

## CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5139  
**COMPANY NAME** : AEON Credit Service (M) Berhad  
**FINANCIAL YEAR** : February 29, 2024

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The duties, powers and functions of the Board of Directors (the "Board") are guided by the prevailing legal and regulatory requirements, as well as the following aspirations and principles, in discharging its fiduciary duties and responsibilities.</p> <p>The primary role of the Board is to protect and enhance the interests of the shareholders and stakeholders while enabling AEON Credit Service (M) Berhad ("AEON Credit" or "the Group") to achieve long-term profitability and sustainability. The Board strives to ensure that the highest standards of corporate governance are practiced throughout the Group by enforcing good standards of accountability, all with a view to enable Management to execute its duties effectively.</p> <p>In discharging its duties and roles effectively, the Board is also guided by the Board Charter, which sets out the principles and guidelines to be applied by the Board, while Board Committees including the Audit Committee ("AC"), Board Risk Committee ("BRC") and Nomination and Remuneration Committee ("NRC") are established to exercise oversight in specific areas. All the Board Committees have specific responsibilities and are guided by their respective Terms of Reference ("TOR"). The Board Charter and the TOR for each Board Committee are available on the Company's corporate website at <a href="https://aeoncredit.com.my/about-us/corporate-governance/">https://aeoncredit.com.my/about-us/corporate-governance/</a>.</p>

	<p>Guided by the <i>AEON Group Future Vision</i>, <i>AEON Fundamental Management Principles</i> and <i>Our Purpose</i> established by AEON Financial Service Co., Ltd. ("AEON Financial Service"), our immediate holding company, the Board plays a pivotal role in providing guidance and oversight in the formulation and execution of the Group's strategic planning. The Board continuously considers environmental, sustainability and governance factors when reviewing and approving the Group's strategic direction, mid-term plan, annual business plan, financial budgets and organization structure of the Group for the financial year ended 29 February 2024 ("FYE2024").</p> <p>The Board is the ultimate decision-making body of the Company, with the exceptions for matters which require shareholders' approval. The Board convened 16 Board meetings throughout FYE2024 to review financial performance, business strategy, market developments, risk management, and updates of key risk indicators. The Board is also involved in deliberation and decision-making on management's proposals for the Company and other matters which are reserved for the Board's review and approval in accordance with the demarcation of responsibilities under the Board Charter and monitoring its implementation by Management.</p> <p>Throughout FYE2024, the Board played a crucial role in reviewing, deliberating and approving the strategic investment in a digital Islamic bank through a joint venture with AEON Financial Service. The decision was subsequently approved by the shareholders at the AEON Credit's Extraordinary General Meeting on 16 October 2023, leading the establishment of AEON Bank (M) Berhad (formerly known as ACS Digital Berhad) as an associate of the AEON Credit.</p> <p>In addition, Group policies are constantly being reviewed and new frameworks are established where required to keep pace with the evolving governance standards.</p>
Explanation for departure	:
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	

<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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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, Mr Ng Eng Kiat, assumed the formal role of a leader with responsibility for instilling good corporate governance practices. The Chairmen leads the discussions among Directors and provided leadership to the Board in its oversight of Management.</p> <p>As the Chairman of the Group, the key expected roles include but are not limited to:</p> <ul style="list-style-type: none"><li>i) Ensuring the smooth functioning of the Board, with effective governance structure and inculcation of positive culture in the Board;</li><li>ii) Ensuring guidelines and procedures are in place to govern the Board's operations and conduct;</li><li>iii) Ensuring the training and development needs of the Board members are reviewed and addressed;</li><li>iv) Providing leadership for the Board so that the Board can perform its responsibilities effectively;</li><li>v) Ensuring that Board members receive complete and accurate information on all matters in the Board of Directors' meeting in a timely manner;</li><li>vi) Leading Board meetings and discussions;</li><li>vii) Encouraging active participation and allowing dissenting views to be freely expressed;</li><li>viii) Managing the interface between Board and Top Management;</li><li>ix) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;</li></ul>

