

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6599
COMPANY NAME : AEON
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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible in setting the strategic directions and oversee the overall corporate strategies, key policies, management and financial matters of the Company. The Board also ensures the Company and its businesses are managed in compliance with relevant regulatory requirements, standards, policies and guidelines applicable to the Company.</p> <p>The Board delegates the implementation of its strategies to the Company's Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company, and to ensure resources are in place for the Company to meet its objectives as well as strategies are aligned to the interests of shareholders and other stakeholders.</p> <p>The Board provides oversight on matters delegated to the Management. The Company adopts a Financial Authority Approving Limit ("FAAL") approved by the Board which the Management has to adhere to in carrying out its day-to-day operations.</p> <p>The Board meets at least four (4) times a year, at quarterly intervals, to review the performance, strategies and operations of the Company, with additional meetings to be convened as and when necessary.</p> <p>The roles and responsibilities of the Board and matters reserved for the Board are clearly defined in the Board Charter.</p> <p>While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide it with recommendations and advices:</p> <ul style="list-style-type: none">• Nomination and Remuneration Committee; and• Audit and Risk Management Committee

	<p>The Board Committees' roles and responsibilities in discharging its functions are set out in the Terms of Reference of each Committees.</p> <p>The Board provides leadership within a framework of prudent and effective controls which enable risk to be appropriately assessed and managed. The Board sets the Company's values and standards and believes that effective corporate governance is based on honesty, integrity and transparency.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman is responsible for instilling leadership, effectiveness, conducts and governance practice of the Company.</p> <p>Datuk Iskandar bin Sarudin is the Independent Non-Executive Chairman of the Board. He provides strong leadership and is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. He also actively seeks opinions of the Board members and allow dissenting view to be freely expressed during the Board Meetings.</p> <p>The roles and responsibilities of the Chairman of the Board is specified in the Company's Board Charter, which is available online on the Company's website at https://aeongroupmalaysia.com.</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>The roles of the Chairman and the Managing Director/CEO ("MD/CEO") are distinct and separate to engender accountability and facilitate clear division of responsibilities to ensure that there is a balance of power and authority in the Company. The Chairman, Datuk Iskandar bin Sarudin, provides strong leadership to the Board in its cohesive oversight of Management whilst the MD/CEO, Encik Shafie bin Shamsuddin, is responsible for the running of the Company's operations and implementation of Board's policies and decisions.</p> <p>The respective roles and responsibilities of the Chairman and the MD/CEO are clearly articulated in the Board Charter, which is available on the Company's website at https://aeongroupmalaysia.com.</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	: Applied
Explanation on application of the practice	: The Chairman of the Board, Datuk Iskandar bin Sarudin, was the Chairman of the Nomination Committee and Remuneration Committee until 19 May 2021. Datuk Iskandar bin Sarudin had resigned as Chairman of the Nomination Committee and Remuneration Committee on 19 May 2021 and was replaced by Dato' Tunku Putra Badlishah Ibni Tunku Annuar, an Independent and Non-Executive Director. The Nomination Committee and Remuneration Committee are combined with effect from 19 May 2021 to be known as Nomination and Remuneration Committee ("NRC") with Dato' Tunku Putra Badlishah Ibni Tunku Annuar being appointed as the NRC's Chairman. Upon the resignation of Datuk Iskandar bin Sarudin as Chairman of the Nomination Committee and Remuneration Committee, he had not participated in any of NRC's meetings. Besides that, the NRC consists of all Independent and Non-Executive Directors. This allows the NRC to deliberate on matters and put forth its recommendations to the Board independently.
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 1.5

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 Secretaries, Ms Tai Yit Chan and Ms Tan Ai Ning, both from Boardroom Corporate Services Sdn. Bhd, are fellow members of MAICSA and have more than 20 years of experience as Company Secretaries.</p> <p>The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are professionally qualified, experienced and knowledgeable on new or revised regulatory requirements as well as corporate governance best practice. In this respect, the Company Secretaries play an advisory role to the Board, particularly with regards to the Company's Memorandum and Articles of Association, Board policies and procedures, and its compliance with regulatory requirements as well as adoption of corporate governance best practices. The roles and responsibilities of the Company Secretary are specified in the Board Charter, which is available on the Company's website at https://aeongroupmalaysia.com.</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 1.6

