each resolution, which include votes in favour and against, upon which the Chairman of the Meeting announced and declared whether the resolutions were carried. The poll results were also announced by UEM Sunrise via BursaLINK on the same day for the benefit of all shareholders. Summary of proceedings which comprised salient excerpts from the minutes of the 2017 AGM were also made available on the Company’s website.</p> <p>Pursuant to the Corporate Governance Guide Third Edition, listed companies are encouraged to move towards a full-fledged electronic AGM, whereby shareholders in different locations could attend and also vote at AGMs through webcast or other forms of electronic media that would allow simultaneous participation at the AGM.</p> <p>To facilitate this, the existing relevant provisions in the Constitution on the convening of the Company’s general meetings would (subject to shareholders’ approval) be updated in accordance with the provisions of the Companies Act 2016 and Main Market Listing Requirements to allow for shareholders to attend AGMs remotely.</p> <p>The Company will continue to monitor developments in the market in respect of the new technologies to facilitate the conduct of meetings remotely and may consider implementing the same in the future if there is strong case justifying a need for it.</p>	
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

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

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