	<p>x) Leading the Board in establishing and monitoring good corporate governance practices in the Group; and</p> <p>xi) Representing the Group externally and overseeing public relations activities together with MD/CEO.</p> <p>The details on the roles of the Chairman are stipulated in the Board Charter which is available on the corporate website at <a href="https://aeoncredit.com.my/about-us/corporate-governance/board-charter/">https://aeoncredit.com.my/about-us/corporate-governance/board-charter/</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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To ensure balance of authority, increased accountability and greater capacity for independent decision-making, the Board practices a clear division of responsibilities between the Chairman and the Managing Director ("MD")/Chief Executive Officer ("CEO"), so that no individual dominates the decision-making process.</p> <p>The distinct and separate roles and responsibilities of the Chairman and MD/ED have been clearly specified in the Board Charter, which is available on the corporate website at <a href="https://aeoncredit.com.my/about-us/corporate-governance/board-charter/">https://aeoncredit.com.my/about-us/corporate-governance/board-charter/</a>. The positions of Chairman and MD/CEO of the Group are held by two different individuals. The Chairman of the Board is Mr. Ng Eng Kiat, a Non-Independent Non-Executive Director, whilst the MD/CEO of the Group is Mr. Daisuke Maeda.</p> <p>The Chairman is responsible for the leadership and management of the Board and to ensure its Board Committees are functioning effectively (as outlined in the explanation to Practice 1.2 in this report). The MD/CEO, supported by the Management team, implements Group's strategy and in carrying out the Board's directions, managing the businesses of the Group and driving performance within strategic goals and commercial objectives.</p> <p>The roles and responsibilities of the MD/CEO include, among others :</p> <ul style="list-style-type: none"><li>i) Developing objective, vision, strategic direction and business targets;</li><li>ii) Ensuring strategies and corporate policies are effectively implemented;</li><li>iii) Ensuring Board decisions and directions are implemented;</li><li>iv) Establishing appropriate organization structure of the Group to implement short and long term business plans;</li></ul>

	v) Providing strong leadership to the management team and employees of the Group; vi) Keeping the Board fully informed of all important aspects of the Group's operations and ensuring sufficient information is distributed to Board members; vii) Establishing a strong management team with effective succession planning and talent retention strategies; and viii) Ensuring the day-to-day business affairs of the Group are effectively and efficiently managed.	
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	<div></div> <div></div>



### Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board, Mr. Ng Eng Kiat, who is a Non-Independent Non-Executive Director, is neither a member of any of the Board Committees nor participate in any of the Board Committees' meetings.</p> <p>The Board Charter which is available on the corporate website at <a href="https://aeoncredit.com.my/about-us/corporate-governance/board-charter/">https://aeoncredit.com.my/about-us/corporate-governance/board-charter/</a> stipulate clearly that the Chairman of the Board shall not be appointed as a member of any Board Committees.</p> <p>The Board took cognizance the importance of Practice 1.4 and the Chairman of the Board understands that he should not involve in any of the Board Committee so that there is check and balance as well as objective review by the Board.</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Under the direction of the Chairman of the Board, the Board has appointed a professionally qualified Company Secretary, Ms. Tai Yit Chan who has extensive corporate experience attending to company secretarial, compliance matters and advocacy of good CG best practices.</p> <p>The Company Secretary keeps 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 ("MCCG"), Companies Act 2016 and other rules and regulations through continuous education and professional training.</p> <p>The key role of the Company Secretary is to provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board. The Company Secretary ensures the Board procedures are always adhered to during the meetings and advise the Board on the relevant regulatory compliance including corporate governance issues.</p> <p>Further, the Company Secretary or her representative has discharged the roles during the financial 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 Secretary has 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>

