

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5139
COMPANY NAME : AEON Credit Service (M) Berhad
FINANCIAL YEAR : February 29, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors (the "Board") sets the strategic direction and vision of AEON Credit Service (M) Berhad ("AEON Credit" or "the Company"). The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance of the Company and enforces standards of accountability, all with a view to enabling Management to execute its responsibilities effectively and efficiently.</p> <p>The Board is the ultimate decision-making body of the Company, with the exception of matters requiring shareholders' approval. During the financial year ended 29 February 2020 ("FYE2020"), the Board had reviewed and approved the strategic direction and mid-term plan as well as annual business plan, financial budgets and organisation structure of the Company for the financial year ending 29 February 2020.</p> <p>During the year under review, Board Meetings were held on a monthly basis in order for the Board to discharge its responsibilities and meet the goals of the Company. Key focus areas for the Board meetings were review of financial performance, business strategy, market developments, risk management and key risk indicators. Further, the Board was also involved in deliberation and decision making on corporate proposals and other matters subject to review and approval of the Board in accordance with demarcation of responsibilities under the Board Charter.</p> <p>The Board delegates specific responsibilities to the Board Committees comprised:</p> <ul style="list-style-type: none">• Audit Committee ("AC")• Nominating Committee ("NC")

	<ul style="list-style-type: none"> • Remuneration Committee (“RC”) • Board Risk Committee (“BRC”) <p>The above Committees operate within clearly defined roles and responsibilities as set out in the terms of reference of each of the Committees. The Board Committees report to the Board on their deliberations, findings and recommendations.</p>			
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is led by a Chairman who is responsible for the leadership and management of the Board and ensuring the Board and its Committees function effectively.</p> <p>The Chairman of the Board, Ng Eng Kiat, assumed the formal role of a leader with responsibility for instilling good corporate governance practices. He chaired all the Board meetings (14/14) during FYE2020, led discussions among Directors and provided leadership to the Board in its oversight of management.</p> <p>The key roles of the Chairman include but are not limited to:</p> <ul style="list-style-type: none">i) Ensuring the smooth functioning of the Board, with effective governance structure and inculcation of positive culture;ii) Providing leadership for the Board so that the Board can perform its responsibilities effectively;iii) Leading Board meetings and discussions;iv) Encouraging active participation and allowing dissenting views to be freely expressed; andv) Leading the Board in establishing and monitoring good corporate governance practices in the Company. <p>Further details on the role of the Chairman are stipulated in the Board Charter which is available on the corporate website at https://www.aeoncredit.com.my/aeon-corporate/about-us under 'Corporate Governance'.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman and Managing Director ("MD") (equivalent to Chief Executive Officer) are different individuals. Ng Eng Kiat, a Non-Independent Non-Executive Director, is the Board Chairman, while Yuro Kisaka is the MD of the Company since his appointment to the Board on 20 June 2019.</p> <p>To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of Chairman and MD are distinct and separate with a clear division of responsibilities between the Chairman and the MD. The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance processes, acts as a facilitator at Board meetings and leads the Board in oversight of proper conduct and management of the affairs of the Company. The MD, supported by the Management team, implements the Company's strategic plans, policies and decisions adopted by the Board and oversees the operations and business development of the Company.</p> <p>Further details of the division of duties and responsibilities of the Chairman and MD are stipulated in the Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has appointed two (2) professionally qualified Company Secretaries, namely Tai Yit Chan and Wong Wei Fong to discharge their roles as set out in the Board Charter.</p> <p>Wong Wei Fong was appointed as Company Secretary of the Company on 28 November 2019 in place of the late Choong Lee Wah, who had demised on 7 November 2019.</p> <p>The Company Secretaries kept themselves abreast with regulatory changes and developments in corporate governance and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Malaysian Code on Corporate Governance 2017 ("MCCG"), the Companies Act 2016 and other rules and regulations through continuous education and professional trainings.</p> <p>The Company Secretaries discharged their roles during the year by providing updates and counsel to the Board on the above-mentioned areas, attending all Board and Board Committees meetings and recording meeting minutes and resolutions of the Board and Board Committees. Further, the Company Secretaries had also reviewed all relevant information and adequacy of meeting materials, provided guidance on stakeholders' communication and assisted in managing processes related to the Company's General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Management provides the Board and Board Committees with sufficient information and materials in timely manner to enable Directors to discharge their duties and responsibilities effectively.</p> <p>Meeting materials for Board and Board Committee meetings are generally circulated to Directors at least five (5) business days prior to the date of the respective Board or Board Committee meetings. The Company leverages on technology to deliver meeting materials to directors which allow the Directors sufficient time to review the meeting materials and issues arising.</p> <p>The deliberations and decisions of the Board and Board Committees are recorded in the minutes of meetings which are circulated for the Board and Board Committees' review and comments within a reasonable timeframe after the respective meetings.</p> <p>The decisions made at the Board and Board Committee meetings are also communicated to Management in a timely manner to ensure appropriate actions shall be taken and there is constant monitoring on status of action taken until matters are appropriately resolved.</p> <p>A Director is required to abstain from deliberations and voting in respect of any contract or proposed contract or arrangement in which he/she has direct or indirect interest. Directors may seek independent clarification/advice, when necessary, at the Company's expenses on any matters in relation to the discharge of their duties.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter of the Company was last revised and approved by the Board on 23 April 2020 to ensure relevance and compliance.</p> <p>The Board Charter which is available on the corporate website at https://www.aeoncredit.com.my/aeon-corporate/about-us under 'Corporate Governance' sets out, among others, the principal role of the Board and the demarcation of the roles, responsibilities and powers of the Board, various Board Committees and Senior Management of the Company.</p> <p>The Board Charter stipulates key policies of the Company related to the following areas:</p> <ul style="list-style-type: none">(i) Roles and functions of Board and Board Committees(ii) Roles of Independent Directors and Non-Executive Directors(iii) Separation of position of Chairman and MD(iv) Matters reserved for Board approval(v) Ethics and Compliance(vi) Risk Management(vii) Succession Planning(viii) Investor Relations and Shareholder Communication(ix) Director's Terms of Service, Assessment and other matters including Board composition, Directors' remuneration, Directors' training and development and procedures related to Board meetings(x) Right of Directors to access information and advice <p>The Board has adopted a schedule of matters specifically reserved for its approval in accordance with the Board Charter.</p> <p>The Board Charter takes into consideration applicable rules, laws and regulations including internal policies. Further, the Board Charter is periodically reviewed and updated as and when necessary.</p>