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>Directors are furnished with the agenda of meetings together with a due notice, Board or Board Committees papers and reports at least five (5) business days prior to the Board and Board Committees meetings. This is to allow Directors with sufficient time to review and to facilitate a full and effective discussions during the meeting. Exceptions may be made for certain ad hoc or urgent instances when Directors unanimously consent to short notice.</p> <p>All Board Committee meetings are held separately from the main Board meeting, which enable objective and independent discussion during the meeting. The Chairman of the Board Committee will then report significant matters discussed during the Board Committee meetings to the Board during the main Board meeting.</p> <p>The Board or Board Committees papers are prepared by the Management to provide accurate and quality information or updates on financial, operational and legal related matters that enable informed decision making to be performed smoothly at the meeting.</p> <p>Upon conclusion of the meeting, the minutes of meeting are circulated in a timely manner to all Directors to allow Directors to review and make corrections to the minutes. This is to ensure that the minutes of meeting prepared by the Company Secretaries accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.</p> <p>Any matters arising from the meeting including suggestion and request by the Board and Board Committee's members are communicated to the Management. In subsequent meetings, the Board and Board Committee will follow up on any matters arising until the resolution of the matter.</p> <p>Besides direct access to the Management, the Directors, either as a group or individually, may upon obtaining prior Board's approval, seek independent advice, where necessary, at the Company's expenses on any matters in relation to the discharge of their duties.</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>The Board has adopted a Board Charter which clearly sets out the roles, functions, composition and operation of the Board, having regard to the principles of good corporate governance and requirements of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).</p> <p>The Board Charter further defines matters that are reserved for the Board as well as the roles and responsibilities of the Chairman and the MD/CEO. Key matters, among others, reserved for the Board includes:-</p> <ul style="list-style-type: none">• Approval of corporate strategic plans and capital budgets,• Approval of material acquisitions and disposals of undertakings and properties,• Review and approve quarterly and annual financial statements• Monitoring of operating performance, and• Review and approve Financial Authority Approving Limit (“FAAL”) <p>Encik Abdul Rahim bin Abdul Hamid is the Senior Independent Non-Executive Director to whom concerns on matters relating to corporate governance of the Company can be conveyed.</p> <p>The Board Charter will be regularly reviewed and updated in line with the needs of the Company and any new / revised regulations that may have an impact on the discharge of the Board's duties. The Board Charter is available on the Company's website at https://aeongroupmalaysia.com.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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	:	AEON Code of Conduct ("ACOC") which was established by AEON Co., Ltd. in Japan has been adopted by the Board to support the Company's objectives, vision and values. The basic principles have been carried out by having appropriate regard to the interests of the Company's customers, shareholders, people, business partners and the broader community in which the Company operates. All employees are briefed and provided with a copy of the ACOC on the commencement of their employment. All the employees will attend a refresher seminar on the ACOC annually. The employees are being constantly made aware of the principles of AEON COC through citation in staff assemblies. The ACOC is available on the Company's website at https://aeongroupmalaysia.com .
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 established a Whistleblowing Policy and Procedures that was reviewed and approved by the Board on 20 May 2020.</p> <p>The Company is committed to the highest standard of integrity, openness and accountability in the conduct of its business and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner. Recognising these values, the Company provides avenue for all employees and members of the public to disclose any improper conduct or irregularities within the Company, such as conflicts of interest, abuse of power, corruption, insider trading and money laundering, with assurance that they will be protected from possible reprisals or victimisation.</p> <p>The Whistleblowing Policy and Procedures is available on the Company's website at https://aeongroupmalaysia.com.</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 Company has adopted a multifaceted approach towards sustainability by aligning itself with 9 out of 17 United Nations Sustainable Development Goals, which have been aligned to AEON Basic Principles that focus on three key thrusts of Peach, People and Community with CUSTOMER as the central core. Its sustainability strategy is codified in the AEON's Strategy Playbook 2021-2025 which covers sustainability by future proofing the business.</p> <p>In the financial year 2020, the Sustainability Steering Committee ("SSC") was established to oversee development of the Company's sustainable strategy and to create stronger leadership and participation from senior management or the AEON Leadership Council. The SSC is chaired by the MD/CEO and is supported by the Sustainability Working Committee ("SWC") whose role is to review, deliberate and implement strategies to drive sustainability throughout the Company as well as monitor its progress.</p> <p>The Company is in the midst of establishing its Sustainability Policy and Procedures as part of its continuous effort to ensure good corporate governance practice.</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 4.2

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	:	Applied	
Explanation on application of the practice	:	<p>Sustainability strategies, priorities and targets have been incorporated into the strategic plan of the Company and is communicated to the employees. The employees are made aware that sustainability will be the value driver of the Company and forms part of the Company’s business model.</p> <p>The detailed narrative as well as specific disclosures on strategies, priorities and achievements on how the company has continued to make progress on its journey of sustainability are communicated to external stakeholders through its Sustainability Statement, which are set out on pages 39 -71 of the Annual Report.</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 4.3

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>The Board is updated by the Management on the sustainability issues relevant to the Company and the sustainability effort undertaken by the Company, which are determined based on the Environmental, Social, and Corporate Governance criteria.</p> <p>Energy consumption is an environmental issue that the retail industry is facing due to the high consumption of electricity and water by a retail store. In order to improve energy efficiency and reduce utilities cost, the Board had approved the Solar Power Purchase Agreement between the Company and Malakoff Radiance Sdn Bhd to install solar photovoltaic generating facility (“Facility”) at its shopping malls in phases in order to partly fulfil the electricity needs of its shopping centres using renewable source. The Board had approved the said installation to promote the Company’s energy saving initiatives in delivering a greener future. The Board also approved investment in sustainability features by the Company such as installation of charging station for electric vehicle and waste recycling during the renovation of its shopping centre.</p> <p>The Board also understands the importance of the Company in playing its role in the community and fulfilling its corporate social responsibility. The Board was continuously updated by the Management on the AEON Sayap Bagimu campaign launched by the Company, which had contributed positively to the surrounding community and the people in need. Under the campaign, the Company had provided 2,000 tablets to underprivileged students and contributed part of its sales to people in need. For more information about AEON Sayap Bagimu initiatives, please refer to page 63 of the Annual Report.</p> <p>As an effort to promote a corruption free environment in the Company, the Managing Director/CEO of the Company had led a company wide corruption free pledge, which is witnessed by the Deputy Commissioner of the Malaysian Anti-Corruption Commission. For more information about AEON’s other efforts to promote better governance, please refer to page 50 of the Annual Report.</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 4.4

