

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 6599  
**COMPANY NAME** : AEON  
**FINANCIAL YEAR** : December 31, 2022

## 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.

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| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <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. The Board also ensures that 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> |

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|  | <ul style="list-style-type: none"> <li>• Nomination and Remuneration Committee; and</li> <li>• Audit and Risk Management Committee</li> </ul> <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> |  |
| <b>Explanation for departure</b> :   |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |  |  |
| <b>Measure</b> :   |  |  |
| <b>Timeframe</b> :   |  |  |

### Intended Outcome

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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <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 <a href="https://aeongroupmalaysia.com">https://aeongroupmalaysia.com</a>.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
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### Intended Outcome

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

### Practice 1.3

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The roles of the Chairman and the Managing Director (“MD”) are distinct and separate to create 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 both the previous MD, Encik Shafie Bin Shamsuddin (who resigned on 30 June 2022) and current MD, Mr Keiji Ono (who is appointed on 1 July 2022), 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 are clearly articulated in the Board Charter, which is available on the Company’s website at <a href="https://aeongroupmalaysia.com">https://aeongroupmalaysia.com</a></p> |
| <b>Explanation for departure</b>   | : |   |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
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### Intended Outcome

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

### Practice 1.4

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

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| <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> |  |
| <b>Application</b> :   | Applied  |
| <b>Explanation on application of the practice</b> :  | <p>The Chairman of the Board, Datuk Iskandar bin Sarudin is not a member of the Audit and Risk Management Committee ("ARMC") and Nomination and Remuneration Committee ("NRC"). He does not attend nor participate in any meeting of ARMC and NRC by way of invitation or in any other capacity.</p> <p>The ARMC consists of all Independent and Non-Executive Directors while the NRC consists of all Non-Executive Directors with a majority of Independent Directors. This allows the ARMC and NRC to deliberate on matters and put forth its recommendations to the Board independently.</p> |
| <b>Explanation for departure</b> :   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |  |
| <b>Measure</b> :   |  |
| <b>Timeframe</b> :   |  |

### Intended Outcome

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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <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 <a href="https://aeongroupmalaysia.com">https://aeongroupmalaysia.com</a>.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
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## Intended Outcome

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

### Practice 1.6

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.

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



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| <b>Explanation for departure</b> :   |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |  |  |
| <b>Measure</b> :   |  |  |
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### Intended Outcome

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

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

### Practice 2.1

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

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <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. Key matters, among others, reserved for the Board includes:-</p> <ul style="list-style-type: none"><li>• Approval of corporate strategic plans and capital budgets,</li><li>• Approval of material acquisitions and disposals of undertakings and properties,</li><li>• Review and approve quarterly and annual financial statements</li><li>• Monitoring of operating performance, and</li><li>• Review and approve Financial Authority Approving Limit (“FAAL”)</li></ul> <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 <a href="https://aeongroupmalaysia.com">https://aeongroupmalaysia.com</a>.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
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### 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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board adopts the AEON Code of Conduct (“ACOC”) which was established by AEON Co., Ltd. in Japan 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.</p> <p>All employees are briefed and provided with a copy of the ACOC on the commencement of their employment. All AEON employees will attend a refresher seminar on the ACOC annually. The employees are being constantly made aware of the principles of ACOC through citation in staff assemblies. The ACOC is available on the Company’s website at <a href="https://aeongroupmalaysia.com">https://aeongroupmalaysia.com</a>.</p> <p>In addition, the Company has also established the Anti-Bribery and Corruption Policy in accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2018 with effect from 1 June 2020. The Anti-Bribery and Corruption Policy is available on the Company’s website at <a href="https://aeongroupmalaysia.com">https://aeongroupmalaysia.com</a>.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

