

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8664
COMPANY NAME : S P SETIA BERHAD
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Setting Strategic Direction</p> <p>The Board of Directors ("Board") of S P Setia Berhad ("S P Setia" or "the Company") is responsible for the overall governance of the Group and plays an active role in determining the long-term direction and strategy of the Group in order to enhance shareholders' value.</p> <p>The responsibilities of the Board include defining and determining the strategic direction, directing future expansion, implementing corporate governance, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks, human resource planning and development, reviewing investments made by the Company, overseeing the proper conduct of business and reviewing the adequacy and the integrity of the Company's internal control system and management information system.</p> <p>There is a schedule of matters reserved specifically for the Board's decision which includes, among others, the approval of annual business plans and budgets, material acquisitions and disposals of assets, major capital projects, financial results, dividend recommendations, fund raising exercises and Board appointments.</p> <p>The Director/President and Chief Executive Officer ("CEO") together with the Deputy President and Chief Operating Officer ("COO"), Chief Financial Officer ("CFO") and Executive Vice Presidents of the Group are accountable for the day-to-day management of financial, business and operational matters of the Group within the prescribed limits of authority and in accordance with the Group's standard operating procedures, including transforming strategies into performance targets to realise the approved business plan for the year. They are in turn supported by a management committee which comprises the heads of all business units and support units.</p>

The Group's Key Performance Indicators, comprising financial and non-financial operating drivers, for each financial year are set and approved by the Board to be achieved by the Management, led by the President and CEO. Performance of the Group against budget is reviewed and tracked by the Board on a quarterly basis in conjunction with the approval of the unaudited quarterly results of the Group. At the end of each financial year, the Board undertakes a full year review of the Group's performance against the budget and business plan approved by the Board in the preceding year.

During the financial year ("FY") ended 31 December 2021 ("FY2021"), two (2) Board Meetings were held to review and update the Group's 5-year strategic and business plan from year 2022 to 2026. In December 2021, the Board reviewed and approved the Group's business plan and budget for the FY 2022. Prior to presentation to the Board, the proposed strategies and business plans were reviewed and constructively challenged by the Finance and Investment Committee ("FIC") and the session was attended by the Senior Management of the Group.

Talent Management, Compensation and Succession Planning

The Nomination and Remuneration Committee ("NRC") together with the President and CEO undertake a periodic review of the organisation structure to ensure that optimum infrastructure and arrangements are in place including effectiveness of oversight function, adequacy of resources and talents required to support and manage the business and operations of the Group. The NRC is also involved in the selection and interview sessions, if any, in respect of the key positions in the Company prior to their appointments.

The Company undertakes an annual survey that serves as a barometer to measure the overall climate of the Company and to identify key issues and concerns of employees in order for the Management to construct action plans to address issues and concerns, if any. This effort is part of the Company's continuous commitment to nurture and sustain a team of passionate and dedicated talents to achieve the Company's business goals and direction. The result of this annual survey was presented to the NRC and the Board in December 2021.

The Company has in place a job evaluation program, talent management framework and succession planning program which serve to ensure that there is a strategic approach in developing a healthy human capital pipeline that meets the needs of the Group.

Access to Information and Advice

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs including inter alia, financial results, annual budgets, business reviews against business plans and progress reports on the Group's developments and business strategies, to enable it to discharge its duties effectively.

The Board is kept apprised on announcements made by the Company to Bursa Malaysia Securities Berhad ("Bursa Securities") on significant transactions, whereas news coverage on the events, analyst reports and

	<p>matters concerning the Group reported in the media are disseminated to all the Directors, if any.</p> <p>Senior Management officers and external advisers may be invited to attend Board meetings when necessary, to furnish the Board with explanations and comments on the relevant agenda items tabled at the Board meetings or to provide clarification on issue(s) that may be raised by any Director.</p> <p>All Directors have direct and unrestricted access to the advice and services of the Company Secretary and Senior Management and the Board may seek independent professional advice, at the Company's expense, if required, in furtherance of its duties.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 1.2

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

Application :	Applied						
Explanation on application of the practice :	<p>Chairman of the Board</p> <p>For FY2021, the Board was satisfied with the performance of the Chairman of the Board, Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail. The Chairman ensured that good corporate governance practices were implemented, and promoted the highest standards of integrity throughout the Group at the Management and Board levels. The Chairman also ensured that the Board was thoroughly briefed on matters presented to the Board at Board meetings and received adequate information in a timely manner to facilitate informed decision making by the Board.</p> <p>The Chairman of the Board worked closely with the NRC to ensure that the structure of the Board was optimum including satisfactory mix of skills, qualifications, experience and diversity in the composition of the Board.</p> <p>The Terms of Reference of the Chairman is set out in the Board Charter which is available on https://www.spsetia.com/en-us/corporate-governance/board-charter.</p> <p>Training</p> <p>All the Directors have attended / will attend the Mandatory Accreditation Programme within the timeframe prescribed and/or such extension as allowed by Bursa Securities.</p> <p>The Directors will continue to undergo other relevant training programmes and seminars from time to time as they consider necessary to equip themselves with the relevant knowledge and ideas to discharge their duties effectively.</p> <p>The Corporate Secretariat function arranges in-house trainings for Directors and facilitates the Directors' participation at external programmes while keeping a record of the trainings received or attended by the Directors. The training records are tabled for notation of the NRC and Board on a half-yearly basis, which assist the NRC and Board on the assessment and determination of the training needs of the Directors.</p> <p>The trainings attended by the Directors in FY2021 are set out below:</p> <p>Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail</p> <table border="1"><thead><tr><th>No.</th><th>Course/Seminar</th></tr></thead><tbody><tr><td>1.</td><td>SC's Guidelines on Conduct of Directors of Listed Corporations and their subsidiaries & MCGG</td></tr><tr><td>2.</td><td>S P Setia In-house Directors' Training<ul style="list-style-type: none">- Corporate Governance Rules - Post MCGG 2021 Updates- The Board & Sustainability Leadership for the Decade of Action</td></tr></tbody></table>	No.	Course/Seminar	1.	SC's Guidelines on Conduct of Directors of Listed Corporations and their subsidiaries & MCGG	2.	S P Setia In-house Directors' Training <ul style="list-style-type: none">- Corporate Governance Rules - Post MCGG 2021 Updates- The Board & Sustainability Leadership for the Decade of Action
No.	Course/Seminar						
1.	SC's Guidelines on Conduct of Directors of Listed Corporations and their subsidiaries & MCGG						
2.	S P Setia In-house Directors' Training <ul style="list-style-type: none">- Corporate Governance Rules - Post MCGG 2021 Updates- The Board & Sustainability Leadership for the Decade of Action						

3.	PNB KNOWLEDGE FORUM 2021: Rising Above COVID-19: Reimagining Work In Malaysia & Beyond
4.	The Law Behind Corporate Governance
5.	Anti-Money Laundering
6.	Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Strengthening Integrity: The Role of Directors and Senior Management in The Anti-Corruption System
7.	Briefing on Services Tax: Revised Guide on Professional Services
8.	Setia Governance, Risk & Audit Forum 2021

Datuk Choong Kai Wai

No.	Course/Seminar
1.	Mandatory Accreditation Program
2.	S P Setia In-house Directors' Training - Corporate Governance Rules - Post MCCG 2021 Updates - The Board & Sustainability Leadership for the Decade of Action
3.	Briefing on Services Tax: Revised Guide on Professional Services
4.	S P Setia Governance, Risk & Audit Forum