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	:	The performance evaluation of the Board has addressed the Company's sustainability risk which is part of the Board Effectiveness Evaluation for the financial year 2021. Within the evaluation, the Board has also assessed MD/CEO on overall sustainability management in meeting the Company's sustainability targets.	
		However, the KPIs of Senior Management's performance in addressing the Company's material sustainability risks and opportunities has not been incorporated in the annual performance evaluation.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will take necessary steps to improve the evaluation structure to consider senior management performance relating to addressing the Company's material sustainability risks and opportunities.	
Timeframe	:	Within 1 year	

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.

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 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 Nomination and Remuneration Committee ("NRC") had reviewed and evaluated the effectiveness of the Board as a whole based on the summary of results from the evaluation completed by the Directors and was satisfied that the Directors have discharged their responsibilities in a commendable manner. The NRC was also of the view that all the Directors have contributed to robust deliberation and decision making during the Board and Board Committees meetings. The NRC had proposed for the re-election of all the Directors to the Board for the shareholders' approval at the 36th Annual General Meeting of the Company.</p> <p>During the financial year under review, KPMG Management and Risk Consulting Sdn Bhd had been engaged as an independent expert to assist with the Company's Board Effectiveness Evaluation ("BEE") for 2021.</p> <p>The NRC has reviewed, and the Board has recommended the re-election of all Directors and retentions of Datuk Syed Ahmad Helmi Syed Ahmad and Dato' Tunku Putra Badlishah Ibni Tuanku Annuar who has served the Board for more than nine (9) years and Encik Abdul Rahim Abdul Hamid who will serve the Board for more than nine (9) years from 16 August 2022 as Independent Non-Executive Directors for the shareholders' approval at the forthcoming 37th Annual General Meeting, based on the BEE which was carried out by KPMG Management and Risk Consulting Sdn Bhd in February 2022.</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 5.2

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	:	The Board consist of eight (8) members, out of which four (4) are Independent Non-Executive Directors (“INEDs”), which constitute half of the Board. All the INEDs have satisfied the independence criteria as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The INEDs are able to demonstrate their independent judgement and objectivity during the decision-making process of the Board and acts for the best interest of the Company and its stakeholders.	
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 5.3

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	:	Applied
Explanation on application of the practice	:	During the financial year under review, none of the independent director exceeds a cumulative term limit of nine years. Based on the Board Charter, the term of a Director shall not exceed a cumulative term limit of nine (9) years. However, upon completion of the nine (9) years, the Board may, with a view to add long-term value and in recognition of the Director's contribution to the Company, invite the Director to continue to serve on the Board. If the Company intends to retain an Independent Director of more than nine (9) years but less than twelve (12) years, the Company will seek annual shareholders' approval at the Annual General Meeting. The Board Charter is available on the Company's website at https://aeongroupmalaysia.com .
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.