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

Intended Outcome

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

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

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, Management and employees of the Company are guided by the AEON Group's Code of Conduct, which has been adopted as the "Code of Conduct and Ethics" of the Company pursuant to the MCCG.</p> <p>The Code of Conduct and Ethics upholds the following commitments:</p> <ol style="list-style-type: none">1. AEON People (<i>i.e. directors, management and staff of the Company</i>) are always grateful to the many other individuals who provide support and help, never forgetting to act with humility.2. AEON People value the trust of others more than anything else, always acting with integrity and sincerity in all situations.3. AEON People actively seek out ways to exceed customer expectations.4. AEON People continually challenge themselves to find new ways to accomplish the AEON ideals.5. AEON People support local community growth, acting as good corporate citizens in serving society. <p>The Code of Conduct and Ethics is periodically reviewed and updated as and when necessary. The Code of Conduct and Ethics is published on the corporate website at https://www.aeoncredit.com.my/aeon-corporate/about-us under 'Corporate Governance'. Various internal policies and procedures have been developed, implemented and communicated by the Company in relation to managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering, aligned with the said code.</p> <p>New employees are briefed on the Code of Conduct and Ethics upon joining and are required to acknowledge in writing their acceptance and understanding of the said code.</p> <p>Further reinforcement on the code is also done during the Company's annual Code of Conduct and Ethics training. Management and</p>

	<p>employees are expected to observe high standards of integrity and fair dealing in relation to customers, business partners, staff and regulators in the regions where the Company operates.</p> <p>To reinforce the Company's commitment to conduct its business in an ethical manner with integrity and sincerity, the Company has developed an Anti-bribery Management policy, which was reviewed and approved by the Board in September 2019. 'Adequate Procedures' have been implemented under the said policy, as required pursuant to amendments made to the Malaysian Anti-Corruption Commission Act 2009, including a new Section 17A on corporate liability for corruption. The Anti-bribery Management policy is published on the corporate website at https://www.aeoncredit.com.my/aeon-corporate/about-us under 'Corporate Governance'.</p> <p>Various initiatives were undertaken by the Company to create awareness on the Company's Anti-bribery policy and business practices, including training programmes for management and staff as well as communication to various stakeholders such as merchants, vendors and business partners. On 5 March 2020, the Company obtained ISO37001: 2016 Anti-Bribery Management System certification by SIRIM QAS International Sdn. Bhd.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Pursuant to the Company's Code of Conduct and Ethics, the Company has established a whistle-blowing policy on communication or feedback from employees and external stakeholders on unethical practices, illegal activities, breach of regulations, financial/accounting fraud, etc. The whistle-blowing policy is available on the corporate website.</p> <p>The two (2) channels set up under the Company's whistle-blowing policy for feedback from employees and external stakeholders are as follows :</p> <p>(i) The AEON Hotline comprises an employee hotline phone number and an online web portal. Issues raised through the AEON Hotline by an employee without the risk of reprisal will be or had been investigated and resolved with strict confidentiality by senior management of the Company.</p> <p>(ii) For external stakeholders, any concerns on illegal, unethical or questionable practices can be communicated in confidence by the whistleblower without the risk of reprisal to the Senior Independent Director at <eSID@aeoncredit.com.my> for further investigation and action. Details of the whistle-blowing channel for external stakeholders are published on the corporate website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied											
Explanation on application of the practice	:	As at 29 February 2020, the Board comprised a majority of Independent Directors as follows:											
		<table><tr><td>Directors</td><td>No. of Directors</td></tr><tr><td>Independent Non-Executive Directors</td><td>6</td></tr><tr><td>Non-Independent Non-Executive Directors</td><td>3</td></tr><tr><td>Executive Directors (including MD)</td><td>2</td></tr><tr><td>Total</td><td>11</td></tr></table>		Directors	No. of Directors	Independent Non-Executive Directors	6	Non-Independent Non-Executive Directors	3	Executive Directors (including MD)	2	Total	11
		Directors	No. of Directors										
		Independent Non-Executive Directors	6										
		Non-Independent Non-Executive Directors	3										
		Executive Directors (including MD)	2										
Total	11												
The above Board composition also complies with Paragraph 15.02(1) of the MMLR of Bursa Securities which requires at least two (2) Directors or one third (1/3) of the Board of Directors of a listed issuer, whichever is higher, to be Independent Directors.													
The existing size and composition of the Board promotes effective, independent and objective Board deliberations as well as active participation from all Directors to discharge their roles and responsibilities.													
An assessment on the independence of the Independent Non-Executive Directors is conducted on annual basis to ensure that the said Directors fulfilled the definition of “Independent Director” as stipulated in the MMLR.													
Explanation for departure	:												
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.													
Measure	:												
Timeframe	:												