Dato' Ahmad Pardas Bin Senin

No.	Course/Seminar
1.	S P Setia In-house Directors' Training - Corporate Governance Rules - Post MCCG 2021 Updates - The Board & Sustainability Leadership for the Decade of Action
2.	Briefing on Services Tax: Revised Guide on Professional Services
3.	S P Setia Governance, Risk & Audit Forum 2021

Dato' Halipah Binti Esa

No.	Course/Seminar
1.	Rethinking Our Approach to Cyber Defence in FI's
2.	KL Shakespeare and Culture Impact: Diversity & Inclusion and Unconscious Bias
3.	BNM-FIDE Dialogue: Dialogue on The Future of Malaysia's Financial Sector
4.	S P Setia In-house Directors' Training - Corporate Governance Rules - Post MCCG 2021 Updates - The Board & Sustainability Leadership for the Decade of Action
5.	BNM FIDE FORUM Dialogue on Risk Management in Technology (RMiT): Insights 1 Year On
6.	PNB Knowledge Forum 2021: Rising above COVID-19: Reimagining Work in Malaysia & Beyond
7.	Briefing on Services Tax: Revised Guide on Professional Services
8.	S P Setia Governance, Risk & Audit Forum 2021

Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob

No.	Course/Seminar
1.	S P Setia In-house Directors' Training - Corporate Governance Rules - Post MCCG 2021 Updates - The Board & Sustainability Leadership for the Decade of Action

2.	PNB Knowledge Forum 2021: Rising above COVID-19: Reimagining Work in Malaysia & Beyond
3.	BFF 2021 - Transformative Innovation Reshaping Business Realities in Extraordinary Times
4.	Briefing on Services Tax: Revised Guide on Professional Services
5.	PNB Knowledge Forum 2021: Climate Change: A New Green Deal For Malaysia
6.	S P Setia Governance, Risk & Audit Forum 2021

Dato' Zuraidah Binti Atan

No.	Course/Seminar
1.	Hibah & Wassiyah
2.	Taxation of Benefit-In-Kind and Employer's Tax Obligation
3.	Kursus Kaedah Pengurusan Harta Keluarga Islam Siri 2021 (Islamic Wealth and Asset Planning)
4.	Global Summit: Building Effective Climate Governance for the Islamic Finance Industry
5.	Sustainable Impact Investing - The Role of Family Offices
6.	Rethinking Business Sustainability During Pandemic
7.	The Importance of Wa'd (Undertaking) in Islamic Finance
8.	Sustainable and Responsible Investment (SRI) 2021: Paving the Way For Profitability through Sustainability
9.	The Joint Committee on Climate Change (JC3) Flagship Conference 2021 – #FINANCEFORCHANGE a collaboration between BNM, FIDE FORUM & SC
10.	S P Setia In-house Directors' Training - Corporate Governance Rules - Post MCG 2021 Updates - The Board & Sustainability Leadership for the Decade of Action
11.	Legacy & Estate Planning - Amanah Warisan Berhad
12.	Environmental, Social and Governance in Islamic Finance
13.	The Law Behind Corporate Governance
14.	2021 Anti-Money Laundering & Financial Crime in the Age of Covid
15.	Section 17A of the Malaysian Anti-Corruption Commission Act 2009
16.	TechLaw.Fest 2021
17.	IAVE Leadership for Volunteering: The COVID-19 Experience
18.	CPD Perintis Live - Prosedur Permohonan Perintah Pembahagian Harta Pusaka
19.	The Risk of Abandoned Projects Rising Amid Prolonged Pandemic: Is The Time Ripe To Revisit the Federal Court Decision of Berjaya Times Square v M Concept?
20.	PNB Knowledge Forum 2021: Climate Change: A New Green Deal for Malaysia
21.	The Effect of Reclassification of Shariah-compliant Status of Securities Listed on Bursa Malaysia
22.	Siyasah Syar'iyah in Islamic Finance (Syariah policy)
23.	S P Setia Governance, Risk & Audit Forum 2021
24.	Audit Oversight Board Conversation with Audit Committees

Tengku Dato' Ab. Aziz Bin Tengku Mahmud

No.	Course/Seminar
1.	Nominating and Remuneration Committees – Beyond Box-Ticking & Enhancing Effectiveness
2.	10 Cybersecurity Best Practices for Business
3.	Integrity, Risk, Assurance & Compliance Week 2021:

	- Global Risk Outlook and Emerging Trends - Going Digital – the Future of PNB
4.	Responsible Investment and the Sustainability Agenda
5.	S P Setia In-house Directors' Training - Corporate Governance Rules - Post MCG 2021 Updates - The Board & Sustainability Leadership for the Decade of Action
6.	Rising From Covid 19 : Reimagining Work in Malaysia and beyond
7.	Briefing on Services Tax: Revised Guide on Professional Services
8.	Anti-Money Laundering (AML) / Counter-Terrorism Financing (CTF) and Compliance Policies Virtual Roadshow
9.	PNB Knowledge Forum 2021 - Climate Change: A New Green Deal for Malaysia
10.	Digital dialogue with kitajaga app, Malaysia's digital social mobile app - Leading Social Impact Platforms and Making a Difference with Digital Potential
11.	S P Setia Governance, Risk & Audit Forum 2021

Philip Tan Puay Koon

No.	Course/Seminar
1.	The Global Capital Allocation Project: How Capital really flows around the world
2.	Series 1: JC 3 Level II Workshop
3.	Nominating and Remuneration Committees – Beyond Box-Ticking & Enhancing Effectiveness
4.	Shariah Investing Dialogue with Public Listed Companies 2021
5.	M&A Due Diligence: From Legal and Risk Perspectives
6.	Launch of the Malaysia Board Diversity Study and Index
7.	Awareness Session on Provision of Corporate Liability under Section 17A of MACC Act
8.	Implementing Amendments in the Malaysian Code on Corporate Governance
9.	Risk Management in Technology (RMIT): What they mean for Governance and Strategy of Bank and Insurance Boards
10.	MIA Virtual Conference Series: Corporate Board Leadership Symposium 2021
11.	JC 3 Flagship Conference 2021
12.	S P Setia In-house Directors' Training - Corporate Governance Rules - Post MCG 2021 Updates - The Board & Sustainability Leadership for the Decade of Action
13.	Corporate Governance Regulatory Updates for the Capital Markets
14.	BFF 2021 - Transformative Innovation Reshaping Business Realities in Extraordinary Times
15.	Khazanah Megatrends Forum 2021
16.	Governance in Groups
17.	Briefing on Services Tax: Revised Guide on Professional Services
18.	Understanding Board Decision-Making Process
19.	PNB Knowledge Forum 2021: Climate Change: A New Green Deal for Malaysia
20.	Intentional Integrity: How Smart Companies Can Lead an Ethical Revolution
21.	S P Setia Governance, Risk & Audit Forum 2021
22.	Audit Oversight Board Conversation with Audit Committees
23.	Executive Certificate: General Management: Strategic Management

Dato' Azmi Bin Mohd Ali

No.	Course/Seminar
1.	FIDE Programme
2.	Fiscal Resiliency in a Deeply Uncertain World
3.	Global Trade Under a Biden Administration
4.	Islamic Finance for Board of Directors <ul style="list-style-type: none"> - Value Proposition of Islamic Finance - Shariah Governance Framework - Syariah Risk in Business - Unique Risk in Islamic Finance - How the World has changed: the world onwards
5.	Ethics and Integrity, Professionalism and Corporate Dilemma
6.	Antitrust & Competition PG: Failing Firm Doctrine in Merger Review-Has COVID-19 Made a Difference?
7.	Global Trade & Policy: Networking & Discussion
8.	S P Setia SLR Network Roundtable Series: The Importance of Coaching and Building Your Successor
9.	SMART Collaboration: "How Professionals and Their Firms Succeed by Breaking Down Silos"
10.	S P Setia In-house Directors' Training <ul style="list-style-type: none"> - Corporate Governance Rules - Post MCG 2021 Updates - The Board & Sustainability Leadership for the Decade of Action
11.	ICDM Digital Series For Board: Series 1 - Cyber Threats, What Boards Should Know
12.	Capital Market Masterplan by Securities Commission's Deputy of CEO
13.	The Brown Bag Series Episode 3
14.	Briefing on Services Tax: Revised Guide on Professional Services
15.	6th Shariah Discourse Session 2021
16.	ICDM Digital Series for Board: Series 2 - Data Adoption and AI to Drive Better Business Decisions
17.	S P Setia Governance, Risk & Audit Forum 2021
18.	ICDM Digital Series for Board: Series 4 - Data Privacy Comprehensibility & Trust, How Do We Fare?