### Intended Outcome

The board is 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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <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 <a href="https://aeongroupmalaysia.com">https://aeongroupmalaysia.com</a>.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
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## 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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <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 Peace, People and Community with CUSTOMER as the central core.</p> <p>The Board is responsible for AEON's overall sustainability strategy and performance while the ARMC advises the Board on risk strategies and coordinates activities for sustainability and climate risk oversight. In the financial year 2020, the Sustainability Steering Committee ("SSC") was established to oversee development of the Company's sustainability strategy and to create stronger leadership and participation from senior management or the AEON Leadership Council. The SSC is chaired by the MD and is supported by the Sustainability Task Force ("STF") whose role is to manage the overall sustainability performance, drive initiatives throughout the Company as well as monitor its progress and targets.</p> <p>The Company had also adopted a Sustainability Policy and the AEON Sustainability Charter ("ASC") in 2022 as a blueprint for the Company's key engagement area, which highlights the Company's sustainability principles and key initiatives for the coming years.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
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**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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>Guided by the ASC, AEON’s 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 42 to 62 of the Annual Report.</p> |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
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### 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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <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 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 2022, the Company had carried out a carbon footprint analysis on the Company's operations to understand the main sources of carbon emissions of the Company, which will then enable the Company to develop strategies to reduce the emissions.</p> <p>In FY2022 AEON subscribed to Green Electricity Tariff ("GET") under TNB's GET Programme for 27 malls and 1 AEON store. The Company also completed solar photovoltaic ("Solar PV") installation in AEON Taman Maluri &amp; AEON Alpha Angle in May 2022 and October 2022, respectively.</p> <p>In order to further reduce carbon footprint and utilities cost, the Company had entered into Supply Agreement of Renewable Energy (SARE) with GSparx Sdn Bhd to install Solar PV in all Aeon malls by 2024. The Board had approved the said installation to promote the Company's more nature-positive solutions in the way the Company manages its business and operations. .</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.</p> |
| <b>Explanation for departure</b>   | : |   |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |

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| <b>Measure</b>   | : |  |  |
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**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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | Questions relating to the Environmental, Social and Governance (“ESG”) issues and sustainability had been included in the Board Evaluation questionnaire. The Board is responsible for monitoring the development of the ESG strategies, as well as associated goals and metrics, including the identification and integration of non-financial KPIs. KPIs in relation to ESG had also been embedded in the scorecards of the MD and selected Senior Management of the Company. |  |
| <b>Explanation for departure</b>   | : |   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
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### 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.

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| <i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i> |  |
| <b>Application</b>   | : Adopted  |
| <b>Explanation on adoption of the practice</b>   | :<br>The Company's Sustainability Steering Committee ("SSC"), chaired by the MD, is responsible to oversee all sustainability matters and plays a pivotal role in providing regular feedback and recommendations on sustainability matters to the Board.<br><br>Led by the Chief Financial and Sustainability Officer ("CFSO"), the Investor Relations and Sustainability ("IR&S") Department serves as a secretariat for Sustainability Task Force ("STF"). The IR&S Department functions as a gatekeeper and liaison between SSC, STF and the business units of the Company. The IR&S Department, which is under the CFSO purview, manages the overall sustainability performance, including driving initiatives, monitoring deliverables and reporting. It also acts as the central point of contact for communication with external stakeholders such as analysts, investors and media who are keen on gaining more insights and understanding of the Company's sustainability directions and initiatives. |

### 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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | The 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. Save for Independent Non-Executive Directors who have served the Company for more than nine (9) years and will be retiring at the conclusion of the 38 <sup>th</sup> Annual General Meeting ("AGM"), the NRC had proposed for the re-election of all the retiring Directors to the Board for recommendation to the shareholders' approval at the 38 <sup>th</sup> AGM of the Company. |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
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### 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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>During the financial year under review, the Board composition is as follows:</p> <ul style="list-style-type: none"><li>• 1 January 2022 to 30 June 2022: The Board consists of eight (8) Directors, four (4) of which are Independent Non-Executive Directors (“INEDs”), which constitute half of the Board.</li><li>• 1 July 2022 to 31 December 2022: The Board consists of eleven (11) Directors, six (6) of which are INEDs, which constitute more than half of the Board.</li></ul> <p>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 in the best interest of the Company and its stakeholders.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
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### 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.

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| <b>Application</b>   | : | Departure  |
| <b>Explanation on application of the practice</b>  | : |  |
| <b>Explanation for departure</b>   | : | During the financial year under review, the tenure of Dato' Tunku Putra Badlishah Ibni Tunku Annuar and Datuk Syed Ahmad Helmy bin Syed Ahmad had exceeded a cumulative term limit of nine (9) years on 16 April 2022 while the tenure of Encik Abdul Rahim bin Abdul Hamid had exceeded a cumulative term limit of nine (9) years on 16 August 2022. The Board, having assessed their independence, had recommended them to continue to act as Independent Directors of the Company at the 37 <sup>th</sup> AGM. During the 37th AGM, the shareholders had approved the resolutions for Dato' Tunku Putra Badlishah Ibni Tunku Annuar, Datuk Syed Ahmad Helmy bin Syed Ahmad and Encik Abdul Rahim bin Abdul Hamid to continue in office as Independent Directors through a single-tier voting process. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