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - No independent director(s) is/are serving beyond 9 years	
Explanation on application of the practice	:	As set out in the Board Charter, the tenure of service of Independent Directors shall generally be for maximum period of nine (9) years in line with the MCGG.	
		The length of service of Independent Directors as at 29 February 2020 is summarised below:	
		Name of Director	Completed Years of Service
		Tomokatsu Yoshitoshi (Appointed on 30 Jun 2016)	3
		S Sunthara Moorthy A/L S Subramaniam (Appointed on 1 March 2018)	2
		YBhg. Datuk Adinan bin Maning (Appointed on 28 June 2018)	1
		Datin Khoo Pek Ling (Appointed on 28 June 2018)	1
		Datin Yasmin Ahmad Merican (Appointed on 23 January 2019)	1
		Rashidah binti Abu Bakar (Appointed on 23 January 2019)	1
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board Charter stipulates the tenure of Independent Directors shall be limited to nine (9) years in line with the MCCG. However, upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director's re-designation as Non-Independent Director.</p> <p>The Board Charter states that Board may retain the Independent Director who has exceeded the 9 years tenure based on NC's recommendation and shareholders' approval.</p>

Intended Outcome

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

Practice 4.4

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

Application	:	Applied																																																						
Explanation on application of the practice	:	<p>Appointment of Directors on the Board and appointment of Senior Management of the Company are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The NC conducts a “fit and suitable” assessment in recommending appointment of a Director, taking into consideration skills, experience, core competencies, background and personal qualities.</p> <p>The Board remains committed to ensuring that the Directors have the skills, knowledge and experience needed to effectively steer the Company forward. The key elements of competencies at Board and Senior Management level are industry experience and necessary knowledge.</p> <p>The present size and composition of the Board is optimum and well balanced, in terms of the required mix of skills, experience and core competencies as well as need to safeguard the interests of the minority shareholders. The Board is well represented by individuals with diverse professional backgrounds and experience in the areas of financial services, law, finance and accounting, audit and taxation, commerce, sales and marketing, corporate branding, IT, public relations and public service. There is no individual Director or group of Directors who dominate the Board’s decision-making.</p> <p>The diversity in the race/ethnicity (cultural background), nationality, age and gender of the Board and Senior Management as at 29 February 2020 are as follows:</p> <table><tr><th rowspan="2"></th><th colspan="4">Race/Ethnicity</th><th colspan="2">Nationality</th></tr><tr><th>Malay</th><th>Chinese</th><th>Indian</th><th>Japanese</th><th>Malaysian</th><th>Japanese</th></tr><tr><td>Directors</td><td>4</td><td>3</td><td>1</td><td>3</td><td>8</td><td>3</td></tr><tr><td>Management</td><td>2</td><td>14</td><td>4</td><td>7</td><td>20</td><td>7</td></tr></table> <table><tr><th rowspan="2"></th><th colspan="4">Age/Years</th><th colspan="2">Gender</th></tr><tr><th><41</th><th>41-50</th><th>51-60</th><th>>60</th><th>Male</th><th>Female</th></tr><tr><td>Directors</td><td>0</td><td>2</td><td>1</td><td>8</td><td>7</td><td>4</td></tr><tr><td>Management</td><td>1</td><td>19</td><td>7</td><td>-</td><td>19</td><td>8</td></tr></table>		Race/Ethnicity				Nationality		Malay	Chinese	Indian	Japanese	Malaysian	Japanese	Directors	4	3	1	3	8	3	Management	2	14	4	7	20	7		Age/Years				Gender		<41	41-50	51-60	>60	Male	Female	Directors	0	2	1	8	7	4	Management	1	19	7	-	19	8
	Race/Ethnicity				Nationality																																																			
	Malay	Chinese	Indian	Japanese	Malaysian	Japanese																																																		
Directors	4	3	1	3	8	3																																																		
Management	2	14	4	7	20	7																																																		
	Age/Years				Gender																																																			
	<41	41-50	51-60	>60	Male	Female																																																		
Directors	0	2	1	8	7	4																																																		
Management	1	19	7	-	19	8																																																		