Dato' Merina Binti Abu Tahir

No.	Course/Seminar
1.	S P Setia Governance, Risk & Audit Forum 2021
2.	Audit Oversight Board Conversation with Audit Committees
3.	MIA Virtual Conference Series : CFO Conference 2021
4.	How to be a Boardroom Star

Time Commitment

The Board meets at least five (5) times a year at quarterly intervals with additional meetings convened as and when necessary to approve quarterly financial results, business plans, budgets and other business development activities. The Board and Board Committee meetings for the whole year are scheduled in advance at the preceding financial year to enable the Board members to plan their schedules accordingly. All proceedings of the Board and Board Committee meetings are duly minuted, approved and signed by the Chairman of the Meeting.

	<p>The Board places importance on the contributions given through robust discussions by the Directors at each Board and Board Committee Meetings. In FY2021, all the Directors had complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the Company's Constitution. The Board was satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.</p> <p>The Directors' attendance at Board and Board Committee meetings and Annual General Meeting held during FY2021 is set out in the CG Overview Statement on pages 176 and 177 of the Integrated Report 2021.</p> <p>The Directors are aware of the limits of directorships they could have in public listed companies quoted on Bursa Securities. While Directors notified the Company Secretary as and when they were appointed to other boards, the Directors also provided updates of their directorships and shareholdings in other companies on a quarterly basis, which were tabled to the Board for notation.</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

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>There is a clear division of responsibilities between the Chairman and the President and CEO to ensure a balance of power and authority and no individual has unfettered powers of decision and control.</p> <p>The Chairman is responsible for conducting meetings of the Board and shareholders, ensuring all Directors are properly briefed during Board discussions and shareholders are informed of the subject matters requiring their approval. All Directors are jointly responsible for determining the Group's strategic business direction.</p> <p>The Group is led by the President and CEO who is responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented.</p> <p>During FY2021, the Chairmanship was held by Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail while the position of President and CEO was held by Dato' Khor Chap Jen, who has since retired on 30 September 2021. The position of the President and CEO was then assumed by Datuk Choong Kai Wai effective 1 October 2021.</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

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>			
Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail, Chairman and Non-Independent Non-Executive Director ("INED") of the Company was appointed as Chairman of the NRC on 31 May 2019, and has served in that position to-date.	
		Please refer to further explanation under Practice 5.8 below.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please refer to further explanation under Practice 5.8 below.	
Timeframe	:	Others	4

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary of the Company is a qualified company secretary under Section 235 of the Companies Act 2016 ("Act") and is also the secretary to the Board Committees. The Company Secretary plays an advisory role to the Board, particularly with regard to the Company's Constitution and Board policies and procedures as well as compliance with relevant rules and regulations.</p> <p>Besides playing an advisory role, she is responsible for arranging and preparing the schedule of Board and Board Committee meetings for the whole year in advance so that sufficient time is given to the Directors to plan their schedules and enable them to attend the meetings. The agenda for the meeting is prepared by the Company Secretary and approved by the Chairman of the Board and Board Committees. She ensures that deliberations at Board and Board Committee meetings are clearly and comprehensively recorded as source documents. Decisions of the Board and Board Committees and matters requiring further actions are then communicated to the Management and/or escalated by the Management to the relevant approving authority for approval, if necessary. Updates on the follow-up actions are reported to the Board and Board Committees at the subsequent meetings until closure.</p> <p>The Company Secretary notifies the Board and principal officers of the Company on the open periods and closed periods pending announcement of the Company's quarterly interim financial reports to Bursa Securities so as to ensure that any dealings in the securities of the Company and the disclosure obligations under the Listing Requirements arising therefrom are adhered to by the Directors and principal officers of the Company. The Company Secretary collates and tables the summary of the dealings to the Board on a quarterly basis for information.</p> <p>The NRC and Board set the annual Key Performance Indicators of the Company Secretary and review her performance against the approved Key Performance Indicators.</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 1.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The agenda and meeting papers were circulated to the Directors a week prior to the meetings to allow sufficient time for the Directors to review, consider and deliberate knowledgeably on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision making.</p> <p>The Company utilises a secured application to disseminate meeting papers to the Directors electronically. This serves to ensure that the Directors are able to have access to meeting materials more efficiently and expeditiously.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	: Applied
Explanation on application of the practice	<p>Board Charter</p> <p>The Board Charter sets out among others the responsibilities of the Board, matters reserved for the Board, segregation of roles between the Chairman, Executive Director and Non-Executive Directors (“NEDs”), responsibilities of the Board Committees and remuneration framework for the NEDs. The Board Charter was last updated in May 2021 to align to the Guidelines on Conduct of Directors of Listed Issuers and Their Subsidiaries and new Malaysian Code on Corporate Governance (“MCCG”).</p> <p>The Board Charter is available on https://www.spsetia.com/en-us/corporate-governance/board-charter.</p> <p>Governance Structure</p> <p>The Board has delegated certain responsibilities to various Board Committees, all of which operate within their respective defined terms of reference to assist the Board in the discharge of its duties and responsibilities. These Committees report to the Board on matters discussed and deliberated and/or make recommendations to the Board for final decisions, except to the extent where certain matters are delegated by the Board to the Committees.</p> <p>Under the board governance structure, the Board Committees include the Audit Committee (“AC”), Executive Committee (“EXCO”), FIC, Risk Management Committee (“RMC”) and NRC. The Terms of Reference (“TOR”) of the Committees are available on https://www.spsetia.com/en-us/corporate-governance.</p> <p>The composition of the Board Committees of the Company is set out on pages 12, 176 and 177 of the Integrated Report 2021.</p> <p>Notwithstanding that the Board Committees are delegated with certain responsibilities, the Chairmen of the Board Committees report to the Board and minutes of Committee meetings are tabled to the Board to keep the</p>