**Practice 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.*

|  |   |             |
|--|---|-------------|
| <b>Application</b>                             | : | Not Adopted |
| <b>Explanation on adoption of the practice</b> | : |             |



## 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.

| <b>Application</b>                                | :          | Applied  |                  |         |             |           |  |             |  |                 |            |         |        |        |           |           |  |   |   |   |   |   |   |           |  |  |  |        |  |                 |         |         |         |         |      |        |  |   |   |   |   |   |   |                  |  |  |  |  |             |  |                               |            |         |        |        |           |           |  |   |   |   |   |   |   |
|---|------------|--|------------------|---------|-------------|-----------|--|-------------|--|-----------------|------------|---------|--------|--------|-----------|-----------|--|---|---|---|---|---|---|-----------|--|--|--|--------|--|-----------------|---------|---------|---------|---------|------|--------|--|---|---|---|---|---|---|------------------|--|--|--|--|-------------|--|-------------------------------|------------|---------|--------|--------|-----------|-----------|--|---|---|---|---|---|---|
| <b>Explanation on application of the practice</b> | :          | <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 <a href="https://aeongrouomalaysia.com">https://aeongrouomalaysia.com</a>.</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 2023, the diversity composition for AEON are as follows:</p> <table border="1"> <thead> <tr> <th colspan="5">Race / Ethnicity</th> <th colspan="2">Nationality</th> </tr> <tr> <th>No of Directors</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>6</td> <td>1</td> <td>0</td> <td>4</td> <td>7</td> <td>4</td> </tr> </tbody> </table><br><table border="1"> <thead> <tr> <th colspan="4">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>No of Directors</th> <th>40 - 49</th> <th>50 - 59</th> <th>60 - 69</th> <th>70 - 79</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td></td> <td>1</td> <td>6</td> <td>2</td> <td>2</td> <td>9</td> <td>2</td> </tr> </tbody> </table><br><table border="1"> <thead> <tr> <th colspan="5">Race / Ethnicity</th> <th colspan="2">Nationality</th> </tr> <tr> <th>No of Aeon Leadership Council</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>1</td> <td>3</td> <td>0</td> <td>4</td> <td>4</td> <td>4</td> </tr> </tbody> </table> | Race / Ethnicity |         |             |           |  | Nationality |  | No of Directors | Bumiputera | Chinese | Indian | Others | Malaysian | Foreigner |  | 6 | 1 | 0 | 4 | 7 | 4 | Age Group |  |  |  | Gender |  | No of Directors | 40 - 49 | 50 - 59 | 60 - 69 | 70 - 79 | Male | Female |  | 1 | 6 | 2 | 2 | 9 | 2 | Race / Ethnicity |  |  |  |  | Nationality |  | No of Aeon Leadership Council | Bumiputera | Chinese | Indian | Others | Malaysian | Foreigner |  | 1 | 3 | 0 | 4 | 4 | 4 |
| Race / Ethnicity                                  |            |  |                  |         | Nationality |           |  |             |  |                 |            |         |        |        |           |           |  |   |   |   |   |   |   |           |  |  |  |        |  |                 |         |         |         |         |      |        |  |   |   |   |   |   |   |                  |  |  |  |  |             |  |                               |            |         |        |        |           |           |  |   |   |   |   |   |   |
| No of Directors                                   | Bumiputera | Chinese  | Indian           | Others  | Malaysian   | Foreigner |  |             |  |                 |            |         |        |        |           |           |  |   |   |   |   |   |   |           |  |  |  |        |  |                 |         |         |         |         |      |        |  |   |   |   |   |   |   |                  |  |  |  |  |             |  |                               |            |         |        |        |           |           |  |   |   |   |   |   |   |
|   | 6          | 1  | 0                | 4       | 7           | 4         |  |             |  |                 |            |         |        |        |           |           |  |   |   |   |   |   |   |           |  |  |  |        |  |                 |         |         |         |         |      |        |  |   |   |   |   |   |   |                  |  |  |  |  |             |  |                               |            |         |        |        |           |           |  |   |   |   |   |   |   |
| Age Group   |            |  |                  | Gender  |             |           |  |             |  |                 |            |         |        |        |           |           |  |   |   |   |   |   |   |           |  |  |  |        |  |                 |         |         |         |         |      |        |  |   |   |   |   |   |   |                  |  |  |  |  |             |  |                               |            |         |        |        |           |           |  |   |   |   |   |   |   |
| No of Directors                                   | 40 - 49    | 50 - 59  | 60 - 69          | 70 - 79 | Male        | Female    |  |             |  |                 |            |         |        |        |           |           |  |   |   |   |   |   |   |           |  |  |  |        |  |                 |         |         |         |         |      |        |  |   |   |   |   |   |   |                  |  |  |  |  |             |  |                               |            |         |        |        |           |           |  |   |   |   |   |   |   |
|   | 1          | 6  | 2                | 2       | 9           | 2         |  |             |  |                 |            |         |        |        |           |           |  |   |   |   |   |   |   |           |  |  |  |        |  |                 |         |         |         |         |      |        |  |   |   |   |   |   |   |                  |  |  |  |  |             |  |                               |            |         |        |        |           |           |  |   |   |   |   |   |   |
| Race / Ethnicity                                  |            |  |                  |         | Nationality |           |  |             |  |                 |            |         |        |        |           |           |  |   |   |   |   |   |   |           |  |  |  |        |  |                 |         |         |         |         |      |        |  |   |   |   |   |   |   |                  |  |  |  |  |             |  |                               |            |         |        |        |           |           |  |   |   |   |   |   |   |
| No of Aeon Leadership Council                     | Bumiputera | Chinese  | Indian           | Others  | Malaysian   | Foreigner |  |             |  |                 |            |         |        |        |           |           |  |   |   |   |   |   |   |           |  |  |  |        |  |                 |         |         |         |         |      |        |  |   |   |   |   |   |   |                  |  |  |  |  |             |  |                               |            |         |        |        |           |           |  |   |   |   |   |   |   |
|   | 1          | 3  | 0                | 4       | 4           | 4         |  |             |  |                 |            |         |        |        |           |           |  |   |   |   |   |   |   |           |  |  |  |        |  |                 |         |         |         |         |      |        |  |   |   |   |   |   |   |                  |  |  |  |  |             |  |                               |            |         |        |        |           |           |  |   |   |   |   |   |   |