<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 1.6

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The annual meeting calendar is prepared before the start of the next year to ensure the Directors are able to plan their schedule appropriately.</p> <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 Committees 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 peruse 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 for 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 are taken and there is a constant monitoring on the action items 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 expense on any matters in relation to the discharge of their duties.</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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter clearly sets out the principal roles of the Board and the demarcation of the roles, terms of reference together with responsibilities and powers of the Board, various Board Committees and Top Management of the Group. The Board Charter is reviewed periodically or when the need arises, to allow for updates or changes in regulations and best practices, and the same is available on the Company's website at <a href="https://aeoncredit.com.my/about-us/corporate-governance/board-charter/">https://aeoncredit.com.my/about-us/corporate-governance/board-charter/</a>.</p> <p>This Board Charter is established to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its Committees. This Board Charter shall form an integral part of each Director's duties, authority and responsibilities. To the extent of any conflict between the terms of this Board Charter and the Company's Constitution, the Constitution prevails.</p> <p>The Board Charter stipulates the key policies of the Company, amongst others, including matters related to the following areas:</p> <ul style="list-style-type: none"> <li>(i) Roles and functions of Board and Board Committees;</li> <li>(ii) Roles of Independent Directors and Non-Executive Directors;</li> <li>(iii) Separation of position of Chairman and MD;</li> <li>(iv) Matters reserved for Board approval;</li> <li>(v) Ethics and Compliance;</li> <li>(vi) Risk Management;</li> <li>(vii) Succession Planning;</li> <li>(viii) Investor Relations and Shareholder Communication;</li> </ul>

	<p>(ix) Director's terms of service, assessment and other matters including Board composition, Directors' remuneration, Directors' training and development as well as procedures related to Board meetings; and</p> <p>(x) Rights of Directors to access information and advice.</p> <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 the applicable rules, laws and regulations including internal policies.</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 3.1

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, Management and employees of the Group are guided by AEON Foundational Ideals (previously known as AEON Basic Principles, AEON Corporate Commitment and AEON Code of Conduct) of pursuing peace, respecting humanity and contributing to communities, always with customers as our starting point aligned with the objective of realising a sustainable society. In addition, the Group is also guided by the philosophy of our parent company, AEON Financial Service Co., Ltd. to support and enrich customers' lifestyles, enable each individual to maximise future opportunities through effective use of credit – bringing finance closer to everyone.</p> <p>The basic principles take into consideration the interests of the Group's customers, shareholders, people, business partners and the broader community to ensure the Group operates its business with integrity, transparency and accountability,</p> <p>All employees are briefed on the AEON Foundational Ideals upon commencement of employment and shall attend refresher training on an annual basis. The Board, management and employees are expected to observe high standards for integrity and fair dealing in relation to customers, business partners and regulators.</p>
<b>Explanation for departure</b>	:	



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

<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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>AEON Credit 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 six (6) dedicated reporting channels set up under the Group's whistle-blowing policy for the reporting of allegations by employees and external stakeholders are as follows:</p> <ul style="list-style-type: none"><li>(i) Internal Reporting Channel which comprises an employee hotline phone number, an online web portal and a submission channel via a written report to the Head of Human Resources;</li><li>(ii) External Reporting Channel for internal staff which comprises AEON Co. Ltd., Japan Hotline – online portal for reporting of bribery, false claim, or abuse of power/position related issues;</li><li>(iii) Legal Attorney Hotline which is for reporting of misconduct involving employees for the Company's positions of Senior General Manager and/or above;</li><li>(iv) Email to "<a href="mailto:eSID@aeoncredit.com.my">eSID@aeoncredit.com.my</a>" for reporting of bribery, false claim, or abuse of power/position related issues, where three (3) designated recipients will receive the report with high confidentiality protocols in place:<ul style="list-style-type: none"><li>i. Senior Independent Director</li><li>ii. Audit Committee Chairman</li><li>iii. Chief Risk Officer (CRO)</li></ul></li></ul>