	Board apprised of matters being considered and deliberated by the respective Committees.	
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	:	The Company has in place a Code of Conduct and Business Ethics ("Code of Conduct") to actively promote and establish a corporate culture which promotes ethical conduct that permeates throughout the Group. The Code of Conduct serves as a road map to help guide actions and behaviours while working for and/or dealing with the Company to maintain high standards of business ethics and encourage performance with integrity. Provisions covered include relationships between Staff and Management, the Company and Customers, Suppliers, Vendors and Contractors. All Directors and employees are required to read, understand, accept and abide by the terms of Code of Conduct and all new staff are briefed on the requirements of the Code of Conduct as part of the Company's induction programme. The Code of Conduct is actively and effectively communicated via the Company's intranet and is also subject to regular review and updates, as necessary, by the RMC. The Code of Conduct is available on https://www.spsetia.com/getattachment/Corporate-Governance/Corporate-Governance-Home/Policies/Code-of-Conduct/Code-of-Conduct-Business-Ethics-21-April-2021.pdf?lang=en-US .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application :	Applied
Explanation on application of the practice :	<p>The Company has in place a Whistleblowing Policy which is aimed at protecting integrity, transparency, impartiality and accountability where S P Setia Group conducts its business operations. The Whistleblowing Policy provides a structured reporting channel and guidance to all employees and external parties to whistleblow without the fear of victimisation. The Whistleblowing Policy is available for access on the Company's intranet and website. There is a platform for concerns to be submitted electronically via the S P Setia Whistleblowing Portal which is available on https://whistleblowing.spsetia.com.my/whistleblowing/eWhistleblowing.aspx.</p> <p>During FY2021, the RMC performed the oversight function over the administration of the policy while the Group Risk, Integrity and Governance Department ("GRIG") administered the policy. The whistleblower has the option of reporting his/her concern to the line manager or general manager or directly to the RMC Chairman. GRIG collated and presented reports, if any, received through the portal to the RMC on a quarterly basis.</p> <p>The Whistleblowing Policy had been updated in conjunction with the review exercise by the Company of its related policies, an initiative which was undertaken towards enhancing and strengthening the appropriate policies and procedures across the Group prior to the enforcement of Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 with effect from 1 June 2020.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, together with the Management, recognises the importance of ensuring sustainability risks and opportunities are considered in the development of our business strategies and plans. As a yearly agenda, Management reviews the Group's sustainability approach and presents to the Board. The following was concluded to the Board for FY2020/21:</p> <ul style="list-style-type: none">• The high-level sustainability framework which was endorsed previously is currently being reviewed to ensure alignment to ESG agenda.• During Board Strategic session, the Management was tasked to review and integrate sustainability elements into yearly business plan and strategies.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	In FY2021, the Group held online programmes with employees which included sustainability awareness session during Setia Governance Risk & Audit Forum 2021; and data review exercise for yearly Sustainability Report. Board members participated in some of the awareness programmes and sessions to heighten the importance of sustainability practices within the organisation.	
		The Management is embarking on its sustainability journey and is continuously enhancing its strategies and targets. The enhanced Group strategies and targets are expected to be presented to the Board by end of FY2022.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	As mentioned above, the enhanced strategies and targets to be finalised by end FY2022.	
Timeframe	:	Within 2 years	

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>To keep abreast of sustainability disclosures and guidelines, in FY2021, the Board participated in the following:</p> <ol style="list-style-type: none"> (1) Quarterly updates to the RMC covering sustainability topics which included climate-related updates, waste management and global standards requirements; (2) Group Risk Integrity & Governance organised a one-day webinar which included sharing by sustainability practitioners; and (3) In-house training for Board and Senior Management relating to sustainability. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>With amendments to the MCCG taking effect in April 2021, the Board has conducted a review of the gaps and sought steps to adopt the new practices to be in line with the revised MCCG. This included the inclusion of sustainability measurements for the Board, the Group and relevant senior Management, as follows:</p> <p>Sustainability related KPI for the Board (completed):</p> <p>The Board Effectiveness Evaluation for FY2021 has incorporated the evaluation on the Board's performance in addressing the Company's material sustainability risks and opportunities.</p> <p>Sustainability related KPI for the Senior Management (endorsed for FY2022):</p> <p>The Management has proposed and presented to the NRC a sustainability related KPI for Senior Management for FY2022 which was subsequently approved by the Board in December 2021.</p> <p>The Board and Management have taken steps to include sustainability related KPI for Senior Management commencing FY2022. However, this KPI will be further refined to incorporate more specific targets and measurements based on the Group's ESG strategy in FY2023.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	As mentioned above, for Senior Management, it has been endorsed by the Board for implementation in FY2022 but will be refined to include specific targets and measurements based on the Group's ESG strategy in FY2023.
Timeframe	:	Within 3 years

Intended Outcome

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

Practice 4.5- Step Up

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

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>	
Application	: Adopted
Explanation on adoption of the practice	: The Sustainability Management Unit (“SMU”) focuses on compliance and reporting requirements based on activities done Group-wide. During FY2021, SMU reported directly to the Chief Risk, Integrity and Governance Officer. Moving forward, the President and Chief Executive Officer would lead the sustainability agenda of the Group to ensure better alignment to the Group’s strategic direction and regulatory requirements.

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board takes cognisance of the importance of progressive refreshing of the Board. Since December 2019, the Board has adopted the Step-Up Practice 5.4 (then Practice 4.3) which limits the tenure of INEDs to 9 years. In furtherance thereto in February 2020, the NRC and Board formalised a Board Succession Plan with the objective of ensuring a smooth transition at the Board level.</p> <p>To further adopt a higher standard, the Board had in February 2021 resolved that the 9-year limit would apply to all Directors of the Company.</p> <p>On a yearly basis, the NRC and Board reviews the tenure of the Directors as well as the composition of the Board Committees as part of the Board Effectiveness Evaluation ("BEE") process.</p> <p>In February 2021, the NRC after taking into account the satisfactory performance and contributions of the following Directors, resolved to recommend their re-election at the 46th Annual General Meeting of the Company held on 22 April 2021 ("46th AGM") to the Board:</p> <ol style="list-style-type: none">(1) Dato' Halipah Binti Esa;(2) Tengku Dato' Ab. Aziz Bin Tengku Mahmud; and(3) The late Puan Noraini Binti Che Dan.
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 5.2

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 acknowledges the importance of INEDs, who provide objectivity, impartiality and independent judgement to ensure that there is an adequate check and balance on the Board. The INEDs ensure that business and investment proposals presented by Management are fully deliberated and examined. They perform a key role by providing unbiased and independent views, advice and judgement, which take into account the interests of the Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole.</p> <p>Throughout out FY2021, the Board comprised of a majority INEDs.</p> <p>In December 2021, the NRC and Board reviewed the composition of the Board with regard to the mix of independence on the Board as part of the BEE exercise. The Board was satisfied with the level of independence demonstrated by all the INEDs and that they could continue to bring sound, independent and objective judgement to Board deliberations through active participation in discussions and in decision making by the Board and their ability to act in the best interest of the Company. All the INEDs had also provided his/her confirmation on his/her independence to the NRC and Board.</p> <p>Besides annual assessment, for any new appointment as an independent director, the potential candidate must submit his/her declaration of independence in compliance with the criteria set out in the Listing Requirements to the NRC and Board for consideration prior to his/her appointment.</p> <p>The Board practised active and open discussions at Board meetings so as to ensure that opportunities were given to all Directors to participate and contribute to the decision making process. Vigorous deliberations and all the views given by the Directors were considered before decisions were made by the Board. There was an existing process for the Chairman and Directors to declare and abstain from discussion in a situation where a conflict of interest might arise in order to uphold the integrity of the decisions made by the Board.</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 5.3

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

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

Application	:	Not applicable - Step Up 5.4 adopted	
Explanation on application of the practice	:		
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 5.4 - Step Up

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

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application	: Adopted
Explanation on adoption of the practice	: The Board had in February 2021 resolved that the 9-year limit would apply to all Directors of the Company.