|   | <p>Skill and Experience of Directors:</p> <table border="1" data-bbox="496 264 1407 589"> <thead> <tr> <th data-bbox="496 264 952 300">Industry Experience</th> <th data-bbox="952 264 1407 300">Functional Experience</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 300 952 336">➤ Retail &amp; Consumer goods</td> <td data-bbox="952 300 1407 336">➤ Strategy</td> </tr> <tr> <td data-bbox="496 336 952 409">➤ Public Services/Government Relations</td> <td data-bbox="952 336 1407 371">➤ Legal / Regulatory</td> </tr> <tr> <td data-bbox="496 409 952 445">➤ Property &amp; Construction</td> <td data-bbox="952 371 1407 407">➤ Audit &amp; Accounting</td> </tr> <tr> <td data-bbox="496 445 952 481">➤ Automotive</td> <td data-bbox="952 407 1407 443">➤ General Management</td> </tr> <tr> <td data-bbox="496 481 952 517">➤ Plantation</td> <td data-bbox="952 443 1407 479">➤ Sales &amp; Marketing</td> </tr> <tr> <td data-bbox="496 517 952 553">➤ Banking</td> <td data-bbox="952 479 1407 515">➤ Human capital</td> </tr> <tr> <td data-bbox="496 553 952 589">➤ Media</td> <td data-bbox="952 515 1407 551">➤ Investment</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 | ➤ Media | ➤ Investment |
|---|--|--|---------------------|-----------------------|---------------------------|------------|--|----------------------|---------------------------|----------------------|--------------|----------------------|--------------|---------------------|-----------|-----------------|---------|--------------|
| 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  |  |                     |                       |                           |            |  |                      |                           |                      |              |                      |              |                     |           |                 |         |              |
| ➤ Media   | ➤ Investment   |  |                     |                       |                           |            |  |                      |                           |                      |              |                      |              |                     |           |                 |         |              |
| <p><b>Explanation for departure</b> :</p>   |  |  |                     |                       |                           |            |  |                      |                           |                      |              |                      |              |                     |           |                 |         |              |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |  |  |                     |                       |                           |            |  |                      |                           |                      |              |                      |              |                     |           |                 |         |              |
| <p><b>Measure</b> :</p>   |  |  |                     |                       |                           |            |  |                      |                           |                      |              |                      |              |                     |           |                 |         |              |
| <p><b>Timeframe</b> :</p>   |  |  |                     |                       |                           |            |  |                      |                           |                      |              |                      |              |                     |           |                 |         |              |