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 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>The Board has adopted a formal policy on diversity of the Company by taking into consideration a range of different skills, age, gender, ethnicity, backgrounds and experiences (including international experience) represented among its Directors, Senior Management, officers and staff as the Board is aware that it is important in ensuring robust decision-making processes with a diversified viewpoints and the effective governance of the Company. The Diversity Policy is available on the Company's website at https://aeongroupmalaysia.com.</p> <p>The Company has restricted any person who is or becomes an active politician to be appointed, re-appointed, elected or re-elected as a Director on the Board or continue to serve as a Director. A person is considered an "active politician" if he is a Member of Parliament, State Assemblyman or holds a position at the Supreme Council or division level in a political party.</p> <p>As of 31 March 2022, the diversity composition for AEON are as follows:</p> <table border="1"> <thead> <tr> <th colspan="2"></th> <th colspan="4">Race / Ethnicity</th> <th colspan="2">Nationality</th> </tr> <tr> <th>No of Directors</th> <th></th> <th>Bumiputera</th> <th>Chinese</th> <th>Indian</th> <th>Others</th> <th>Malaysian</th> <th>Foreigner</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>4</td> <td>1</td> <td>0</td> <td>3</td> <td>5</td> <td>3</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="2"></th> <th colspan="4">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>No of Directors</th> <th></th> <th>40 - 49</th> <th>40 - 59</th> <th>60 - 69</th> <th>70 - 79</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>0</td> <td>4</td> <td>2</td> <td>2</td> <td>7</td> <td>1</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="2"></th> <th colspan="4">Race / Ethnicity</th> <th colspan="2">Nationality</th> </tr> <tr> <th>No of Aeon Leadership Council</th> <th></th> <th>Bumiputera</th> <th>Chinese</th> <th>Indian</th> <th>Others</th> <th>Malaysian</th> <th>Foreigner</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>2</td> <td>3</td> <td>0</td> <td>5</td> <td>4</td> <td>5</td> </tr> </tbody> </table>			Race / Ethnicity				Nationality		No of Directors		Bumiputera	Chinese	Indian	Others	Malaysian	Foreigner			4	1	0	3	5	3			Age Group				Gender		No of Directors		40 - 49	40 - 59	60 - 69	70 - 79	Male	Female			0	4	2	2	7	1			Race / Ethnicity				Nationality		No of Aeon Leadership Council		Bumiputera	Chinese	Indian	Others	Malaysian	Foreigner			2	3	0	5	4	5
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	<p>Skill and Experience of Directors:</p> <table border="1" data-bbox="496 264 1406 555"> <thead> <tr> <th data-bbox="496 264 954 300">Industry Experience</th> <th data-bbox="954 264 1406 300">Functional Experience</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 300 954 336">➤ Retail & Consumer goods</td> <td data-bbox="954 300 1406 336">➤ Strategy</td> </tr> <tr> <td data-bbox="496 336 954 409">➤ Public Services/Government Relations</td> <td data-bbox="954 336 1406 371">➤ Legal / Regulatory</td> </tr> <tr> <td data-bbox="496 409 954 445">➤ Property & Construction</td> <td data-bbox="954 371 1406 407">➤ Audit & Accounting</td> </tr> <tr> <td data-bbox="496 445 954 481">➤ Automotive</td> <td data-bbox="954 407 1406 443">➤ General Management</td> </tr> <tr> <td data-bbox="496 481 954 517">➤ Plantation</td> <td data-bbox="954 443 1406 479">➤ Sales & Marketing</td> </tr> <tr> <td data-bbox="496 517 954 553">➤ Banking</td> <td data-bbox="954 479 1406 515">➤ Human capital</td> </tr> </tbody> </table> <p>Board members will declare their directorship in both listed and non-listed companies twice per year through a declaration form. No Director of the Company holds more than five (5) directorships in public listed companies.</p>		Industry Experience	Functional Experience	➤ Retail & Consumer goods	➤ Strategy	➤ Public Services/Government Relations	➤ Legal / Regulatory	➤ Property & Construction	➤ Audit & Accounting	➤ Automotive	➤ General Management	➤ Plantation	➤ Sales & Marketing	➤ Banking	➤ Human capital
Industry Experience	Functional Experience															
➤ Retail & Consumer goods	➤ Strategy															
➤ Public Services/Government Relations	➤ Legal / Regulatory															
➤ Property & Construction	➤ Audit & Accounting															
➤ Automotive	➤ General Management															
➤ Plantation	➤ Sales & Marketing															
➤ Banking	➤ Human capital															
<p>Explanation for departure :</p>																
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																
<p>Measure :</p>																
<p>Timeframe :</p>																

Intended Outcome

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>The Company utilises independent sources (e.g. directors' registry, advertisement or recruitment agency) to identify qualified candidates in addition to the recommendation from the Directors, Management or Shareholders of the Company for its assessment before recommending to the Board based on criteria set.</p> <p>The NRC is responsible for making recommendations to the Board on the most appropriate Board size and composition. This responsibility includes making recommendations on the desirable competencies, experience and attributes of the Board members and strategies to address Board diversity. The NRC develops certain criteria used in the recruitment process based on annual assessment of Directors. In evaluating the suitability of candidates, the NRC considers the following factors before recommending to the Board for appointment:</p> <ul style="list-style-type: none">• skills, knowledge, expertise and experience;• professionalism and integrity;• commitment (including time commitment) and contribution;• background, character and competence;• fit and proper criteria;• boardroom diversity; and• in the case of candidates for the position of Independent Non-Executive Directors, the NRC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors. <p>The NRC will arrange for the induction for any new appointment such as visits to the Company's significant businesses and meetings with Senior Management personnel, as appropriate, to enable the new appointee to have full understanding of the nature of the business, current issues within the Company and corporate strategies as well as the structure and management of the Company.</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	:	<p>During the financial year ended 31 December 2021, the Board has not recommended any appointment of new director and re-appointment of director for retention as Independent Non-Executive Director to the shareholders for approval besides the re-election of Directors.</p> <p>However, the Board has recommended the re-election of all Directors and reappointment of Directors for retention of Datuk Syed Ahmad Helmi Syed Ahmad and Dato' Tunku Putra Badlishah Ibni Tuanku Annuar who has served the Board for more than nine (9) years and Encik Abdul Rahim Abdul Hamid who will serve the Board for more than nine (9) years from 16 August 2022 as Independent Non-Executive Directors for the shareholders' approval at the forthcoming 37th Annual General Meeting, the details for the reappointment of Directors are stated in page 90 of the Annual Report to enable the shareholders to make an informed decision.</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 5.8