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Boardroom Diversity</p> <p>The composition of the Board fulfils the prescribed requirement for at least one-third (1/3) of the Board to be independent as stated in Paragraph 15.02 of the Listing Requirements. The profiles of the Directors are set out from pages 154 to 163 of the Integrated Report 2021.</p> <p>The Board takes cognisance of the need for diversity and inclusiveness in its composition which provides the Board the benefits of different perspectives to bear on issues and sound decisions that are aligned to customer and investor needs. The Board considers diversity from various areas, including gender, age, ethnicity, academic and professional qualification, experience and skills.</p> <p>In February 2020, the Board formally established a Board Diversity Policy which will serve to guide the Board Succession Plan to attract the right talents and to ensure the appropriate mix of skills to further enhance the composition of the Board from time to time. The Board Diversity Policy is a robust document that covers not only the prevailing skillsets of the Directors required by the Company but also diversity in various aspects so as to ensure that the Board is able to take into account diverse perspectives and insights in decision making.</p> <p>When determining new appointment of Directors and senior management or re-election of retiring Directors pursuant to the Company's Constitution, the Board considers diverse range of qualified candidates with no conscious or unconscious biasness against the candidate so as to ensure that a fair assessment is conducted to decide on the suitability of the qualified candidate in the best interest of S P Setia Group.</p> <p>The BEE for FY2021 covered various areas including assessing the Directors' view on the Board composition with reference to the mix of business and industry skills, experience, age, cultural and gender diversity.</p> <p>The Board was satisfied that its composition reflected a balance of Independent and Non-Independent Directors with a mix of highly qualified</p>

	<p>and experienced individuals who have distinguished themselves in the legal, financial, engineering, accounting, banking and public service arenas. This combination of different professionals and skills provide much insight and a diversity of perspectives to lead and guide the Group in an increasingly complex and competitive business environment and for the continued successful direction of the Group.</p> <p>The Board maintained its women representation of thirty per cent (30%) of the Board composition throughout FY2021 except during the period from 26 August 2021 to 16 November 2021 when the Board lost one of its female Directors with the unfortunate demise of the late Puan Noraini Binti Che Dan.</p> <p>Re-Election of Directors</p> <p>The NRC reviewed the performance of the Directors who were subject to re-election at the 46th AGM and had recommended to the Board the re-election of Dato' Halipah Binti Esa, Tengku Dato' Ab. Aziz Bin Tengku Mahmud and the late Puan Noraini Binti Che Dan. The Board concurred with the NRC's views and recommended their re-elections, all of whom had offered themselves for re-election at the 46th AGM and were re-elected thereat.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>During FY2021, a board vacancy arose after the demise of the late Puan Noraini Binti Che Dan. In identifying suitably qualified candidates for appointment, the Board had obtained recommendations from existing Directors, major shareholder as well as an independent organisation.</p> <p>The NRC and Board reviewed the credentials of eight (8) potential candidates, out of which four (4) were submitted by an independent source.</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 5.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Board provided its statement of recommendation for the re-election of Dato' Halipah Binti Esa, Tengku Dato' Ab. Aziz Bin Tengku Mahmud and the late Puan Noraini Binti Che Dan in Explanatory Note 1 in the Notice of the 46 th AGM dated 24 March 2021.	
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 5.8

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail, a Non-INED of the Company was appointed as Chairman of the NRC on 31 May 2019, and has served in that position to-date.</p> <p>The NRC has specific responsibilities with respect to assisting the Board in proposing new nominees for the Board and Board Committees, developing and establishing competitive remuneration policies and packages as well as assessing the Directors on an ongoing basis. The NRC also administers S P Setia Group Employees' Long Term Incentive Plan ("LTIP") comprising the Employee Share Option Scheme and the Employee Share Grant Plan.</p> <p>During FY2021, the NRC comprised of a majority INEDs. They were:</p> <ol style="list-style-type: none">1. Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail (Non-INED) - Chairman2. Dato' Ahmad Pardas Bin Senin (Senior INED) - Member;3. Mr Philip Tan Puay Koon (INED) - Member;4. Dato' Zuraidah Binti Atan (INED) – Member (<i>resigned on 17 November 2021</i>);5. Tengku Dato' Ab. Aziz Bin Tengku Mahmud (Non-INED) - Member; and6. Dato' Merina Binti Abu Tahir (INED) - Member (appointed on 17 November 2021). <p>Details of the activities of the NRC are set out in the NRC Report from pages 180 to 182 of the Integrated Report 2021.</p> <p>The appointment of Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail as Chairman of the NRC, was based on among others the fact that he possessed vast experience and knowledge in leading succession planning of the Board and senior management, as well as matters relating to human capital and performance management. His experience was accumulated from numerous years of performing the function of the Chairman of NRC of several other public listed companies.</p>

	<p>In re-organising the NRC, apart from the experience and leadership of Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail, the Board had also taken into account the Board Committee memberships of all the Directors to effectively carry out their roles and responsibilities.</p> <p>In FY2021, the Company undertook a management transition and re-organisation of the senior management team. With the adoption of the 9-year limit, a majority INEDs would reach their 9th year in 2023 and 2024.</p> <p>The Board is of the view that Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail's leadership in the NRC is necessary in ensuring seamless Board and management transition plans during this period so as to ensure continued stability of the Group's operations supported by Directors and management team members with the right skills, expertise, experience and calibre to lead the Group.</p> <p>With the strong independence in the composition of the NRC members including the Senior INED, the NRC was able to perform its function with open discussion and constructive debate.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	<p>It is the practice of the Board to assess the composition of all the Board Committees and their performance, including that of the NRC on an annual basis. In this regard, the Board would continue to evaluate the performance of the NRC as a whole and its individual members vide the annual assessment, so as to ensure that the NRC continues to discharge its duties and responsibilities satisfactorily.</p> <p>In the BEE for FY2021, the results have shown that the performance of the NRC was effective and satisfactory.</p>
<p>Timeframe</p>	<p>:</p> <p>Others</p>	<p>By 2025, upon completion of the Board Succession Plan in year 2024</p>

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board had established and adopted a Board Diversity Policy since February 2020 where in respect of gender diversity, it is committed to maintaining at least 30% of women representation on the Board at all times.</p> <p>The Board comprised of thirty per cent (30%) women Directors throughout FY2021 except as explained in Practice 5.5 above.</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 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board had established and adopted a Board Diversity Policy since February 2020 where in respect of gender diversity, it is committed to maintaining at least 30% of women representation on the Board at all times.</p> <p>Please refer to pages 128 and 129 of the Integrated Report 2021 for the Board and management profile relating to gender diversity.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: In FY2021, the BEE was internally facilitated. The BEE for FY2021 assessed the performance of the Board as a whole, Board Committees and individual Directors of the Company. The areas of coverage of the BEE were Board and Board Committees composition, responsibility and conduct, process and administration. The BEE questionnaires using a 4-point scale were circulated to all the Directors for their completion and included peer and self assessments. The results of the BEE together with the Board Improvement Plan for FY2022 were presented to the NRC and thereafter, to the Board for adoption. The Company had appointed Willis Towers Watson, an independent firm, to conduct the BEE for FY2019.
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 7.1

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

Application :	Applied
Explanation on application of the practice :	<p>Directors' Remuneration</p> <p>The Company's remuneration policy for Directors is designed to enable the Company to attract and retain experienced and knowledgeable individuals of the calibre needed to support the Company's ambitious expansion plans in line with its overall objective of delivering long-term value to its shareholders. The remuneration packages are structured to incentivise and encourage creativity and innovation appropriate for a property, infrastructure and construction company.</p> <p>Remuneration Procedures</p> <p>The NRC recommends to the Board the remuneration package for the Director/President and CEO. The remuneration package for the Director/President and CEO is structured on the basis of linking rewards to corporate and individual performance. Performance is measured against the results achieved by the Group and individual achievement against targets set at the beginning of each year. It is the ultimate responsibility of the entire Board to approve the remuneration of the Director/President and CEO and he shall abstain from deliberations and voting on his own remuneration.</p> <p>In the case of NEDs, the remuneration package is determined by the Board as a whole on the recommendation of the NRC. The last review of the remuneration framework of the NEDs was undertaken by the NRC and the Board in FY2021 with the aim of achieving a competitive, sustainable and transparent remuneration policy which set the current remuneration framework. In determining the appropriate level of remuneration, a benchmark study was conducted against other public listed companies on Bursa Securities and peers in the same industry to ensure that a sustainable remuneration level was adopted by the Board that is able to attract, retain and motivate Directors.</p> <p>In FY2021, the NRC was updated with the current practices and level of remuneration of peers in the industry as part of its continuous efforts to ensure that the remuneration policy of the Company remains competitive to attract, retain and</p>

motivate Directors on the Board. The NRC's recommendation to maintain the current remuneration policy for the NEDs was presented to the Board for approval.

