

# CHAIRMAN'S STATEMENT

**DATO' NOORAZMAN  
ABD AZIZ**  
Chairman



I am pleased to report on UEM Sunrise's recovery in 2022, following two challenging years in the wake of the pandemic. The Group has regained its momentum and returned to profitability, demonstrating our resilience and unwavering determination to rise above the uncertainty of the market environment and support the nation in rebuilding the economy.

Our strong performance is a direct result of the successful implementation of the first phase of the Company's three-phase strategic turnaround plan, consisting of **Triage** (2022-2023), **Stabilise** (2024-2025) and **Sustain** (2026 and beyond). **Triage** involves taking strategic steps to strengthen our foundations, focusing on improvements in key areas needing immediate attention. This made us more agile and better equipped to respond to the ever-changing market demands, enabling us to emerge stronger than before.

The Group's steadfast commitment to excellence has helped us navigate the current challenges with confidence. We are on track to achieve our goals and plan to execute the next two phases of our turnaround plan: **Stabilise**, which seeks to transform our people, processes, and portfolio, and **Sustain**, which aims to diversify our income stream for sustained value. At the same time, we will continue to leverage the momentum built during **Triage** to position UEM Sunrise for long-term, sustainable growth.

## REVIEW OF THE YEAR

The property market in 2022 was active and generally positive following the re-opening of the economy at the end of 2021 and international borders in April 2022. More than 389,000 transactions worth RM179.1 billion

were recorded in 2022, an increase of 29.5% in volume and 23.6% in value, respectively, compared to 2021. This was supported by a healthy gross domestic product (GDP) growth of 8.7% in 2022 compared to 3.1% in the same period in 2021. Despite the Home Ownership Campaign not being extended into 2022 and a 100-basis point increase in the Overnight Policy Rate (OPR) by Bank Negara Malaysia, the property market activity remained vibrant. The residential sector steered the performance of the overall property market. This could be attributed to the release of pent-up demand over the pandemic period and attractive deals available in the market.

However, the year also presented its fair share of challenges. Disruptions in the global logistics and supply chain and shortages of raw materials, resulted in higher material costs and labour shortages, particularly in the construction sector. This impacted progress and led to delays. The rise in inflation rates have diminished individuals' purchasing power.

Despite these challenges, UEM Sunrise remained resilient and evolved to meet the changing market demands. We use adversity as an opportunity to learn and evolve. For example, in response to the impact of COVID-19 on global wellness and the economy, UEM Sunrise introduced features in our products that support individual well-being. This includes the disinfection and sanitisation of zones at the entrance of each unit and the introduction of dedicated parcel and food collection areas that eliminate physical contact during delivery. As the work-from-home (WFH) trend continues, we have also provided co-working spaces in most of our stratified developments, ensuring that residents have access to a conducive working environment within close proximity to their homes.

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### STRONG GOVERNANCE

As part of our **Triage** focus on strengthening fundamentals, we have reinforced the importance of good corporate governance. Our Board of Directors has taken decisive steps to ensure the integrity of our decision-making process and promote responsible practices that align with the interests of our stakeholders.

The challenges of the pandemic have made it clear that robust governance practices are more critical than ever. By implementing these practices, we are not only better positioned to navigate difficult times and manage risks, we are also creating long-term value for our stakeholders.

We remain committed to achieving high standards of governance as we continue to demonstrate our ethics and integrity in upholding the trust in UEM Sunrise for the benefit of the Group's investors and stakeholders. We deliberate our risk management review on a quarterly basis, especially on issues relating to land matters and development plans. We also reviewed the Board Charter in March 2022, after taking into account the findings from the previous year's Board and Directors Effectiveness Evaluation and further aligned the charter with the Malaysian Code on Corporate Governance

(MCCG) and the Listing Requirements in relation to Directors' appointment effective 1 July 2022 requiring the Company to establish a Fit & Proper Policy. The policy was disclosed on the Company's website in March 2022. We place high importance on cybersecurity, having adopted digitalisation throughout the organisation. The matter is updated on a quarterly basis to our Board Governance & Risk Committee (BGRC). We have also made enhancements on our processes and structures in terms of our authority limits to ensure effective operation in line with organisational changes and business needs. Together, the Board and Management are dedicated to pursuing good corporate governance and strengthening our governance processes.

As the Chairman of UEM Sunrise, I was proud to lead the pledge alongside the Chairman of the BGRC and our Chief Executive Officer, Sufian Abdullah. The Deputy Director of Operations, Malaysian Anti-Corruption Commission (MACC) Kuala Lumpur, also witnessed the ceremony. This marks our 3<sup>rd</sup> pledge since we initiated this in 2019, and we remain fully committed to maintaining a zero-tolerance policy against all forms of corruption.

## INTEGRATING SUSTAINABILITY INTO OUR CORE

At UEM Sunrise, we recognise our responsibility as a leading property developer to embed sustainability in all our business practices. As society faces the sustainability challenges of our time, including climate change, biodiversity, rising inequalities, and corruption, we are committed to establishing strong governance to oversee our responsibility towards sustainability. We have tasked the BGRC to ensure that the sustainability plan is in alignment with our business strategy, especially since Environmental, Social and Governance (ESG) matters have become the central focus for stakeholders.

We have established robust processes and systems that focus on embedding sustainability initiatives and targets throughout our operations. Our Sustainability Blueprint aligns with Liveability, Affordability, Sustainability and Resilience. The framework guides our journey towards creating a low-carbon future by 2030, in line with the Malaysian Government’s aspiration to achieve Carbon Neutrality by 2050. Among the guiding principles of the blueprint is to mitigate sustainability risks such as climate

change as well as financial and health crises across our business conduct, product design, project development, talent management, and engagements with the community and broader society.