	The current composition of the Board includes persons from various ethnic groups across various age bands and expertise, with female directors constituting 36% of the Board. Please refer to the Profile of Directors in the 2020 Annual Report for further information.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	As stipulated in the Board Charter, the Board has adopted the policy of having at least 30% female representation on the Board, recognising the value of gender diversity towards providing insights from different perspectives for decision making. As at 29 February 2020, the Board comprised eleven (11) Directors, four (4) of whom are female Directors, representing 36% of the total Board Members.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>In identifying candidates for appointment as Independent Director, the Board of the Company does not solely rely on recommendations from existing Board Members, management or major shareholders, but also considers referrals from independent sources and candidates identified through independent sources under the selection process.</p> <p>The NC is responsible for identifying and nominating suitable candidates for appointments to the Board through various sources such as directors' registry, independent search firms etc.</p> <p>Appointment of Independent Directors are made by the Board considering requirements in terms of Board diversity, mix of skills and core competencies as well as time commitment, any conflict of interest affecting appointment and assessment of suitability of the candidate based on the following aspects:</p> <ul style="list-style-type: none">• Probity, personal integrity and reputation, where the candidate must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness;• Competence and capability, where the candidate must have the skills, working experience, capability and commitment necessary to carry out the role; and• Financial integrity, where the candidate must manage his/her debts or financial affairs prudently. <p>During FYE2020, the NC had duly performed assessment of suitability of Yuro Kisaka and Masaaki Mangetsu for appointment to the Board as well as assessment of suitability of appointment of Yuro Kisaka as the new MD replacing Kenji Fujita, and thereafter submitted recommendation on the proposed nominations for Board approval. Both the said Non-Independent Directors were nominated by the major shareholder.</p> <p>The key considerations and process for appointment to the Board are stated in the Board Charter.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The NC of the Company is currently chaired by Tomokatsu Yoshitoshi, an Independent Non-Executive Director.	
		The NC members as at 29 February 2020 were as follows:	
		No.	Name of Director
		1	Tomokatsu Yoshitoshi – Chairman/Independent Non-Executive Director
		2	Dato’ Md Kamal bin Ismaun – Member/Non-Independent Non-Executive Director
		3	Datin Yasmin Ahmad Merican – Member/Independent Non-Executive Director
		The NC is responsible for making recommendation to the Board on the optimum size of the Board, formalising a transparent procedure for proposing new nominees to the Board and Board Committees and ensuring that the interest of the minority shareholders is fairly reflected on the Board.	
		The Terms of Reference of the NC is published on the corporate website at https://www.aeoncredit.com.my/aeon-corporate/about-us under ‘Corporate Governance’.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC reviews annually the effectiveness of the Board and Board Committees as well as the performance of individual Directors.</p> <p>The evaluation during FYE2020 involved the Directors completing the Board Effectiveness Evaluation ("BEE") questionnaire, covering the Board and Board Committees processes and, the effectiveness and contribution of each of the Directors to the Board and Board Committees. The assessment included consideration of the effectiveness and performance of the Executive Directors, independence of the Independent Directors, training courses required by the Directors and the character, experience, integrity, competence and time to effectively discharge the roles of Director/Chief Executive Officer.</p> <p>The Directors' responses were collated and a comprehensive summary of the findings and recommendations was submitted to the NC for deliberation, after which, the findings and recommendations were escalated to the Board for further review and proposed actions.</p> <p>The deliberations of the NC on the findings of the BEE were duly minuted at the meetings of the Committee and the Board.</p> <p>The BEE exercise entails the Directors' feedback on areas which affect the performance of the Board which, amongst others, include the following:</p> <ul style="list-style-type: none">a. Board structure, objectives and conductb. Interaction and communication with Senior Management and Stakeholdersc. Corporate Governanced. Accountability and Audit

	In February 2020, the Company engaged an external consultant, Boardroom Corporate Services Sdn. Bhd., to conduct the BEE exercise to facilitate objective and candid board evaluations, consistent with policy adopted by the Board for such periodic engagement of independent experts. The evaluation report and recommendations by the consultant shall be tabled to the NC and the Board for review and deliberation in the first quarter of FYE2021 after completion of the exercise.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place policies and procedures to determine the remuneration of Directors and Senior Management, which takes into account the responsibilities, the skills and experience required, and the performance of the Company, relevant business unit and the individual. Further, the said policies and procedures are aligned with the business strategy and long-term objectives of the Company.</p> <p>As spelt out in the Board Charter, the Company shall provide a fair, reasonable and competitive remuneration for its Executive and Non-Executive Directors to ensure that the Company attracts and retains high calibre Directors who have the skills, experience and knowledge to increase entity value for the benefit of all shareholders. The Company's Remuneration Policy and Procedures is reviewed periodically and published on the corporate website at https://www.aeoncredit.com.my/aeon-corporate/about-us under 'Corporate Governance'.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied								
Explanation on application of the practice	:	<p>The Company has established a RC comprising three (3) members, a majority of whom are Independent Non-Executive Directors. The RC members as at 29 February 2020 were as follows:</p> <table><tr><td>No.</td><td>Name of Director</td></tr><tr><td>1</td><td>Tomokatsu Yoshitoshi – Chairman/Independent Non-Executive Director</td></tr><tr><td>2</td><td>Ng Eng Kiat – Member/Non-Independent Non-Executive Director</td></tr><tr><td>3</td><td>Datin Yasmin Ahmad Merican – Member/Independent Non-Executive Director</td></tr></table> <p>Among others, the RC is responsible for the review of remuneration of Executive Directors, Non-Executive Directors and the Senior Management on annual basis and making the relevant recommendations to the Board. The RC shall ensure that the remuneration packages recommended are based on the criteria set out in the remuneration policy for Directors and Senior Management.</p> <p>The RC may invite the MD, the Head of Human Resource Division, external advisers and other persons to attend all or part of any meetings as and when deemed necessary by the RC.</p> <p>The Terms of Reference of the RC is published on the corporate website at https://www.aeoncredit.com.my/aeon-corporate/about-us under ‘Corporate Governance’.</p>	No.	Name of Director	1	Tomokatsu Yoshitoshi – Chairman/Independent Non-Executive Director	2	Ng Eng Kiat – Member/Non-Independent Non-Executive Director	3	Datin Yasmin Ahmad Merican – Member/Independent Non-Executive Director
No.	Name of Director									
1	Tomokatsu Yoshitoshi – Chairman/Independent Non-Executive Director									
2	Ng Eng Kiat – Member/Non-Independent Non-Executive Director									
3	Datin Yasmin Ahmad Merican – Member/Independent Non-Executive Director									
Explanation for departure	:									