Basic Salary

The basic salary (inclusive of statutory employer's contributions to the Employees Provident Fund) for the Director/President and CEO is recommended by the NRC, taking into account the individual responsibility, contribution, performance, and additional responsibilities of the Director, as well as the market-rate for similar positions in comparable companies. Any increment to basic salary payable to the Director/President and CEO is reviewed by the NRC and approved by the Board.

Fees and Other Emoluments

The NEDs are remunerated by way of fees and allowances. Fees and benefits payable to the NEDs are subject to shareholders' approval at the AGM. The remuneration framework for the NEDs is available in the Board Charter.

The shareholders had at the 46th AGM of the Company held on 22 April 2021 approved the payment of Director's fees for NEDs amounting to RM50,000 per month for the Non-Executive Chairman and RM12,000 per month for each of the NEDs of the Company.

The shareholders had at the same meeting also passed the resolution to authorise the Directors to approve payment of allowances and certain benefits to the NEDs.

Benefits / Benefits-In-Kind ("BIK")

Other benefits (such as car, chauffeur, security services and share based payments) are made available as appropriate.

The shareholders of the Company approved the establishment of the Company's LTIP at the Extraordinary General Meeting held on 28 February 2013. In February 2017, the Company announced that the Board has approved the extension of the duration of the LTIP, which commenced on 10 April 2013 and was due to expire on 9 April 2018, for another five (5) years up to 9 April 2023 pursuant to Clause 18.2 of the By-Laws of the LTIP.

The design of the LTIP was approved by the Board and the administration of the LTIP in accordance with the By-Laws was delegated to the NRC. In 2020, the NRC approved the FY2020 grant of shares and options to the Director/President and CEO and eligible employees of the Group. An announcement was made to Bursa Securities with regard to the FY2021 grant.

Besides the Director's fees and allowances, the Company has arranged for the Directors' and Officers' Liability Insurance to indemnify the Directors and Officers of the Group against liability incurred by them during the discharge of their duties while in office.

For FY2021, the Directors were provided with medical allowances, hospitalisation and travel insurances under the Group's insurance policies.

Description of Remuneration/Benefits of Non-Executive Directors for FY2021	
Monthly Directors' Fees	Chairman of the Board - RM50,000 Member of the Board – RM12,000
Monthly Fixed Allowance	Chairman of Audit Committee – RM5,000 Chairman of Other Board Committee – RM3,000 Member of Board Committee – RM2,000
Meeting Allowance	Board Member - RM1,500 per meeting Board Committee Member - RM1,500 per meeting
Allowance for membership on the board of directors of significant project/investment as appointed by the Board of the Company	RM5,000 per month
Other Benefits	Car, petrol and driver for Chairman, security services, Directors and Officers Liability Insurance, medical, hospitalisation and travel insurance and other claimable benefits.

Senior Management's Remuneration

S P Setia has a group Policy on Remuneration that applies to all employees and this works within our Performance Framework. The Policy is being reviewed from time to time to be relevant to the market in ensuring that we are able to attract and retain the best talent. This is a core process within our People Plan as it is the platform where we get the right talent for the right role and reward the respective talent according to the company's achievement. The Company drives performance based on a merit achievement and this is consistent with our aim of having a "high performance team".

The performance management process follows the cycle below:



Performance Planning

KPI targets and measures are planned and agreed upon at this stage, as well as the development plan for the staff. This is conducted at the beginning of the financial year.

Performance Monitoring

Feedback for the first six months performance. This review which is done in July is solely for monitoring purposes. This is also a period for development discussion.

Year-End Performance Review

Review performance for the twelve months against the plan. Discussion on achievements and identifying future development opportunities.

	<p>The remuneration is done based on the individual's achievement against his/her targets. These are also calibrated across as it follows both the KPI and competencies rating following the respective categories. We have a comprehensive framework describing the "behaviours" expected of each of the competencies and this serves as a guide to the employee for his/her development. This also provides for a consistent and standard assessment for all managers in assessing their employees.</p> <p>The following are the key principles that we are guided by in driving our Remuneration Policy:</p> <ol style="list-style-type: none"> 1. Pay at the salary point that is aligned to our position as a leading Company in this industry <ol style="list-style-type: none"> a. We benchmark ourselves against both the comparable companies within our industry as well as high performing companies as we see our talent pool being stretched across all industries. b. We review our salary data against the market salary data on annual basis using an external consultant and present to the NRC and Board for any reviews where appropriate in line with our Policy of attracting and retaining the best talent. 2. Pay for Performance <ol style="list-style-type: none"> a. We practise a broad salary band with a range from minimum to mid to high/Premium. b. The salary band will indicate the level of competencies and experience of the employee and serves as a comparative guide for internal equity. 3. Pay within a proper governance and mitigate the risk for the Company <ol style="list-style-type: none"> a. We will position ourselves in a leading position, however will not go overboard as long term sustainability is key.
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 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established the NRC to oversee remuneration matters of the Board and Senior Management of the Group.</p> <p>Details of the activities of the NRC with regard to remuneration and related matters are set out in the NRC Report from pages 180 to 182 of the Integrated Report 2021.</p> <p>The TOR of the NRC is available on https://www.spsetia.com/en-us/corporate/about-us/our-leader.</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

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The Non-Executive Directors' Remuneration Framework is set out under Practice 7.1 above. For FY2021, the total Directors' remuneration is as follows:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Khor Chap Jen	Executive Director	0	294	2,212	0	216	0	2,722	0	0	0	0	0	0	0
2	Datuk Choong Kai Wai	Executive Director	0	90	616	0	1	0	707	0	0	0	0	0	0	0
3	Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail	Non-Executive Non-Independent Director	570	102	0	0	114	0	786	0	0	0	0	0	0	0
4	Dato' Halipah Binti Esa	Independent Director	137	104	0	0	0	0	240	0	0	0	0	0	0	0
5	Dato' Ahmad Pargas Bin Senin	Independent Director	137	192	0	0	0	0	329	0	0	0	0	0	0	0
6	Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob	Independent Director	137	152	0	0	0	0	288	0	0	0	0	0	0	0
7	Dato' Zuraidah Binti Atan	Independent Director	137	84	0	0	0	0	221	0	0	0	0	0	0	0
8	Tengku Dato' Ab. Aziz Bin Tengku Mahmud	Non-Executive Non-Independent Director	137	81	0	0	0	0	218	0	0	0	0	0	0	0
9	Noraini Binti Che Dan	Independent Director	89	46	0	0	0	0	135	0	0	0	0	0	0	0
10	Philip Tan Puay Koon	Independent Director	137	195	0	0	0	0	332	0	0	0	0	0	0	0
11	Dato' Azmi Bin Mohd Ali	Non-Executive Non-Independent Director	137	57	0	0	0	0	194	0	0	0	0	0	0	0
12	Dato' Merina Binti Abu Tahir	Independent Director	18	15	0	0	0	0	32	0	0	0	0	0	0	0