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee was chaired by Datuk Iskandar bin Sarudin, an Independent Non-Executive Director. In application with the Practice 1.4 of the MCGG whereby Chairman of the Board should not be a member of the Board Committees, Datuk Iskandar bin Sarudin had resigned as Chairman of the Nomination Committee on 19 May 2021 and in replacement thereof, Dato' Tunku Putra Badlishah Ibni Tunku Annuar, an Independent Non-Executive Director, was redesignated as Chairman of the Nomination Committee.</p> <p>The Nomination Committee and Remuneration Committee of the Company are combined with effect from 19 May 2021 to be known as Nomination and Remuneration Committee ("NRC"). The NRC is chaired by Dato' Tunku Putra Badlishah Ibni Tunku Annuar, an Independent Non-Executive Director.</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 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the benefit for having gender diversity and values the different perspectives from women Director during discussions or meetings. Nevertheless, the Board acknowledges that appointment of Director should always prioritise merit and with due regard to the candidate's background, experience, and competency so that an appointment would add value to the Board and the Company.	
		There is currently a woman director sitting in the Board. Ms Chong Swee Ying was appointed to the Board as a Non-Independent Non-Executive Director since 23 August 2018. The Board will continue sourcing for suitable women candidates to be appointed as Directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board is always committed and endeavours to apply the CG best practices where relevant and relative to the Company's circumstances.	
Timeframe	:	Within 2 years	

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has a Diversity Policy which sets out to promote diversity and manage diversity, including gender, on the Board of Directors and workforce of AEON and is currently published on the AEON's website at https://aeongroupmalaysia.com .	
		The Company is committed to manage diversity as a means of enhancing the Company's performance by recognising and utilising contribution of diverse skills and talents from its directors, officers and employees. The Company discloses the workforce demographics which includes disclosure on "Workforce By Gender", set out in page 60 of its Annual Report.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board is committed and endeavours to apply the CG best practices, and will establish and disclose the company's policy on gender diversity for the board and senior management in its annual report in the future.	
Timeframe	:	Within 2 years	

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	: <p>The Board has adopted a formal and objective annual evaluation of the Board as a whole, Board Committees, succession plan, Board diversity, Directors' performance, training courses for Directors and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board. The assessment took into account the contribution and performance of the Directors in relation to their competencies, time commitment, and experience in meeting the needs of the Company.</p> <p>The evaluation process for financial year 2020 which was conducted in 24 February 2021, was based on a self-review assessment whereby the Directors assessed themselves and also the Board as a whole as well as the performance of the Board Committees. The assessment and comments by Directors are summarised in a questionnaire regarding the effectiveness of the Board and its Board Committees and discussed at the Nomination Committee meeting and reported at the Board Meeting by the Nomination Committee Chairman. All assessments and evaluations carried out by the Nomination Committee in the discharge of its functions are properly documented.</p> <p>Based on the assessment, the Nomination Committee was satisfied that the Board size and its composition are optimum as the Board comprises individuals with the required mix of skills, knowledge, experience, characteristics and competencies that enable the Board to effectively discharge its roles. The Directors, Board Committees and key officers had also discharged their responsibilities in a commendable manner and contributed to the overall effectiveness of the Board and Company. The Directors had also committed the time necessary to responsibly fulfil their commitment to the Company during the year under review.</p>