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

Intended Outcome

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

Practice 7.1

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

Application	:	Applied																																																																																																									
Explanation on application of the practice	:	<p>The details of the remuneration paid/payable for FYE2020 to individual Directors of the Company is set out below on named basis, duly categorised into appropriate components including fees, salaries, bonus, benefits-in-kind and other emoluments:</p> <table><tr><th colspan="5">NON-EXECUTIVE DIRECTORS</th></tr><tr><th></th><th>Salaries & Bonus</th><th>Directors' Fees</th><th>Benefits-in-kind</th><th>Total</th></tr><tr><th></th><th>RM'000</th><th>RM'000</th><th>RM'000</th><th>RM'000</th></tr><tr><td>Ng Eng Kiat</td><td>-</td><td>310</td><td>31</td><td>341</td></tr><tr><td>Dato' Md Kamal bin Ismaun</td><td>-</td><td>180</td><td>-</td><td>180</td></tr><tr><td>Tomokatsu Yoshitoshi</td><td>-</td><td>178</td><td>-</td><td>178</td></tr><tr><td>S Sunthara Moorthy A/L S Subramaniam</td><td>-</td><td>190</td><td>-</td><td>190</td></tr><tr><td>YBhg Datuk Adinan bin Maning</td><td>-</td><td>180</td><td>-</td><td>180</td></tr><tr><td>Datin Khoo Pek Ling</td><td>-</td><td>175</td><td>-</td><td>175</td></tr><tr><td>Datin Yasmin Ahmad Merican</td><td>-</td><td>160</td><td>-</td><td>160</td></tr><tr><td>Rashidah binti Abu Bakar</td><td>-</td><td>155</td><td>-</td><td>155</td></tr><tr><td>Masaaki Mangetsu ⁽¹⁾</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Tetsuro Takano ⁽²⁾</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td></td><td>-</td><td>1,528</td><td>31</td><td>1,559</td></tr></table> <table><tr><th colspan="5">EXECUTIVE DIRECTORS</th></tr><tr><th></th><th>Salaries & Bonus</th><th>EPF</th><th>Benefits-in-kind</th><th>Total</th></tr><tr><th></th><th>RM'000</th><th>RM'000</th><th>RM'000</th><th>RM'000</th></tr><tr><td>Yuro Kisaka ⁽³⁾</td><td>432</td><td>-</td><td>16</td><td>448</td></tr><tr><td>Lee Tyan Jen</td><td>587</td><td>94</td><td>9</td><td>690</td></tr><tr><td>Kenji Fujita ⁽⁴⁾</td><td>586</td><td>-</td><td>8</td><td>594</td></tr><tr><td></td><td>1,605</td><td>94</td><td>33</td><td>1,732</td></tr></table> <p><i>Notes:</i></p> <p>(1) Appointed as a Non-Independent Non-Executive Director of AEON Credit on 20 June 2019</p> <p>(2) Retired as a Non-Independent Non-Executive Director of AEON Credit on 20 June 2019</p> <p>(3) Appointed as Managing Director of AEON Credit on 20 June 2019</p> <p>(4) Retired as Managing Director of AEON Credit on 20 June 2019</p>	NON-EXECUTIVE DIRECTORS						Salaries & Bonus	Directors' Fees	Benefits-in-kind	Total		RM'000	RM'000	RM'000	RM'000	Ng Eng Kiat	-	310	31	341	Dato' Md Kamal bin Ismaun	-	180	-	180	Tomokatsu Yoshitoshi	-	178	-	178	S Sunthara Moorthy A/L S Subramaniam	-	190	-	190	YBhg Datuk Adinan bin Maning	-	180	-	180	Datin Khoo Pek Ling	-	175	-	175	Datin Yasmin Ahmad Merican	-	160	-	160	Rashidah binti Abu Bakar	-	155	-	155	Masaaki Mangetsu ⁽¹⁾	-	-	-	-	Tetsuro Takano ⁽²⁾	-	-	-	-		-	1,528	31	1,559	EXECUTIVE DIRECTORS						Salaries & Bonus	EPF	Benefits-in-kind	Total		RM'000	RM'000	RM'000	RM'000	Yuro Kisaka ⁽³⁾	432	-	16	448	Lee Tyan Jen	587	94	9	690	Kenji Fujita ⁽⁴⁾	586	-	8	594		1,605	94	33	1,732
NON-EXECUTIVE DIRECTORS																																																																																																											
	Salaries & Bonus	Directors' Fees	Benefits-in-kind	Total																																																																																																							
	RM'000	RM'000	RM'000	RM'000																																																																																																							
Ng Eng Kiat	-	310	31	341																																																																																																							
Dato' Md Kamal bin Ismaun	-	180	-	180																																																																																																							
Tomokatsu Yoshitoshi	-	178	-	178																																																																																																							
S Sunthara Moorthy A/L S Subramaniam	-	190	-	190																																																																																																							
YBhg Datuk Adinan bin Maning	-	180	-	180																																																																																																							
Datin Khoo Pek Ling	-	175	-	175																																																																																																							
Datin Yasmin Ahmad Merican	-	160	-	160																																																																																																							
Rashidah binti Abu Bakar	-	155	-	155																																																																																																							
Masaaki Mangetsu ⁽¹⁾	-	-	-	-																																																																																																							
Tetsuro Takano ⁽²⁾	-	-	-	-																																																																																																							
	-	1,528	31	1,559																																																																																																							
EXECUTIVE DIRECTORS																																																																																																											
	Salaries & Bonus	EPF	Benefits-in-kind	Total																																																																																																							
	RM'000	RM'000	RM'000	RM'000																																																																																																							
Yuro Kisaka ⁽³⁾	432	-	16	448																																																																																																							
Lee Tyan Jen	587	94	9	690																																																																																																							
Kenji Fujita ⁽⁴⁾	586	-	8	594																																																																																																							
	1,605	94	33	1,732																																																																																																							

Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:	<table border="1"> <tr> <td></td> <td></td> </tr> </table>		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has opted not to disclose the detailed remuneration of Senior Management personnel in bands of RM50,000 on a named basis in order to maintain confidentiality of each remuneration package, aligned with the Company’s efforts to attract and retain talent in a competitive employment market.	
		Nevertheless, disclosure of the aggregate remuneration (including salaries, bonus, other contributions and benefits-in-kind) paid/payable to the top five (5) Senior Management personnel for FYE2020 is set out below, in bands of RM50,000:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company will closely monitor developments in the market in respect of such disclosure for future considerations.	
Timeframe	:	Not applicable	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application :	Applied	
Explanation on application of the practice :	<p>The positions of Chairman of the Board and Chairman of the AC are held by separate individuals. The Chairman of the AC is S Sunthara Moorthy A/L S Subramaniam, an Independent Non-Executive Director, while Ng Eng Kiat is the Chairman of the Board.</p> <p>The qualifications and experience of the AC members are included in profile of Directors in the 2020 Annual Report. The Terms of Reference of the AC is available on the corporate website at https://www.aeoncredit.com.my/aeon-corporate/about-us under 'Corporate Governance'.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>None of the current members of the AC has been associated with or held any senior leadership position with the Company’s appointed external auditors in the previous years. This serves to safeguard the independence of the audit on the Company’s financial statements by avoiding the potential threats which may arise when a former key audit partner is in a position to exert significant influence over the audit or preparation of the Company’s financial statements.</p> <p>The Terms of Reference of the AC, which is available at the corporate website, reflect the requirements under Practice 8.2 of the MCCG.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The role of the AC to assess the suitability, objectivity and independence of the external auditor is provided under the Terms of Reference of the AC, which stipulates the responsibilities and duties of the Committee to:</p> <ul style="list-style-type: none">• Review with the external auditors, the audit scope and plan including any changes to the planned scope of the audit and the proposed audit fees in connection with the statutory audit.• Review the independence, objectivity and performance of the external auditors and their services.• To consider the appointment/ re-appointment of the external auditors, the terms of reference of the said appointment/ re-appointment and any question on resignation and dismissal of external auditors before making a recommendation to the Board.• Review and approve the non-audit services provided by the external auditors and/or its network firms or its affiliates to the Company for the financial year, including the nature of the non-audit services, fees for the non-audit services (individually and in aggregate) relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted								
Explanation on adoption of the practice	:	<p>As at 29 February 2020, the AC comprised three (3) members, all of whom are Independent Directors:</p> <table><tr><th>No.</th><th>Name of Director</th></tr><tr><td>1</td><td>S Sunthara Moorthy A/L S Subramaniam – Chairman/Independent Non-Executive Director</td></tr><tr><td>2</td><td>YBhg. Datuk Adinan bin Maning – Member/Senior Independent Non-Executive Director</td></tr><tr><td>3</td><td>Datin Khoo Pek Ling – Member/Independent Non-Executive Director</td></tr></table>	No.	Name of Director	1	S Sunthara Moorthy A/L S Subramaniam – Chairman/Independent Non-Executive Director	2	YBhg. Datuk Adinan bin Maning – Member/Senior Independent Non-Executive Director	3	Datin Khoo Pek Ling – Member/Independent Non-Executive Director
No.	Name of Director									
1	S Sunthara Moorthy A/L S Subramaniam – Chairman/Independent Non-Executive Director									
2	YBhg. Datuk Adinan bin Maning – Member/Senior Independent Non-Executive Director									
3	Datin Khoo Pek Ling – Member/Independent Non-Executive Director									