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

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company did not disclose on a named basis the top five (5) senior management's remuneration. Remuneration matters are confidential and sensitive. The disclosure of remuneration of the senior management would not be in the best interest of the Company given the highly competitive property industry where talent poaching is common.	
		We have explained the Company's Policy on Remuneration that applies to all employees including senior management, under Practice 7.1 above.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company has undertaken salary and benefits benchmarking exercise in 2021 to ensure inter alia the competitiveness of the overall staff compensation of the Group. The Board will continuously monitor the matter and consider the appropriateness of such disclosure in the future. The total remuneration of the senior management is set out on page 317 of the Integrated Report 2021.	
Timeframe	:	Others	5

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Not Adopted	Input info here	Choose an item.	Choose an item.				
2	Input info here	Input info here	Choose an item.	Choose an item.				
3	Input info here	Input info here	Choose an item.	Choose an item.				
4	Input info here	Input info here	Choose an item.	Choose an item.				
5	Input info here	Input info here	Choose an item.	Choose an item.				

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Not Adopted	Input info here	Input info here					
2	Input info here	Input info here						
3	Input info here	Input info here						
4	Input info here	Input info here						
5	Input info here	Input info here						

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	: Applied
Explanation on application of the practice	<p>During FY2021, the AC comprised of three (3) members, all of whom were INEDs. They were:</p> <p>Chairman</p> <ol style="list-style-type: none">1. The late Puan Noraini Binti Che Dan (INED) <i>(from 1 January 2021 to 26 August 2021)</i>.2. Dato' Zuraidah Binti Atan (INED) <i>(from 17 November 2021 to 31 December 2021)</i> <p>Members</p> <ol style="list-style-type: none">1. Mr Philip Tan Puay Koon (INED).2. Dato' Zuraidah Binti Atan (INED) <i>(redesignated as Chairman of AC on 17 November 2021)</i>.3. Dato' Merina Binti Abu Tahir <i>(appointed on 17 November 2021)</i>. <p>The AC assists the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.</p> <p>In presenting the annual audited financial statements and quarterly announcement of results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The AC assists the Board by reviewing the information to be disclosed, to ensure completeness, accuracy and adequacy prior to release to Bursa Securities and the Securities Commission.</p> <p>The Directors are required by the Act to prepare financial statements for each financial year which have been made out in accordance with the provisions of the Act and applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial period and of the results and cash flows of the Group and of the Company for the financial period.</p> <p>The Directors are satisfied that in preparing the financial statements of the Group and of the Company for FY2021, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.</p> <p>The Statement of Directors' Responsibility is also enclosed on page 340 of the Integrated Report 2021.</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 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company's External Auditors Policy required 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 AC. This requirement has been adopted by the Board since 17 August 2017. With the amendment to the MCCG, the Company's External Auditors Policy was updated on 25 May 2021 to require a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.</p> <p>Even prior to that, the AC did not comprise former key audit partner of the Company's External Auditors.</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 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The external auditors play an important role in ensuring the reliability of the Company's financial statements and providing the assurance of accuracy to shareholders. The Board via the AC maintains a formal and transparent professional relationship with the Group's external auditors. The role of the AC in relation to the auditors is described in the AC Report set out on pages 185 and 186 of the Integrated Report 2021.</p> <p>The Company has in place a policy to assess the suitability and independence of external auditors. A performance review of the external auditors will be conducted annually by the AC. There are specific non-audit services set out in the policy that are prohibited from being performed by the external auditors unless the AC's approval is obtained.</p> <p>The suitability and independence of the external auditors are assessed from different dimensions which are provided in the policy inter alia limitation to the number of years for lead engagement partner and other key audit partners, level of non-audit services provided by the external auditors and its affiliated companies to the Group and the appropriateness of the level of fees, issues that have occurred or could potentially occur during the financial year that would affect the independence of the external auditors and employment of key audit partners and senior audit staff formerly employed with the external auditors. The policy also prescribes that former key audit partner shall observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.</p> <p>The external auditors shall provide a written assurance to the AC confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>For further information on the activities carried out by the AC during FY2021 and internal audit function of the Group, please refer to the AC Report from pages 184 to 187 of the Integrated Report 2021.</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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	Since 15 May 2018, the AC comprises three (3) members of whom all are INEDs.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC comprised of members with diverse qualification, expertise and experience ranging from accounting, finance, risk management, banking, treasury and legal. The Board was satisfied with the mix of skills of the AC as a whole to effectively discharge its duties and responsibilities.</p> <p>The review of the AC's performance was also conducted as part of the BEE. The AC has performed its functions in accordance with the TOR during the period under review.</p> <p>Details of the trainings attended by the AC Members are set out under Practice 1.2 above.</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 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board maintains a sound risk management framework and system of internal control to safeguard shareholders' investment and the Group's assets. A management level Management Risk Team under the purview of the President and CEO spearheads risk management activities to assist the RMC in ensuring adequate risk management controls are in place in the Group.</p> <p>The RMC assists the Board in overseeing the risk management process within S P Setia Group, leading the Group's strategic direction in the management of the Group's business risks, establishing and implementing a risk management framework and reviewing the effectiveness of the risk management framework.</p> <p>The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is set out from pages 195 to 204 of the Integrated Report 2021.</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 10.2

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	:	Please refer to the Statement of Risk Management and Internal Control from pages 195 to 204 of the Integrated Report 2021.	
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 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has established the RMC which comprised of majority INEDs. During FY2021, the RMC comprised of the following members:</p> <ol style="list-style-type: none">1. Dato' Ahmad Pardas Bin Senin (Senior INED) - Chairman;2. Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob (INED) - Member;3. Dato' Halipah Binti Esa (INED) - Member; and4. Tengku Dato' Ab. Aziz Bin Tengku Mahmud (Non-INED) - 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 11.1

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 Group Internal Audit (“GIA”) is an in-house function and it is an independent, effective and integral part of the assurance framework.</p> <p>At each of the quarterly AC Meetings held in FY2021, the AC received the internal audit reports from GIA which also served as a platform for an on-going performance review of the internal audit function so as to ensure that they were effective and independent in the discharge of their duties and responsibilities in providing independent assessment of the internal controls of S P Setia Group.</p> <p>Apart from that, the AC performs annual review on the performance of the Chief Internal Auditor (“CIA”) and internal audit department personnel, the adequacy of the scope of work, function, ability to access information, budget and sufficiency of resources of the department to ensure that their responsibilities are effectively discharged.</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 11.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	<p>GIA's principal responsibility is to provide an independent, risk-based and objective assurance to add value and improve the efficiency and effectiveness of the Group's operations. It helps the Group accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance process. GIA reports directly to the AC.</p> <p>During FY2021, GIA, led by its CIA, Mok Kha Wai, who is a Chartered Accountant of the Malaysian Institute of Accountants was responsible for the internal audit department. The CIA oversees all fourteen (14) internal audit personnel in the department, all of which are free from any relationship or conflicts of interest, which could impair their objectivity and independence.</p> <p>GIA is a corporate member of the Institute of Internal Auditors Malaysia and adopts the International Professional Practices Framework which sets out the purpose, function, scope and responsibilities of the internal audit function and how to maintain its independence. Activities are carried out based on a risk-based annual audit plan approved by the AC.</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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Corporate Disclosure Policy</p> <p>The Company is committed to ensuring that all information such as corporate announcements, circulars to shareholders and financial results are disseminated to the general public in a timely and accurate manner.</p> <p>The Company's quarterly interim and full year audited financial results are released within two (2) months from the end of each quarter/financial year and the Integrated Report, which remains a key channel of communication, is published within four (4) months after the financial year-end. The Integrated Report is not merely a factual statement of financial information and performance of the Group; it provides an insightful interpretation of the Group's performance, operations, and other matters affecting shareholders' interest. It is hoped that such insights will allow shareholders and investors to make more informed investment decisions based not only on past performance but also the future direction of the Group.</p> <p>Leverage on Information Technology for Effective Dissemination of Information</p> <p>The Group maintains a website at www.spsetia.com which serves as a forum for the general public to access information on the latest developments. Corporate presentations, annual reports, corporate announcements and financial information utilised during analyst and fund manager briefings are also available on the Group's website.</p> <p>Strategies that Promote Sustainability</p> <p>S P Setia is committed to incorporating corporate responsibility practices into our business activities. Sustainability is embedded in the organisation's mission, vision and values and is manifested in our products.</p> <p>The Sustainability Statement is set out from pages 98 to 149 of the Integrated Report 2021 and explains the Group's practices and activities carried out during FY2021.</p>