	<p>(v) Written letter to the Company's CRO for reporting of bribery, false claim, or abuse of power/position related issues; and</p> <p>(vi) Report directly to Malaysian Anti-Corruption Commission ("MACC") via MACC's website for bribery, false claim, or abuse of power/position related issues.</p> <p>Issues raised through the above reporting channel by an employee without the risk of reprisal will be investigated and resolved with strict confidentiality by the senior management of the Company.</p> <p>For external stakeholders, any concerns on illegal, unethical or questionable practices can be communicated in confidence by the whistle-blower without the risk of reprisal to the designated recipients at &lt;eSID@aeoncredit.com.my&gt; for further investigation and action. Details of the whistle-blowing channel for external stakeholders are published on the corporate website at <a href="https://aeoncredit.com.my/about-us/corporate-governance/whistle-blowing-policy/">https://aeoncredit.com.my/about-us/corporate-governance/whistle-blowing-policy/</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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors of AEON Credit are responsible for managing the sustainability matters of the Group and to ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental, social and governance considerations underpinning sustainability. The Group has established a Management Sustainability Committee ("MSC") comprising key members of Senior Management to assist the Board in overseeing the formulation, implementation and effective management of AEON Credit's sustainability strategies.</p> <p>AEON Credit's Sustainability Framework is aligned with AEON Group Sustainability Principle in which AEON aims to realise a sustainable society with stakeholders based on our basic principles of pursuing peace, respecting humanity and contributing to local communities, always with the customer's point of view at the core. Various activities are advanced locally in order to realise the Group's core principles as a low carbon emission entity, conservation of biodiversity, better usage of resources and addressing social issues.</p> <p>The roles of the MSC include:</p> <ul style="list-style-type: none"><li>(i) Drive strategic management of material sustainability matters;</li><li>(ii) Assist Board Risk Committee to be responsible for the governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets;</li></ul>

	(iii) Identify a designated person within Management, to provide dedicated focus to manage sustainability considerations in the operations of the Company; and  (iv) Serve and carry critical responsibility for the overall sustainability initiatives and wellbeing of the Group's operations.  On a quarterly basis, the Board would be updated on the progress of the approved sustainability initiatives and where relevant, would provide directives to address identified risks and opportunities.			
<b>Explanation for departure</b>	:			
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<b>Measure</b>	:			
<b>Timeframe</b>	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>AEON Credit is guided steadfastly in all aspects of its business operations by its Corporate Philosophy to support customers' lifestyle and enable each individual to maximise future opportunities through effective use of credit. This serves as a beacon to further strengthen business sustainability by focusing primarily on economic, environmental and social drivers.</p> <p>The Board reviews the Group strategies, performance, targets and progress towards achieving the long-term sustainability of the business and ensure consideration of sustainability issues in setting the Group strategic direction.</p> <p>More details on the AEON Credit's sustainability drive and journey are available at <a href="https://www.aeoncredit.com.my/aeon-corporate/sustainability">https://www.aeoncredit.com.my/aeon-corporate/sustainability</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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Sustainability remains a key focus area for AEON Credit’s Board. The Board is updated and briefed on the Group’s sustainability activities from Management on a quarterly basis.</p> <p>The Board also attends various seminars/courses/training programmes on sustainability conducted by external consultants to keep themselves abreast with and understand the sustainability agenda which are relevant to the Group.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

The 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board performance evaluation for FYE2024 had included the new areas to evaluate the performance of the Board in addressing the Company's material sustainability risks and opportunities to drive Environmental, Social and Governance ("ESG") strategy and implementation.  The Board has also assessed the Senior Management (for Managing Director and Chief Financial Officer) on the overall sustainability management in meeting AEON Credit's sustainability targets.	
<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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5 - Step Up**

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

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Head of Sustainability Department is responsible on sustainability strategies formulation, embed sustainability principles into the business operation, manage and address the Groups' sustainability risk.

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC of AEON Credit is responsible to review/recommend to the Board the appointment and re-election of Directors and oversees the assessment of performance and contribution of Directors.</p> <p>The NRC reviews the required structure, size and composition of the Board (including diversity in skills, knowledge, experience, gender, age and ethnicity) through Board Effectiveness Evaluation ("BEE") review, taking into account the size and complexity of AEON Credit's operations.</p> <p>The BEE is the main mechanism used by the NRC to conduct its annual review of the Board. The NRC takes into consideration the current Board skills set, composition and the prevailing legal as well as regulatory requirements. These considerations are to ensure formation of a well-balanced Board that allows for good governance and efficient management of the Group which is agile in its interaction with the evolving business environment and needs.</p> <p>On 9 May 2024, 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.</p> <p>The tenure of each Director and annual re-election of Directors who retire by rotation pursuant to the Company's Constitution are reviewed by the NRC. The recommendations on the re-election of Directors at the Annual General Meeting ("AGM") are subject to the NRC being satisfied with the performance and contribution of the retiring Directors based on the latest BEE review.</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 5.2