	<p>The Board engages the Company Secretaries who are from an independent external secretarial firm to facilitate the Board evaluation via evaluation forms and informal discussion with the Directors.</p> <p>The Board engaged KPMG Management & Risk Consulting Sdn Bhd as independent expert, to conduct BEE for the financial year 2021 of the Company to bring a more outside-in view and deeper understanding of current Board performance at the first quarter of the financial year ended 31 December 2021 and identified potential focus areas.</p> <p>The overview of the BEE results and action plans list were presented to the NRC and Board, the Board had agreed on areas of improvement based on the BEE results reported by external consultant and Chief Human Resource Officer (“CHRO”) on 21 February 2022 and 18 April 2022. The key areas identified include (i) Boardroom engagement (ii) Boardroom diversity (iii) Remuneration of Non-Executive Directors; and (iv) Information flow and Boardroom innerworkings. The MD/CEO and CHRO will assist the Board to look into the key areas of improvement and update the Board progressively.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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	:	The Nomination and Remuneration Committee ("NRC") has established sets of policy, framework and reviewed the remuneration of Directors and/or Senior Management which is linked to strategy and/or performance or long-term objectives of the Company to ensure that the Company is able to attract and retain capable Directors and/or Senior Management. The Remuneration Policy is published on the Company's website at https://aeongroupmalaysia.com .	
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 a Nomination and Remuneration Committee ("NRC") to implement its policies and procedures on remuneration of Directors and/or Senior Management. The NRC comprises solely of Independent Non-Executive Directors and is chaired by Dato' Tunku Putra Badlishah Ibni Tunku Annuar.</p> <p>The NRC reviews and recommends the remuneration of the Managing Director/CEO and Executive Directors of the Company for the Board's approval pursuant to the Terms of Reference of the NRC. The Directors' fees and benefits payable to Directors have also been reviewed and recommended by the NRC to the Board to seek shareholders' approval at the Company's forthcoming AGM pursuant to the Articles of Association of the Company. No Director is involved in deciding his own remuneration.</p> <p>The Terms of Reference of the NRC can be found on the Company's website at https://aeongroupmalaysia.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Board ensures that information relating to Directors' remuneration is made transparent to all shareholders. The details of Directors' remuneration on named basis are disclosed 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	Datuk Iskandar bin Sarudin	Independent Director	RM180,000	RM180	-	-	-	-	RM180,180	-	-	-	-	-	-	-
2	Shafie bin Shamsuddin	Executive Director	RM180,000	-	RM2,800,649	-	RM31,150	-	RM3,011,799	-	-	-	-	-	-	-
3	Tsutomu Motomura (appointed on 21 January 2021)	Executive Director	RM85,068	-	RM383,681	-	RM44,185	-	RM512,934	-	-	-	-	-	-	-
4	Datuk Syed Ahmad Helmy bin Syed Ahmad	Independent Director	RM121,891	RM180	-	-	-	-	RM122,071	-	-	-	-	-	-	-
5	Dato' Tunku Putra Badlishah Ibni Tunku Annuar	Independent Director	RM124,329	RM180	-	-	-	-	RM124,509	-	-	-	-	-	-	-
6	Abdul Rahim bin Abdul Hamid	Independent Director	RM128,110	RM180	-	-	-	-	RM128,290	-	-	-	-	-	-	-
7	Chong Swee Ying	Non-Executive Non-Independent Director	RM90,000	RM180	-	-	-	-	RM90,180	-	-	-	-	-	-	-
8	Soichi Okazaki	Non-Executive Non-Independent Director	RM90,000	-	-	-	-	-	RM90,000	-	-	-	-	-	-	-
9	Hiroyuki Kotera (Resigned on 21 January 2021)	Executive Director	RM5,178	-	RM44,960	-	RM4,415	-	RM54,553	-	-	-	-	-	-	-

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 Board is of the view that disclosure of top five Senior Management's remuneration on named basis would not be in the Company's best interest due to confidentiality concerns. Nevertheless, the detailed remuneration of top two Senior Management who are the MD/CEO and Executive Director are disclosed in this CG Report under Practice 8.1.	
		The Board will closely monitor developments in the market and review the appropriateness of such disclosure in future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board wishes to give assurance that the remuneration of Senior Management commensurate with their individual performance, taking into consideration of Company's performance. The remuneration packages of Senior Management are based on experience, expertise, and skills. The Board opines that the current remuneration package is competitive to attract, retain and motivate its Senior Management to lead and operate the Company successfully.	
Timeframe	:	Within 3 years	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	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	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	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>The Chairman of the Audit and Risk Management Committee ("ARMC") and the Chairman of the Board is not assumed by the same person. The Chairman of the Board is Datuk Iskandar bin Sarudin whilst the Chairman of ARMC is En. Abdul Rahim bin Abdul Hamid, a Senior Independent Non-Executive Director. En. Abdul Rahim is a Fellow of the Association of Chartered Certified Accountants (ACCA), Member of the Malaysian Institute of Certified Public Accountants (MICPA) and Member of the Malaysian Institute of Accountants (MIA).</p> <p>The ARMC comprises three members all of whom are Independent Non-Executive Directors. With the position of Board Chairman and ARMC Chairman held by different individuals, the Board is able to objectively review the ARMC's findings and recommendations.</p> <p>The composition of the ARMC, including its roles and responsibilities, number of meetings and attendance of ARMC and summary of ARMC's activities during the financial year under review are set out on pages 96 to 99 under the ARMC Report of the Annual Report.</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	:	None of the members of the ARMC are former key audit partners and employees of External Auditors of the Company for the three (3) years preceding to their appointment to the ARMC. The requirement for 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 ARMC is clearly stated in the ARMC’s Terms of Reference. This is to ensure that the objectivity, independence and effectiveness of the External Auditors are not influenced by the ARMC.	
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 Audit and Risk Management Committee ("ARMC") is entrusted to provide advice and assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company's external audit functions and matter that may significantly impact the financial condition or affairs of the business. The ARMC is also responsible in ensuring that the financial statement of the Company complies with the applicable financial reporting standards in Malaysia.</p> <p>Guided by Terms of Reference, ARMC carries out its duties to assess the suitability, objectivity, independence and performance of the appointed external auditor. This includes reviewing the audit plan, scope and nature of audit, discussing the contracts the Company enters into with the external auditor for the provision of non-audit services, reviewing the external auditor's evaluation of the system of internal controls and obtaining written assurance from the external auditor confirming its independence and ethical responsibilities throughout the conduct of audit engagement in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws"), and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code").</p> <p>ARMC recommends to the Board the appointment or re-appointment of an external auditor after considering, among others, the following criteria:</p> <ul style="list-style-type: none">• adequacy of the experience and resources of the external auditor;• persons assigned to the audit;• external auditor's audit engagements;• size and complexity of the audit; and• number and experience of supervisory and professional staff assigned to the audit <p>In the financial year under review, the ARMC held two (2) meetings with the external auditor on 23 February 2021 and 23 November 2021 without the presence of Management, to allow the External Auditors to discuss issues arising from the audit exercise or any other matters, which the external auditors wished to raise.</p>

	<p>The ARMC had also received the presentation of the Annual Transparency Report by the External Auditors on 23 November 2021. The information in the Annual Transparency Report is taken into account in when the ARMC recommends to the Board the re-appointment of the External Auditor for the financial year ending 31 December 2022.</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

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	:	The ARMC comprises three members all of whom are Independent Non-Executive Directors. This enables the ARMC to exercise its independent judgement objectively in the best interest of the Company.