	<p>Effective communication and proactive engagement</p> <p>The Company values the importance of having effective communication with its shareholders and investors.</p> <p>Information disseminated is clear, relevant and comprehensive, and is timely and readily accessible by all stakeholders. Effective communication channels with the Company’s shareholders, stakeholders and the public are maintained through the dissemination of press releases, press conferences, timely announcements and disclosures made to Bursa Securities.</p> <p>The Company’s Investor Relations Department plays an important role in providing ongoing updates on the Group’s development activities and conducting regular dialogues and discussions with fund managers, financial analysts, shareholders and media. These meetings provide a vital avenue and direct channel of communication where financial analysts and institutional fund managers can gain a better understanding of the businesses and direction of the Group; enter into constructive dialogues and discussions based on the mutual understanding of objectives; and where relevant feedback is factored into the Company’s business decisions. Media are also invited to attend the Company’s major events and property launches where briefings are given on the relevant projects. Currently, the Company is covered by 16 local and foreign research houses and brokerages. The Company will continue to participate in investor conferences/roadshows locally and abroad.</p> <p>A press conference is usually held after each AGM. However in 2021, the Company did not hold a press conference after the conclusion of the 46th AGM in an effort to curb the spread of Novel Coronavirus Disease.</p> <p>For engagement with stakeholders during FY2021, please refer to pages 188 to 193 of the Integrated Report 2021.</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 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has adopted integrated reporting based on a globally recognised framework for FY2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	Shareholders were given notice of 28 days in respect of the 46th AGM of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	All Directors, including the Chair of the Board Committees, attended the 46th AGM held on 22 April 2021 either physically at the Broadcast Venue or via Remote Participation and Voting Facilities (“RPV”).	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	: Applied
Explanation on application of the practice	<p>Encourage shareholder participation at general meetings</p> <p>The Company's AGM and EGM remain the principal forum for dialogue and communication with shareholders, in particular private investors. Shareholders are encouraged to attend each AGM and EGM and given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group, and communicate their expectations and possible concerns. Presentations will also be given by the President and CEO to brief shareholders on project updates or proposals for which the approval of shareholders is being sought. All Board members, Senior Management and the Group's external auditors as well as the Company's adviser are available to respond to shareholders' questions during the AGM/EGM as the case may be.</p> <p>The Integrated Report 2020, together with the Notice of 46th AGM, was published on 24 March 2021 in accordance with the Company's Constitution and Listing Requirements. Where necessary, explanatory notes were provided in the notice with the objective of providing shareholders with the relevant background information pertaining to the resolutions tabled for approval.</p> <p>The Company's 46th AGM was conducted entirely through live streaming from the Broadcast Venue on 22 April 2021 as part of the Company's effort to curb the spread of Novel Coronavirus Disease. Only shareholders whose names appeared in the Record of Depositors as at the date determined by the Company in accordance with the Company's Constitution were entitled to attend, speak and vote (collectively referred to as "participate") at the 46th AGM. Shareholders who were unable to participate were entitled to appoint proxy(ies) to participate at the 46th AGM.</p> <p>The shareholders' participation whether in person or by proxy(ies) at the 46th AGM via the RPV arranged by the Company was satisfactory as they represented a significant percentage of the Company's issued ordinary share capital, as follows:</p>

	General Meetings	Percentage of Ordinary Share Capital represented by Shareholders
	46th AGM held on 22 April 2021	87.55%
	<p>Participation at the 46th AGM was strictly based on registration via the RPV only and the qualification of the shareholders and proxies was verified against the Record of Depositors by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd. Shareholders were provided with the Administrative Guide to guide the process of registration, participation and voting. All user IDs were password protected.</p> <p>Tricor Malaysia has implemented an IT policy and Information Security policy, endpoint controls, data classification for cyber hygiene practices of the staff. In addition to this, the TIH Online is hosted in a secure cloud platform and the data center is certified by ISO27001.</p> <p>Poll Voting</p> <p>In compliance Paragraph 8.29A of the Listing Requirements, the resolutions set out in the Notice of 46th AGM dated 24 March 2021 were voted on a poll via the RPV for greater efficiency of the process and accuracy of the results. Prior to the voting process, Tricor Investor & Issuing House Services Sdn Bhd, being the poll administrator briefed the shareholders and proxies present on the electronic voting process via RPV.</p> <p>Upon completion of the electronic voting process, the votes were validated by an independent scrutineer prior to the announcement of the poll results by the Chairman of the meeting.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Chairman, President and CEO and Audit Committee Chairman were present at the Broadcast Venue while all the other Directors, Senior Management and External Auditors of the Company participated at the 46th AGM via the RPV. At the commencement of the 46th AGM, the Chairman briefed the members, corporate representatives and proxies who were present of their rights to speak and vote at the meeting. Shareholders were encouraged to raise any queries they had to the Board by way of submission via the RPV.</p> <p>During the 46th AGM, the President and CEO presented the overall financial performance of the Group for FY2020, prospects and also strategies of the Group for the FY2021. All the written questions submitted by the shareholders prior to the 46th AGM and during the proceedings of the meeting were read out and were duly responded to. The questions raised by Minority Shareholder Watchdog Group received prior to the meeting and the Company's responses were presented to all the shareholders during the proceeding of the meeting. The questions and answers were also attached to the Minutes of the 46th AGM which are available on the Company's website.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The 46th AGM was successfully conducted by way of live streaming from the Broadcast Venue on 22 April 2021 without any disruption. The Company has considered stability and capacity of meeting platform and ensured that there was dedicated and sufficient internet bandwidth to support smooth live streaming and participation by Directors, shareholders and proxies remotely. The Company also worked with its share registrar, Tricor Investor & Issuing House Services Sdn Bhd, to ensure that there was adequate back-up plan to mitigate risk of inability to access the meeting platform which was hosted on TIIH Online website at https://tiih.online.</p> <p>During the proceedings of the 46th AGM, participants were given opportunity to pose questions in the form of typed texts on https://tiih.online. Questions received prior to meeting were shared with all participants during the Q&A session. The Management also attended to the live questions received during the meeting proceedings.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: Minutes of the 46th AGM held on 22 April 2021 were published on the Company's website on 17 May 2021.
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	:

**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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