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

<b>Application</b>	:	Applied												
<b>Explanation on application of the practice</b>	:	<p>As at 29 February 2024, the Board comprises nine (9) members, of which five (5) are Independent Non-Executive Directors (“INEDs”), thus constituting the majority of the Board.</p> <p>The Board enforcing its commitment towards independence by prescribing in the Board Charter that at least one of third (1/3) of its members shall comprise INEDs. The INEDs ratio at 56% has exceeded the level of independence prescribed under the MMLR and MCCG.</p> <p>The composition of the Board as at 29 February 2024 is as follows:</p> <table><tr><th>Designation</th><th>No. of Directors</th><th>Percentage (%)</th></tr><tr><td>INED</td><td>5</td><td>56</td></tr><tr><td>Non-Independent Non-Executive Directors</td><td>2</td><td>22</td></tr><tr><td>Executive Directors (including MD)</td><td>2</td><td>22</td></tr></table> <p>In addition to having a Board comprising a majority INEDs, Datuk Adinan bin Maning continues in his role as the Senior Independent Director, acting as a sounding Board to the Board Chairman as well as a principal conduit between the Chairman and the Independent Board members.</p> <p>An assessment on the independence of the INEDs is conducted on annual basis via an evaluation form to ensure that the said INED fulfils the definition of “Independent Director” as stipulated in the MMLR.</p>	Designation	No. of Directors	Percentage (%)	INED	5	56	Non-Independent Non-Executive Directors	2	22	Executive Directors (including MD)	2	22
Designation	No. of Directors	Percentage (%)												
INED	5	56												
Non-Independent Non-Executive Directors	2	22												
Executive Directors (including MD)	2	22												
<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 5.3

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

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

Application	:	Applied							
Explanation on application of the practice	:	The Board Charter stipulates the tenure of INED shall generally be for a maximum period of nine (9) years in line with the MCCG. Upon completion of the nine (9) years, an INED may continue to serve the Board subject to the Director’s re-designation as Non-Independent Director.							
		However, if the Board intends to retain an INED beyond nine (9) years, it should provide justification and seek annual shareholders’ approval through a two-tier voting process.							
		As at 29 February 2024, all the five (5) INEDs have served the Board for less than nine (9) years tenure. The tenure of the INEDs is summarised below:							
		<table><tr><td>Years of Service</td><td>Number of INEDs</td></tr><tr><td>Less than 3 years</td><td>1</td></tr><tr><td>3 years to 5 years</td><td>2</td></tr><tr><td>6 years to 9 years</td><td>2</td></tr></table>		Years of Service	Number of INEDs	Less than 3 years	1	3 years to 5 years	2
Years of Service	Number of INEDs								
Less than 3 years	1								
3 years to 5 years	2								
6 years to 9 years	2								
Explanation for departure	:								
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.									
Measure	:								
Timeframe	:								

## Intended Outcome

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

## Practice 5.4 - 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>	:	In light of Practice 5.3 being applied.

### 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>Appointment of Directors on the Board and appointment of Key Senior Management of the AEON Credit are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The NRC conducts a “fit and proper” 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 the 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 2024 are as follows:</p>