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 ARMC assists the Board to review the integrity of the Company's financial information for publication, including quarterly and annual financial statements, to ensure compliance with new updates of relevant financial reporting standards, Listing Requirements and other legal and regulatory requirements. Additionally, the ARMC reviews the adequacy and effectiveness of the risk management process and internal control procedures to safeguard the shareholder's investments and assets of the Company.</p> <p>All the ARMC members are financially literate and well aware with the matters under ARMC's purview including the financial reporting process. This enables them to discharge their roles and responsibilities effectively. The composition of ARMC is set out under the ARMC Report in page 96 while the members' profiles are disclosed under the Board of Directors' Profiles in pages 76 - 78 of the Annual Report.</p> <p>The Board, through the Nomination and Remuneration Committee, reviews the terms of office and performance of the ARMC and each of its members annually to determine whether the ARMC and the members have carried out their duties in accordance with the Terms of Reference.</p> <p>During the financial year under review, the members of ARMC keep themselves abreast of relevant developments in the accounting standards and corporate governance practices. The details of the continuous professional development undertaken by each member of ARMC are presented in page 93 under the Corporate Governance Overview Statement of the Annual Report.</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 acknowledges its responsibilities over the Company's system of internal control and risk management, covering all its financial and operating activities, to safeguard shareholders' investment and the Company's assets.</p> <p>The Board has established an ongoing process for identifying, evaluating and managing significant risks which may affect the Company's business objectives. The Board, through its ARMC, regularly reviews this process to ensure the internal control and risk management frameworks are adequate and effective.</p> <p>The Risk Management Committee ("RMC") (led by the Deputy Managing Director as Chairman of RMC) meets regularly to review the risks identified and discuss on mitigation actions in place, which are reported to ARMC quarterly.</p> <p>The Board via the ARMC established the risk management framework based on the principles and guidelines under Risk Management ISO 31000:2010 (which is a standard relating to risk management codified by the International Organisation for Standardisation) for the setting of objectives, risk identification, assessment, prioritization, mitigation and monitoring. The Management is responsible for implementing Board-approved policies and procedures on risk management and internal controls as well as to provide assurance to the Board that the risk management and internal control systems are operating adequately and effectively based on the risk management framework.</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	:	<p>The Board is responsible for managing the key business risks of the Company and implementing appropriate internal control system to manage those risks. The Board also reviews the adequacy and effectiveness of the system of internal controls and risk management framework. Three (3) key elements of the risk management framework includes:</p> <ul style="list-style-type: none"> • risk governance structure; • risk appetite; and • risk management processes <p>The Management acknowledges their responsibilities to identify, evaluate, mitigate and manage significant risks that may affect the achievement of the Company’s internal control system. During the financial year under review, the Board had received assurance from the Managing Director/CEO and the Executive Directors that the Company’s risk management and internal control system were operating adequately and effectively, in all material aspects.</p> <p>Features of the risk management framework and internal control processes are disclosed in the Statement on Risk Management and Internal Control on pages 100 to 106 of the Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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 :	Not Adopted
Explanation on adoption of the practice :	