### Intended Outcome

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.

|   |   |   |
|---|---|---|
| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <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"><li>• skills, knowledge, expertise and experience;</li><li>• professionalism and integrity;</li><li>• commitment (including time commitment) and contribution;</li><li>• background, character and competence;</li><li>• fit and proper criteria;</li><li>• boardroom diversity; and</li><li>• in the case of candidates for the position of Independent Non-Executive Directors, the NRC also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.</li></ul> <p>The NRC will arrange for the induction for any newly appointed Director 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> |

|  |  |  |
|--|--|--|
| <b>Explanation for departure</b> :   |  |  |
|  |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |  |  |
| <b>Measure</b> :   |  |  |
| <b>Timeframe</b> :   |  |  |

### Intended Outcome

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

### Practice 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.

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>During the financial year ended 31 December 2022, the Board has not recommended any appointment of new director to the shareholders for approval besides the re-election of Directors.</p> <p>However, save for Independent Non-Executive Directors who have served the Company for more than nine (9) years and will be retiring at the 38<sup>th</sup> AGM, the Board has recommended the re-election of all retiring Directors for the shareholders' approval at the forthcoming 38<sup>th</sup> AGM.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

**Intended Outcome**

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.

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | As at 31 December 2022, the NRC was chaired by Dato' Tunku Putra Badlishah Ibni Tunku Annuar, who is an Independent Non-Executive Director of the Company. On 1 March 2023, Puan Zaida Khalida Shaari, who is also an Independent Non-Executive Director was redesignated as Chairman of NRC. |  |
| <b>Explanation for departure</b>   | : |   |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Departure  |
| <b>Explanation on application of the practice</b>  | : |  |
| <b>Explanation for departure</b>   | : | <p>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.</p> <p>There are currently two (2) women directors sitting in the Board. Ms Chong Swee Ying was appointed to the Board as a Non-Independent Non-Executive Director since 23 August 2018 and Puan Zaida Khalida Shaari was appointed to the Board as an Independent Non-Executive Director on 1 July 2022. The Board will continue sourcing for suitable women candidates to be appointed as Directors.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : | The Board is always committed and endeavours to apply the CG best practices where relevant and relative to the Company's circumstances.  |
| <b>Timeframe</b>   | : | 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.

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | 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 <a href="https://aeongroupmalaysia.com">https://aeongroupmalaysia.com</a> .  |  |
|  |   | 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 its workforce profile in page 57 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> |   |   |  |
| <b>Measure</b>   | : | 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.  |  |
| <b>Timeframe</b>   | : | 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> |  |
| <b>Application</b>   | : Applied  |
| <b>Explanation on application of the practice</b>  | :<br><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 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 2022 was conducted based on a self-review assessment questionnaire whereby the Directors assessed themselves and also the Board as a whole as well as the performance of the Board Committees. The results of the assessment and comments by Directors are summarised and discussed at the Nomination and Remuneration Committee meeting and reported to the Board at the Board Meeting by the Chairman of the Nomination and Remuneration Committee. All assessments and evaluations carried out by the Nomination and Remuneration Committee in the discharge of its functions are properly documented.</p> <p>Based on the assessment, the Nomination and Remuneration 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>Besides that, the Board had previously engaged KPMG Management &amp; Risk Consulting Sdn Bhd as independent expert, to conduct the Board Effectiveness Evaluation for the financial year 2021 to bring a more outside-in view and deeper understanding of Board performance.</p> |  |
| <p><b>Explanation for departure</b></p>   |  |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |  |  |
| <p><b>Measure</b></p>   |  |  |
| <p><b>Timeframe</b></p>   |  |  |

### Intended Outcome

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.

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | The 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.<br><br>The Remuneration Policy is published on the Company's website at <a href="https://aeongroupmalaysia.com">https://aeongroupmalaysia.com</a> . |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

### Intended Outcome

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

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.