	<table border="1"> <tr> <th></th> <th colspan="4">Race/Ethnicity</th> <th colspan="2">Nationality</th> </tr> <tr> <th></th> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>Japanese</th> <th>Malaysian</th> <th>Japanese</th> </tr> <tr> <td>Directors</td> <td>3</td> <td>3</td> <td>1</td> <td>2</td> <td>7</td> <td>2</td> </tr> <tr> <td>Senior Management</td> <td>1</td> <td>4</td> <td>0</td> <td>2</td> <td>5</td> <td>2</td> </tr> </table>								Race/Ethnicity				Nationality			Malay	Chinese	Indian	Japanese	Malaysian	Japanese	Directors	3	3	1	2	7	2	Senior Management	1	4	0	2	5	2
		Race/Ethnicity				Nationality																													
		Malay	Chinese	Indian	Japanese	Malaysian	Japanese																												
	Directors	3	3	1	2	7	2																												
	Senior Management	1	4	0	2	5	2																												
	<table border="1"> <tr> <th></th> <th colspan="4">Age/Years</th> <th colspan="2">Gender</th> </tr> <tr> <th></th> <th>&lt;41</th> <th>41-50</th> <th>51-60</th> <th>&gt;60</th> <th>Male</th> <th>Female</th> </tr> <tr> <td>Directors</td> <td>-</td> <td>2</td> <td>2</td> <td>5</td> <td>5</td> <td>4</td> </tr> <tr> <td>Senior Management</td> <td>0</td> <td>1</td> <td>6</td> <td>0</td> <td>5</td> <td>2</td> </tr> </table>								Age/Years				Gender			<41	41-50	51-60	>60	Male	Female	Directors	-	2	2	5	5	4	Senior Management	0	1	6	0	5	2
		Age/Years				Gender																													
		<41	41-50	51-60	>60	Male	Female																												
	Directors	-	2	2	5	5	4																												
	Senior Management	0	1	6	0	5	2																												
<p>The current composition of the Board includes individuals from various ethnic groups across various age bands and expertise, with female directors constituting 40% of the Board. Please refer to the Board of Directors' Profiles in the Integrated Annual Report ("IAR") 2024 for further information.</p> <p>The Board is satisfied with the level of time commitment given by the Directors in carrying out their duties and responsibilities. At present, none of the Board members hold more than five (5) directorships in listed companies.</p>																																			
<div> <div>Explanation :</div> <div></div> </div>																																			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																																			
<div> <div>Measure :</div> <div></div> </div>																																			
<div> <div>Timeframe :</div> <div></div> </div>																																			



### 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>In identifying candidates for appointment as Independent Directors, 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 NRC 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, subject to fit and proper consideration taking into account the 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"><li>• Probity, personal integrity and reputation, where the candidate must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness;</li><li>• Competence and capability, where the candidate must have the necessary skills, working experience, capability and commitment to carry out the role; and</li><li>• Time and commitment, where the candidate shall be able to devote sufficient time, resources in his/her role as Director having regard to his / her other commitments.</li></ul>

	<p>The key considerations and process for appointment to the Board are stated in the Board Charter. The Board has in the past utilised an independent source to identify suitable directorship candidate for INEDs. The Board will continue the use of a myriad of resources to source for candidates based on recommendations from independent sources including referrals from industry or professional associations in future appointment of Directors.</p> <p>With regards to the retirement of Datin Khoo Pek Ling, after due consideration of the potential candidates referred by Board members and external parties, the NRC and the Board assessed Ms Chin Pik Yuen (“Ms. Chin”), who was found to be in compliance with the Company’s Policy of Director’s Fit and Proper. As a result, Ms. Chin was appointed on 27 July 2023.</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>The profile of each Director is set out in the IAR 2024. Details provided in the profiles include their age, gender, tenure of service, directorships in other companies, working experience, Directors' shareholdings held in AEON Credit and any conflict of interest.</p> <p>As stipulated in the Board Charter, the Board has the responsibility to ensure that shareholders have the information they require to make an informed decision on the appointment and reappointment of a Director which includes the details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring independent judgement to bear on issues before the Board and to act in the best interest of the Group as a whole.</p> <p>In compliance with MMLR, explanatory notes have been included in the Notice of AGM to accompany resolutions for the reappointment of Directors who are due to retire and have offered themselves for re-election pursuant to the Company's Constitution.</p> <p>Each of the Director standing for re-election had undergone evaluation by NRC and had provided their annual declaration on their fitness and propriety to continue acting as Directors of the Group in accordance with the Fit and Proper Policy of the Group.</p> <p>During FYE2024, the Board has not recommended the appointment of any new directors other than the reappointment of retiring directors.</p> <p>The Director standing for re-election, who is also a shareholder of AEON Credit will abstain from voting on the resolution in respect of his/her re-election at the forthcoming 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>	:	<p>The NRC of the Company is currently chaired by Datuk Adinan Bin Maning, a Senior Independent Non-Executive Director.</p> <p>The NRC members as at 29 February 2024 were as follows:</p> <table><tr><th>No.</th><th>Name of Director / Directorate</th></tr><tr><td>1</td><td>Datuk Adinan Bin Maning Senior Independent Non-Executive Director</td></tr><tr><td>2</td><td>Datin Yasmin Ahmad Merican – Member / Independent Non-Executive Director</td></tr><tr><td>3</td><td>S Sunthara Moorthy A/L S Subramaniam – Member / Independent Non-Executive Director</td></tr></table> <p>The NRC 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 the interest of the minority shareholders is fairly reflected on the Board.</p> <p>The roles and responsibilities of NRC include the following:</p> <ul style="list-style-type: none"><li>i) To review annually and recommend appropriate criteria for a balanced Board in terms of structure, size and composition of the Board and committees including the required mix of skills and experience, core competencies which non-executive directors should bring to the Board and other qualities to function effectively and efficiently;</li><li>ii) To consider, evaluate and propose any new Board appointments, having regard to criteria for a balanced Board;</li><li>iii) To consider, evaluate and propose the appointment of the MD, Executive Director and Executive Officer;</li></ul>	No.	Name of Director / Directorate	1	Datuk Adinan Bin Maning Senior Independent Non-Executive Director	2	Datin Yasmin Ahmad Merican – Member / Independent Non-Executive Director	3	S Sunthara Moorthy A/L S Subramaniam – Member / Independent Non-Executive Director
No.	Name of Director / Directorate									
1	Datuk Adinan Bin Maning Senior Independent Non-Executive Director									
2	Datin Yasmin Ahmad Merican – Member / Independent Non-Executive Director									
3	S Sunthara Moorthy A/L S Subramaniam – Member / Independent Non-Executive Director									