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All members of the AC are financially literate and possess the necessary skills to discharge their duties. Further, the current AC composition is aligned towards the need for AC members to have sufficient understanding of the Company's business as well as to adopt analytical and meticulous approach in reviewing the Company's financial reporting processes, transactions and other financial information.</p> <p>The Chairman of the AC, S Sunthara Moorthy A/L S Subramaniam, is a fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of the MIA. He has over thirty (30) years of experience, mainly in general management, strategic business development, corporate finance, accountancy, tax and audit.</p> <p>YBhg. Datuk Adinan bin Maning is a member of the Chartered Institute of Management Accountants (UK) (CIMA). He has twenty-eight (28) years working experience in the banking sector, including ten (10) years as Chief Executive Officer of Bank Simpanan Nasional until his retirement in 2017. He has also served at senior management level in several other large corporations in Malaysia.</p> <p>Datin Khoo Pek Ling is a fellow member of the Institute of Chartered Accountants England & Wales, a member of the Malaysian Institute of Certified Public Accountants, a member of the MIA and a member of the Chartered Tax Institute of Malaysia. She was in public practice as an accountant for more than thirty (30) years until her retirement in 2018, including as senior partner of a medium-size firm of certified public accountants.</p>

	All AC members are aware of the need to undertake professional development from time to time to keep abreast of industry developments. Details of the trainings attended by the Directors, including AC members, are set out on pages 83 to 86 of FYE2020 Annual Report.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has overall responsibility for establishing a framework for good corporate governance within the Company, including the processes for risk management and internal control.</p> <p>Details of the Company's risk management and internal control framework are set out in the Statement of Risk Management and Internal Control ("SORMIC") on pages 100 to 105 of FYE2020 Annual Report. The Board was assisted by AC and BRC in reviewing the adequacy and effectiveness of the Company's risk management and internal control framework.</p> <p>The AC and BRC report their activities and provide recommendations to the Board on quarterly basis.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The features of the risk management and internal control framework are set out in the SORMIC on pages 100 to 105 of FYE2020 Annual Report. As stated in the SORMIC, the Board is satisfied with the adequacy and effectiveness of the Company's risk management and internal control framework in FYE2020.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

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

Application	:	Adopted								
Explanation on adoption of the practice	:	<p>The Board has established the BRC on 23 January 2019, to oversee the Company's risk management framework and policies. The BRC comprises three (3) Independent Directors as set out below:</p> <table><tr><th>No.</th><th>Name of Director</th></tr><tr><td>1</td><td>YBhg. Datuk Adinan bin Maning) – Chairman/Senior Independent Non-Executive Director</td></tr><tr><td>2</td><td>Datin Khoo Pek Ling – Member/Independent Non-Executive Director</td></tr><tr><td>3</td><td>Rashidah binti Abu Bakar – Member/Independent Non-Executive Director</td></tr></table> <p>In FYE2020, the BRC has amongst others, reviewed and recommended various policies of the Company for the Board's approval, reviewed the Company's Business Continuity Framework and discussed on legal and compliance risk issues.</p> <p>The Terms of Reference of the BRC is published on the corporate website at https://www.aeoncredit.com.my/aeon-corporate/about-us under 'Corporate Governance'.</p>	No.	Name of Director	1	YBhg. Datuk Adinan bin Maning) – Chairman/Senior Independent Non-Executive Director	2	Datin Khoo Pek Ling – Member/Independent Non-Executive Director	3	Rashidah binti Abu Bakar – Member/Independent Non-Executive Director
No.	Name of Director									
1	YBhg. Datuk Adinan bin Maning) – Chairman/Senior Independent Non-Executive Director									
2	Datin Khoo Pek Ling – Member/Independent Non-Executive Director									
3	Rashidah binti Abu Bakar – Member/Independent Non-Executive Director									

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>Pursuant to Paragraph 15.27 of the MMLR, the Board has established an in-house internal audit function, which is independent of the activities it audits. The primary responsibility of the Internal Audit Group ("IAG") is to provide independent and objective assessment on the adequacy and effectiveness of the governance, risk and control processes implemented by the Management.</p> <p>IAG's mission, scope of work, responsibilities and authority are governed by its Internal Audit Charter, which is approved by the AC. To reflect the independence of the internal audit function, the Head of IAG reports functionally to the AC and administratively to the MD / Chief Executive Officer, and has unfettered access to the AC. Through this reporting relationship, the AC also ensured that the IAG has the authority to carry out their work objectively and independently. The AC approved the IAG's annual audit plan including its scope, coverage and the resource requirements of the internal audit function to carry out its work.</p> <p>Internal Audit Reports arising from the audits and reviews conducted by IAG were tabled to the AC for review and deliberation at the AC Meetings. The progress of agreed remedial action plans on audit issues were also tabled to the AC for review and deliberation to ensure that remedial measures are implemented by the Management promptly and appropriately.</p> <p>During FYE2020, the AC held one (1) meeting with the Head of IAG without the presence of the Executive Board members and Management staff of the Company to discuss any issues or significant matters which the Head of IAG wished to raise. The AC also evaluated the performance and effectiveness of the internal audit function pursuant to Paragraph 15.12 of the MMLR including the scope, functions, competency and resources of the IAG to ensure the internal audit function is effective and able to function independently.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is carried out based on a risk-based approach guided by the Internal Audit Charter as well as the Internal Audit Policy and Procedure. The IAG adopts the standards / practices encapsulated in the International Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors (“IIA”), in performing its work.</p> <p>The IAG personnel are free from any relationships or conflict of interest, which could impair their objectivity and independence. As guided by the Internal Audit Charter, Policy and Procedure, the IAG maintained its independence and impartiality in the performance of audit work.</p> <p>In accordance with the IAG’s Internal Audit Charter on Independence and Objectivity, the IAG is required to confirm to the AC, at least annually, the organisational independence of the internal audit activity. This is also in accordance with Standard 1110 on Organisational Independence of the International Standards for Professional Practice of Internal Auditing. In relation to this, all IAG personnel, including the Head of IAG, have confirmed to the AC in December 2019 via the annual declaration that they have applied and upheld the principles stated in the IAG Code of Ethics and are free from any relationship or conflict of interest, which could impair their objectivity and independence.</p> <p>The IAG is staffed by eighteen (18) personnel with five (5) staff in managerial positions. The Head of IAG, Phang Chee Chong oversees the Internal Audit function. He is a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA), a Certified Internal Auditor (CIA), a Certified Financial Services Auditor (CFSA) by the IIA, and a Certified Information Systems Auditor (CISA) by ISACA. He has a Master of Business Administration (MBA) from Southern Cross University, Australia and also acquired the Certification in Risk Management Assurance (CRMA) by the IIA.</p>

Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:	<table border="1"> <tr> <td></td> <td></td> </tr> </table>		

Intended Outcome

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

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to the principles set out in Bursa Securities' Corporate Disclosure Guide and compliance with applicable laws to ensure comprehensive, accurate and timely disclosures relating to the Company to the stakeholders. The Board is aware of its accountability to the shareholders and other stakeholders, and that constant communication with stakeholders enables the Company to understand stakeholders' concerns and to take these concerns into account when making decisions. Investor relations, corporate governance and other corporate information are available from the corporate website at https://www.aeoncredit.com.my/aeon-corporate/about-us under 'Corporate Governance'</p> <p>A dedicated Investor Relations e-mail contact has also been made available at ir_info@aeoncredit.com.my for shareholders to submit queries or comments on any issue of concern.</p> <p>Apart from the above, the Company emphasises on two-way communication with all stakeholders who are impacted by or have the ability to influence the business, and continuously engage with these stakeholders to address their needs and concerns on issues related to the business operations through various channels such as meetings, engagements and participation in events involving regulators, industry associations, business partners, merchants, segments of local community etc.</p> <p>The list of stakeholder groups and communication channels are set out in the FYE2020 Sustainability Statement on pages 55 and 56 of FYE2020 Annual Report.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Various communication channels have been established for stakeholders to communicate with the Company, as disclosed in the Sustainability Statement.</p> <p>Further, the Annual Report for FYE2020 includes Management Discussion and Analysis statement, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement to provide stakeholders with balanced, comparable and meaningful overview of the Company's performance, operations, financial health, prospects and sustainability governance/practices.</p> <p>In FYE2020 the Company has adopted the GRI* framework for its Annual Report. The current year (FYE2020) shall be the transition period before the Company fully adopts Integrated Reporting in the next financial year (FYE2021).</p> <p>The Board and Senior Management recognise the importance of integrated thinking as part of the Company's journey towards integrated reporting, as reported in the Corporate Governance Report for the financial year ended 28 February 2018. We have embarked on the adoption of International Integrated Reporting Framework with the intent to fully comply and adopt the Practice by the financial year ending 28 February 2021. Currently, development of the Integrated Reporting roadmap is in progress.</p> <p><i>*Note: GRI (also known as Global Reporting Initiative) is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption. GRI's framework for sustainability reporting helps companies identify, gather and report this information in a clear and comparable manner.</i></p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensures that shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at the Annual General Meeting ("AGM") of the Company.</p> <p>The Notice of AGM is advertised in a national daily newspaper (English or Bahasa Malaysia), published on the Company's website before the AGM and dispatched to the shareholders together with the Annual Report. The Notice of the Twenty-Second (22nd) AGM for 2019 was sent to shareholders on 21 May 2019, which was twenty-nine (29) days before the AGM held on 20 June 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that the presence of all Directors will provide opportunity for shareholders to effectively engage with the Directors and allow shareholders to raise questions directly to specific Directors.</p> <p>All eleven (11) Directors attended the last AGM of the Company held on 20 June 2019. The Directors engaged with shareholders at the last AGM and provided details of the resolutions proposed along with background information and recommendations that are relevant.</p> <p>Issues of concern raised by shareholders were satisfactorily addressed by the Chairman of the Board and the relevant Directors.</p> <p>A summary of key matters discussed has been published on the Company's website in accordance with Paragraph 9.21(2) of the MMLR.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate—

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company does not facilitate voting in absentia; however, the AGM has always been held in the city centre of Kuala Lumpur to facilitate access for, and to encourage maximum participation of, shareholders.</p> <p>For foreign shareholders and other shareholders who are unable to attend the AGM, a proxy voting channel has been made available.</p> <p>The Board regards general meetings as a platform for shareholders to exercise their rights. In accordance with Paragraph 8.29A(1) of the MMLR, all resolutions put to vote will be determined by poll voting. The Board has always given consideration to the location of its general meetings to ensure convenient access to shareholders.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	For the upcoming 23rd AGM which will be held on 24 th June 2020, the Company will be conducting the AGM fully virtual and entirely via remote participation and electronic voting ("RPV"). By leveraging on the RPV facilities, the shareholders can participate remotely and cast their votes electronically.
Timeframe	:	

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

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

Click or tap here to enter text.