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board has established a NRC to implement its policies and procedures on remuneration of Directors and/or Senior Management. The NRC comprises of a majority Independent Non-Executive Directors and is currently chaired by Puan Zaida Khalida Shaari who is redesignated as Chairman of NRC on 1 March 2023.</p> <p>The NRC reviews and recommends the remuneration of the MD 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 <a href="https://aeongroupmalaysia.com">https://aeongroupmalaysia.com</a>.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

**Intended Outcome**

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.

|   |   |  |
|---|---|--|
| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | 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                   | 200,000        | 10,000    | -       | -       | -                | 180              | 210,180 | -            | -         | -      | -     | -                | -                | -     |
| 2  | Keiji Ono<br>(Appointed on 1 July 2022)                  | Executive Director                     | -              | 16,590    | 271,536 | 160,593 | 33,150           | 91               | 481,960 | -            | -         | -      | -     | -                | -                | -     |
| 3  | Tsugutoshi Seko<br>(appointed on 1 July 2022)            | Executive Director                     | -              | -         | 205,601 | 88,858  | 33,150           |                  | 327,609 | -            | -         | -      | -     | -                | -                | -     |
| 4  | Naoya Okada<br>(appointed on 1 July 2022)                | Executive Director                     | -              |           | 225,703 | 84,474  | 45,071           | 10,091           | 365,339 |              |           |        |       |                  |                  |       |
| 5  | Datuk Syed Ahmad Helmy bin Syed Ahmad                    | Independent Director                   | 140,000        | 14,000    | -       | -       | -                | 180              | 154,180 | -            | -         | -      | -     | -                | -                | -     |
| 6  | Dato' Tunku Putra Badlishah Ibni Tunku Annuar            | Independent Director                   | 150,000        | 17,000    | -       | -       | -                | 180              | 167,180 | -            | -         | -      | -     | -                | -                | -     |
| 7  | Abdul Rahim bin Abdul Hamid                              | Independent Director                   | 150,000        | 17,000    | -       | -       | -                | 180              | 167,180 | -            | -         | -      | -     | -                | -                | -     |
| 8  | Hisham Bin Zainal Mokhtar<br>(appointed on 1 July 2022)  | Independent Director                   | 63,014         | 6,000     | -       | -       | -                | -                | 69,014  |              |           |        |       |                  |                  |       |
| 9  | Zaida Khalida Binti Shaari<br>(appointed on 1 July 2022) | Independent Director                   | 63,014         | 5,000     | -       | -       | -                | -                | 68,014  |              |           |        |       |                  |                  |       |
| 10 | Chong Swee Ying  | Non-Executive Non-Independent Director | 117,562        | 10,000    | -       | -       | -                | 180              | 127,742 | -            | -         | -      | -     | -                | -                | -     |

|    |   |  |   |        |           |         |        |    |           |   |   |   |   |   |   |   |
|----|---|--|---|--------|-----------|---------|--------|----|-----------|---|---|---|---|---|---|---|
| 11 | Hiroaki Egawa<br>(appointed on 1 July 2022)         | Non-Executive Non-Independent Director | - | -      | -         | -       | -      | -  | -         | - | - | - | - | - | - | - |
| 12 | Shafie Bin Shamsuddin<br>(Resigned on 30 June 2022) | Executive Director                     | - | 47,147 | 1,212,355 | 907,316 | 14,350 | 91 | 2,181,259 | - | - | - | - | - | - | - |
| 13 | Tsutomu Motomura<br>(Resigned on 30 June 2022)      | Executive Director                     | - | -      | 263,415   | 59,502  | 34,820 | 91 | 357,828   | - | - | - | - | - | - | - |
| 14 | Soichi Okazaki<br>(Resigned on 30 June 2022)        | Non-Executive Non-Independent Director | - | -      | -         | -       | -      | -  | -         | - | - | - | - | - | - | - |

### 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.

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Departure  |  |
| <b>Explanation on application of the practice</b>  | : |  |  |
| <b>Explanation for departure</b>   | : | 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 three Senior Management who are the MD and Executive Directors 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> |   |  |  |
| <b>Measure</b>   | : | 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. |  |
| <b>Timeframe</b>   | : | 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.

|  |   |             |
|--|---|-------------|
| <b>Application</b>                             | : | Not Adopted |
| <b>Explanation on adoption of the practice</b> | : |             |

| 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.