	iv) To review and recommend appointment of Directors to Board Committees; v) To review and recommend the re-election of Directors retiring based on provisions in the Company's Constitution, having regard to the annual assessment made on the relevant Directors; vi) To develop, maintain and review the criteria and processes to be used in the Board recruitment and annual assessment of the Board, Board Committees and each Director; vii) To assess annually the independence of its Independent Directors; viii) To review training and orientation requirements for each individual Director, recommend appropriate plans and programmes as well as facilitate Board induction programme for newly appointed Directors; ix) To recommend to the Board the Company's gender diversity policies and discuss measures taken to meet the policy requirements; x) To review and make recommendations to the Board on the succession plan for key positions in the Company to ensure continuity in senior management; and xi) To recommend to the Board the protocol for accepting new directorships in other companies/entities.  The Terms of Reference of the NRC is published on the corporate website at <a href="https://aeoncredit.com.my/about-us/corporate-governance/board-risk-charter/">https://aeoncredit.com.my/about-us/corporate-governance/board-risk-charter/</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**

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

**Practice 5.9**

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	Recognising the value of gender diversity towards providing insights from different perspectives for decision making, the Board maintains its pursuit of the adopted policy of having at least 30% female representation on the Board as stipulated in the Board Charter.  As at 29 February 2024, the Board comprises nine (9) members, four (4) of whom are female Directors, representing 44% of the total Board Members.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 5.10**

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

Application	:	Applied	
Explanation on application of the practice	:	Recognising the value of gender diversity towards providing insights from different perspectives for decision making, the Board maintains its pursuit of the adopted policy of having at least 30% female representation on the Board as stipulated in the Board Charter.  The Board has disclosed the Group’s gender diversity policy for the Board and Management on page 80 and page 106 of IAR 2024.	
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 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>i) Explanation on application of the practice</b>	<p>The Board via NRC undertake a yearly Board Effectiveness Evaluation ("BEE") exercise to determine whether the Board and Board Committees are performing effectively and identify areas for improvement. An independent consultant is engaged once every 3 years to assist the NRC to facilitate an objective and candid board evaluation on the Board's effectiveness against peer boards and best practices. An external firm was last engaged to conduct the BEE in FYE2023.</p> <p>For FYE2024, the BEE exercise was facilitated by the Company Secretary to assess the performance of the Board for the year. The BEE combined both self and peer performance assessment, and questionnaires / assessment forms were the primary mode of gathering insights on the performance of the Board, Board Committees and individual Directors, in terms of its structure, composition, practices, independence of INEDs and etc. The BEE forms were distributed to all Directors and responses received were collated.</p> <p>In essence, the result of BEE indicated that the Board is committed to the highest standards of good governance, affirming the effectiveness of the Board, Board Committees and individual Director in discharging their roles. A summary report of the assessment and comments made by Directors, including the areas of strength and areas of improvement with suggestions were tabled to the NRC and Board respectively.</p>