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>Internal audit function is carried out by an in-house Internal Audit (IA) Division led by a Head of IA. The Head of IA reports directly to the ARMC. Empowered by its Terms of Reference, the ARMC reviews and approves the IA plan, determines the adequacy of the scope, functions, competency and resources of the IA Division and ensures that it has the necessary authority to carry out its work professionally, effectively and independently. ARMC also considers major findings of IA and monitors the actions taken by Management in response to the findings to ensure all key risks and control weaknesses are properly and timely addressed. ARMC takes cognisance of resignations of IA staff and the reasons for their resignation.</p> <p>The IA Division is guided by the Internal Audit Charter which defines the purpose, authority, responsibilities, reporting of the IA function, independence, objectivity, professionalism and ethical principles of the function.</p> <p>The IA Division has access to all relevant records, personnel and properties within the Company to carry out its duties. IA Division independently reviews the risk identification procedures and control processes implemented by the Management, conducts audits that encompass review of critical areas being identified, and reports to ARMC on quarterly basis. IA Division also carries out internal control reviews on key activities of the Company's business on the basis of any annual IA plan approved by the ARMC. The IA function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Company.</p> <p>The ARMC, assisted by the IA Division, provides the Board with assurance on the adequacy and effectiveness of the Company's risk governance and internal controls systems. During the financial year under review, ARMC had private meetings with the Head of IA on 23 February 2021 and 23 November 2021 for discussion on audit related matters and activities of the IA Division without the presence of Management.</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>Internal audit (“IA”) function is independent from the Company’s business operations and activities. The principles to having an effective IA function has been outlined in the Internal Audit Charter and Internal Audit Manual. The Internal Audit Charter sets out the purpose, authority, responsibilities, reporting of the IA function and maintaining independence and objectivity status. The Internal Audit Manual outlines risk based auditing approach in accordance with the International Standards for the Professional Practice of Internal Auditing (ISPPA). In order to maintain its independence and objectivity, the IA Division has no operational responsibility and authority over the activities it audits.</p> <p>As at 31 December 2021, IA Division comprises nine (9) auditors with mix level of expertise. The internal auditors also attended various external training programmes, aimed at maintaining and enhancing the desired competency levels.</p> <p>IA Division is led by the Head of IA, Mr. Lee Choon Lam. He has a qualification of Chartered Institute of Management Accountant, a Chartered Accountant, a member of the Malaysian Institute of Accountants and a Professional Member of The Institute of Internal Auditors Malaysia.</p> <p>The IA function is based along the principles and guidelines promulgated by The Institute of Internal Auditors (IIA) in International Professional Practices Framework (IPPF) for an internal audit function. AEON CO. (M) Bhd. is a corporate member of IIA Malaysia.</p> <p>The IA function is carried out in a manner consistent with the ISPPA together with its Code of Ethics that encompass all the mandatory elements of the IPPF, which demonstrates its practices are in line with a recognised framework.</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>The Board recognizes the importance of an effective communication with stakeholders. The corporate disclosures policies and procedures through the organization's functions enable comprehensive, accurate and timely information relating to the Company to be disclosed to the shareholders and other stakeholders.</p> <p>The Board also established a dedicated section for corporate information on the Company's website (https://aeongrouppmalaysia.com) where information on the Company's announcements, financial information, share prices and the Company's annual report can be found. The contact details of designated persons to address queries are also published on this website.</p> <p>During the Annual General Meeting ("AGM"), there is a presentation on the Company's performance and major activities which are carried out by the Company during the financial year under review. During the meeting, shareholders are given opportunities to enquire and comment on the Company's performance and operations. Same or similar information are also shared in the event of press conferences or press release being held throughout the year.</p> <p>The Company's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences. Further update of the Company's activities and operations are also disseminated to shareholders and investors through dialogue with analysts and fund managers, investor relations roadshows and the media.</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

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	:	Not applicable – Not a Large Company	
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

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	:	The Notice of the 36 th Annual General Meeting (“AGM”) was circulated at least twenty eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.	
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	:	<p>All directors including the Chair of all the respective Board Committees were present at the 36th AGM held on 23 June 2021. The Chairman informed that the Company had not received questions from the Minority Shareholder Watchdog Group (“MSWG”).</p> <p>The AGM provides a platform for the shareholders to interact or engage directly with the Board and Senior Management. During the AGM, shareholders are invited to enquire or comment about the Company’s financial performance and business operations in general. Additionally, shareholders participated in the deliberations of the proposed resolutions are given opportunities to seek clarification before proceeding to poll voting.</p> <p>All Directors will endeavour to attend the upcoming 37th AGM which will be held on 19 May 2022 so that the shareholders are given opportunities to enquire the Directors in person on the Company’s performance and operations.</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 13.3

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	:	At the 36 th AGM held on 23 June 2021, the Company conducted a fully virtual AGM, that is through live streaming and remote voting using the remote participation and voting facilities for shareholders who wish to participate in the AGM. Once the vote casting process completed, the scrutineer verified the results and passed to the Chairman of the meeting for announcement. All the resolutions set out in the Notice of the AGM were put to vote by poll and duly passed. The outcome of the AGM was announced to Bursa Securities on the same meeting day.	
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	: The MD/CEO provided shareholders with a brief review on the Company's financial performance and operations, sustainability effort undertaken by the Company, new business model, future outlook of the Company and the key strategies to be taken by the Company in the near future. Shareholders are then provided with the opportunity to pose questions including but not limited to the financial performance, non-financial performance and strategies of the Company during the 36 th AGM. The Company receives all questions from the shareholders during the 36 th AGM and the Managing Director/CEO had provided meaningful response to every question. The questions raised by the shareholders and responses by the Managing Director/CEO are minuted and the minutes of the 36 th AGM is available online on the Company's website at https://aeongroupmalaysia.com .
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 :	Shareholders may submit questions to the Board of Directors prior to the 36 th AGM via Tricor’s TIIH Online website or to use the query box to transmit questions to Board of Directors via Remote Participation and Voting facilities during live streaming of the 36 th AGM. The Managing Director/CEO will read out the questions by the shareholders before providing his response to the questions. The Company had opted for Tricor’s TIIH Online platform to conduct the 36 th AGM as it is a well-tested and secured application and Tricor has sufficient hardware and infrastructure in place.
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	: The minutes of the 36th AGM is available online on the Company's website at https://aeongroupmalaysia.com no later than 30 business days after the completion of the 36 th AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**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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