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Chairman of the 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 as at 31 December 2022 was Encik Abdul Rahim bin Abdul Hamid, a Senior Independent Non-Executive Director. Encik 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). On 1 March 2023, Encik Hisham Zainal Mokhtar, who is an Independent Non-Executive Director was redesignated as Chairman of ARMC.</p> <p>From 1 January 2022 to 30 June 2022, the ARMC comprises three members while from 1 July 2022 onwards, the ARMC comprises four 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 83 to 86 under the ARMC Report of the Annual Report.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

**Intended Outcome**

There is 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.

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | 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. |  |
| <b>Explanation for departure</b>   | : |   |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial 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.

|   |   |  |
|---|---|--|
| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The 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>The 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"><li>• adequacy of the experience and resources of the external auditor;</li><li>• persons assigned to the audit;</li><li>• external auditor's audit engagements;</li><li>• size and complexity of the audit; and</li><li>• number and experience of supervisory and professional staff assigned to the audit</li></ul> <p>In the financial year under review, the ARMC held two (2) meetings with the external auditor on 21 February 2022 and 21 November 2022 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> |

|  |  |  |
|--|--|--|
| <b>Explanation for departure</b> :   |  |  |
|  |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |  |  |
| <b>Measure</b> :   |  |  |
| <b>Timeframe</b> :   |  |  |

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

|  |   |  |
|--|---|--|
| <b>Application</b>                             | : | Adopted  |
| <b>Explanation on adoption of the practice</b> | : | From 1 January 2022 to 30 June 2022, the ARMC comprises three members while from 1 July 2022 onwards, the ARMC comprises four 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.

|   |   |  |
|---|---|--|
| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <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 83 while the members' profiles are disclosed under the Board of Directors' Profiles in pages 64 to 71 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 80 under the Corporate Governance Overview Statement of the Annual Report.</p> |
| <b>Explanation for departure</b>                  | : |  |

|  |  |  |
|--|--|--|
|  |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |  |  |
| <b>Measure</b> :   |  |  |
| <b>Timeframe</b> :   |  |  |

### Intended Outcome

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.

|   |   |  |
|---|---|--|
| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <p>The Board acknowledges its responsibilities over the Company’s system of internal control and risk management, covering all its strategy, 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 the 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 Chief Governance Officer as Chairman of RMC) meets regularly to review the risks identified and discuss on mitigation actions in place, which are reported to ARMC quarterly. The Risk Champion Committee (“RCC”) comprising the heads of related business units is established in 2022 to discuss operational related risks and concerns and suggest new management actions plans for RMC’s deliberation and consideration.</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> |
| <b>Explanation for departure</b>  | : |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |

|                  |   |  |  |
|------------------|---|--|--|
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b> | : |  |  |

### Intended Outcome

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.

|   |   |  |
|---|---|--|
| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <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"> <li>• risk governance structure;</li> <li>• risk appetite; and</li> <li>• risk management processes</li> </ul> <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 MD 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 87 to 92 of the Annual Report.</p> |
| <b>Explanation for departure</b>  | : |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |
| <b>Measure</b>  | : |  |
| <b>Timeframe</b>  | : |  |

### **Intended Outcome**

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.

|  |             |
|--|-------------|
| <b>Application</b> :                             | Not Adopted |
| <b>Explanation on adoption of the practice</b> : |             |

## 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.

|   |   |   |
|---|---|---|
| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <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 21 February 2022 and 21 November 2022 for discussion on audit related matters and activities of the IA Division without the presence of Management.</p> |
| <b>Explanation for departure</b>                  | : |   |

|  |   |  |
|--|---|--|
|  |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |



## Intended Outcome

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.

|   |   |   |
|---|---|---|
| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>The 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 (ISPPIA). 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 2022, IA Division comprises eight (8) 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 ISPPIA 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> |

|  |  |  |
|--|--|--|
| <b>Explanation for departure</b> :   |  |  |
|  |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |  |  |
| <b>Measure</b> :   |  |  |
| <b>Timeframe</b> :   |  |  |

### Intended Outcome

There is 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.

|   |   |  |
|---|---|--|
| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <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 (<a href="https://aeongroupmalaysia.com">https://aeongroupmalaysia.com</a>) 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 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 AGM, 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> |
| <b>Explanation for departure</b>  | : |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |

|                  |   |  |  |
|------------------|---|--|--|
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b> | : |  |  |

## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

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.