In order for the Board to have a continuous understanding on sustainability, we took part in a workshop called “From Net Zero to Net Positive 2060 and Key Drivers for Climate Change Related Financial Disclosures” in November 2022.

We applaud Bursa Malaysia’s latest efforts to enhance sustainability reporting requirements as it introduced the enhanced Sustainability Reporting Framework (SRF) in September 2022. We have taken the liberty to initiate a few of the compliance requirements and explore our position with regard to the Taskforce on Climate-Related Financial Disclosures (TCFD). We have also conducted an in-depth materiality assessment to capture stakeholders’ concerns, which helps shape our sustainability decisions and enables the effective delivery of our Sustainability Blueprint.



*Working alongside SIREH Park is among our primary efforts to promote green initiatives and biodiversity conservation in the area*

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We are also strong advocates for social inclusion in driving best practices. To raise awareness of biodiversity to our communities and customers, we initiated a community engagement that showcased works by local artists, named "K'Artulistiwa". This initiative served the dual purpose of spreading awareness on environmental and animal conservation, as well as preserving cultural heritage. In line with our commitment to conservation, we hosted the "Send Happy Tiger Home Safely" event on International Tiger Day and managed to raise funds for the Malaysian Conservation Alliance for Tigers.

We strive to provide safe working conditions for our employees, as demonstrated in UEM Sunrise's Wellness Programme 2022. This programme enables our employees to monitor their health via digital health coaching whilst receiving support from a multidisciplinary team of professional coaches and counsellors. We also promoted mental health wellness with our Mental Wellness Campaign, as we understand that our employees' mental well-being is as important as their physical.

University of Nottingham Malaysia and UEM Sunrise have partnered to offer micro-credentials that promote operational excellence that emphasise sustainability within their modules. This collaboration aims to provide valuable insights and constructive feedback from industry experts, enabling the creation of effective and relevant learning programmes that address the evolving needs of the workforce. By integrating sustainability into these micro-credentials, students will develop a deeper understanding of the importance of sustainable practices in modern business operations, leading to a more environmentally conscious and socially responsible workforce.

We are proud to report that our sustainability efforts have yielded positive results. Our overall FTSE4Good score improved to 3.5 in December 2022 from 3.0 in December 2021. The governance pillar achieved a maximum score of 5.0. We also maintained the ESG highest Grading Band of 4 in the FTSE Russell ESG Grading Band. These achievements allowed us to remain in the FTSE4Good Bursa Malaysia Index as well as the FTSE4Good Bursa Malaysia Shariah Index. We have been a constituent of the former since its inception in 2014. We were also conferred with the Minority Shareholders Watch Group (MSWG) ASEAN Corporate Governance Award 2021 for the Property sector category (received in 2022) and The Edge Malaysia ESG Awards for the Property & Real Estate



The MINH, Mont'Kiara

Investment Trusts (REIT) category in 2022 (Silver). These accomplishments reflect our commitment to sustainable business practices and our ability to deliver durable and sustainable value while maintaining the confidence of our stakeholders.

### REWARDING SHAREHOLDERS

I am delighted to announce that we will be paying dividends to our shareholders this year for their unwavering support towards UEM Sunrise. This payout is a mark of gratitude towards our shareholders, who have been our steadfast companions on this journey of growth and success. Their unwavering support has been invaluable, and we are immensely thankful for their continued trust and confidence in our Company.

We have declared a single-tier tax exempt dividend of 0.5 sen per share for the financial year that ended on 31 December 2022. This decision aligns with our Company's dividend policy, and the proposed dividend will be paid in May 2023.

This payout is also a reflection of the successful execution of our strategic initiatives. We have worked



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tirelessly to steer our Company towards growth, and this dividend payout is a tangible result of our efforts.

In acknowledging the crucial role that our shareholders have played in our success, this is our way of saying thank you.

## OUTLOOK

Despite the global challenges of high inflation and interest rates, the Malaysian economy is expected to experience moderate growth of between 4% to 5% in 2023. This is primarily due to the Malaysian Government's renewed focus on economic growth and its target to reduce income inequality through the revised expansionary Budget 2023, which is the largest budget in the nation's history, at RM388.1 billion.

However, we acknowledge that the current market landscape is fraught with uncertainties, including ongoing supply chain disruptions, labour shortages for selected industries and sectors, and tighter monetary policies. Amidst these challenges, we remain optimistic on UEM Sunrise's potential and believe that our transformation strategy will help us achieve our goal of becoming a well-rounded real estate player.

We are confident that our efforts to transform our people, processes, and portfolio will pave the way for a sustainable long term growth for UEM Sunrise. As we continue to navigate the volatile market conditions, we remain committed to executing our strategy and delivering value to our stakeholders.

## ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my sincere gratitude to all our stakeholders, who have been instrumental in UEM Sunrise's success thus far.

To our management team, I would like to acknowledge your unwavering commitment and dedication to driving the Company forward, even during these challenging times.

To our employees, thank you for your hard work and dedication, which have been crucial in our recovery this year. Your efforts are greatly appreciated.

To our customers, we are grateful for your trust and confidence in UEM Sunrise. We remain committed to delivering innovative and sustainable developments that cater to your evolving needs.

Lastly, to our other stakeholders, including our partners, shareholders, and the communities in which we operate in, thank you for your continued support and collaboration.

Moving forward, we will continue to build on our strengths and strive towards our vision of becoming a balanced real estate player. Our commitment to building sustainable communities remains unwavering, and we are confident in our ability to navigate the challenges ahead. Together, we will continue Building Communities for the Future.

### **Dato' Noorazman Abd Aziz**

Chairman