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Not applicable – Not a Large Company  |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : |   |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : | <p>The Company's Annual Report 2022 is guided by best practices as prescribed by several statutory bodies, including the International Integrated Reporting Framework (&lt;IR&gt; Framework). Please refer to page 2 of AEON's Annual Report 2022 on the basis of AEON's FY2022 Annual Report.</p> <p>The Board is always committed and endeavours to apply the CG best practices and intends to voluntarily adopt a fully integrated reporting moving forward.</p> |  |
| <b>Timeframe</b>   | : | Within 2 years  |  |

**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.

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Departure  |  |
| <b>Explanation on application of the practice</b>  | : | Please provide an explanation on how the practice is being applied.  |  |
| <b>Explanation for departure</b>   | : | The Notice of the 37 <sup>th</sup> AGM was circulated at least 21 days before the date of the AGM due to internal restructuring and change in management. Sufficient time is still provided to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : | The Notice of the 38th 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.  |  |
| <b>Timeframe</b>   | : | Within 1 year  |  |

### 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.

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>Save for Datuk Syed Ahmad Helmy Syed Ahmad, all Directors and the Chair of all the respective Board Committees were present at the 37<sup>th</sup> AGM held on 19 May 2022. The Chief Financial Officer addressed all the questions submitted by the Minority Shareholder Watchdog Group (“MSWG”) while the Managing Director and Chief Financial Officer had endeavoured to address as many questions from the shareholders as possible.</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 38<sup>th</sup> AGM which will be held on 17 May 2023 so that the shareholders are given opportunities to enquire the Directors in person on the Company’s performance and operations.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

### Practice 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.

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | At the 37 <sup>th</sup> AGM held on 19 May 2022, the Company conducted a virtual AGM at the broadcast venue through live streaming. Shareholders who participated in the AGM had also voted via remote voting using the remote participation and voting facilities. Once the vote casting process had been completed, the scrutineer verified the results and passed the results to the Chairman of the meeting for announcement to the shareholders. All the resolutions set out in the Notice of the AGM were put to vote by poll and were duly passed. The outcome of the AGM was announced to Bursa Securities on the same day as the AGM. |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |



### 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> |  |
| <b>Application</b>   | : Applied  |
| <b>Explanation on application of the practice</b>  | :<br>The MD provided shareholders with a brief review on the Company's operating environment, financial highlights, business performance, ecosystem, key strategies and key priorities of the Company. 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 37 <sup>th</sup> AGM.<br><br>The MD had provided meaningful response to the questions posed by the shareholders during the 37 <sup>th</sup> AGM. The questions raised by the shareholders and responses by the MD were minuted and the minutes of the 37 <sup>th</sup> AGM is available online on the Company's website at <a href="https://aeongroupmalaysia.com">https://aeongroupmalaysia.com</a> . |
| <b>Explanation for departure</b>   | :<br><br>  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |  |
| <b>Measure</b>   | :<br><br>  |
| <b>Timeframe</b>   | :<br><br>  |

### 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> |   |
| <b>Application</b> :   | Applied   |
| <b>Explanation on application of the practice</b> :  | Shareholders may submit questions to the Board of Directors prior to the 37 <sup>th</sup> 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 37 <sup>th</sup> AGM. The MD will read out the questions by the shareholders before providing his response to the questions.<br><br>The Company had opted for Tricor’s TIIH Online platform to conduct the 37 <sup>th</sup> AGM as it is a well-tested and secured application and Tricor has sufficient hardware and infrastructure in place. |
| <b>Explanation for departure</b> :   |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |   |
| <b>Measure</b> :   |   |
| <b>Timeframe</b> :   |   |

**Intended Outcome**

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

**Practice 13.6**

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

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|--|--|
| <i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>         |  |
| <b>Application</b>   | : Applied  |
| <b>Explanation on application of the practice</b>  | : The minutes of the 37th AGM is available online on the Company's website at <a href="https://aeongroupmalaysia.com">https://aeongroupmalaysia.com</a> no later than 30 business days after the completion of the 37 <sup>th</sup> AGM. |
| <b>Explanation for departure</b>   | :<br><br>  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |  |
| <b>Measure</b>   | :<br><br>  |
| <b>Timeframe</b>   | :<br><br>  |

**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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