	<p>Pursuant to feedback obtained from the individual Directors, the key strengths of the Board are visible in the following areas:</p> <ul style="list-style-type: none"> <li>i) Board configuration and appropriate Board diversity;</li> <li>ii) Directors' mix of skill and experience;</li> <li>iii) Professionalism, integrity &amp; Objectivity of the Board; and</li> <li>iv) Effectiveness of Board Committees in assisting the Board in the execution of its duties and responsibilities.</li> </ul> <p>The following main areas of improvement are also being identified in the BEE:</p> <ul style="list-style-type: none"> <li>i) The Board has suggested for more strategic planning topics to be discussed during the Board;</li> <li>ii) Lack of formal session held amongst Non-Executive Directors;</li> <li>iii) Succession Planning Policy was established in April 2024, however, there is room for improvement; and</li> <li>iv) To improve on Board's ability in distilling sustainability related risk faced by the Group.</li> </ul> <p>The action plans on the above areas of improvement will be developed and will be monitored by the NRC and the Board.</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 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>	:	<p>The Board has in place policies and procedures to determine the remuneration of Directors and Key Senior Management, which takes into account the responsibilities, the skills and experience required, and the performance of the Company, relevant business units and the individual. Further, the said policies and procedures are aligned with the business strategy and long-term objectives of the AEON Credit.</p> <p>As spelt out in the Board Charter, the Group shall provide a fair, reasonable and competitive remuneration for its Executive and Non-Executive Directors to ensure that the Group attracts and retains high calibre Directors who have the skills, experience and knowledge to increase entity value for the benefit of all shareholders. AEON Credit Remuneration Policy and Procedures is being reviewed periodically.</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 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 the 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>AEON Credit has established a Nomination and Remuneration Committee (“NRC”) comprising three (3) members, consisting of Independent Non-Executive Directors. The NRC members as at 29 February 2024 were as follows:</p> <table><tr><th>No.</th><th>Name of Director / Directorate</th></tr><tr><td>1</td><td>Datuk Adinan Bin Maning Senior Independent Non-Executive Director</td></tr><tr><td>2</td><td>Datin Yasmin Ahmad Merican – 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>Among others, the NRC 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 NRC 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 NRC may invite the MD, Head of Human Resources, external advisers and other persons to attend all or part of any meetings as and when deemed necessary by the NRC.</p>	No.	Name of Director / Directorate	1	Datuk Adinan Bin Maning Senior Independent Non-Executive Director	2	Datin Yasmin Ahmad Merican – Member / Independent Non-Executive Director	3	Rashidah Binti Abu Bakar – Member / Independent Non-Executive Director
No.	Name of Director / Directorate									
1	Datuk Adinan Bin Maning Senior Independent Non-Executive Director									
2	Datin Yasmin Ahmad Merican – Member / Independent Non-Executive Director									
3	Rashidah Binti Abu Bakar – Member / Independent Non-Executive Director									

	<p>The roles and responsibilities of the NRC comprise the following:</p> <ul style="list-style-type: none"> <li>i) Assist the Board in development, implementation and review of policies and procedures pertaining to structure, components and level of remuneration of Directors and Key Senior Management;</li> <li>ii) Review and recommend to the Board the remuneration of newly appointed Directors and Board Committee members; and</li> <li>iii) Review and recommend to the Board the annual revision, if any, of fees, salaries and other remuneration components of Non-Executive Directors and Executive Directors as well as quantum of performance-linked rewards payable to Executive Directors, subject to the approval of remuneration payable to Non-Executive Directors by shareholders in general meeting of the Company.</li> </ul> <p>The Terms of Reference of the NRC is published on the corporate website at  <a href="https://aeoncredit.com.my/about-us/corporate-governance/board-risk-charter/">https://aeoncredit.com.my/about-us/corporate-governance/board-risk-charter/</a></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**

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 details of the remuneration paid/payable for FYE2024 to individual Directors of AEON Credit is set out below on named basis, duly categorised into appropriate components including fees, salaries, bonus, benefits-in-kind and other emoluments:

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	Ng Eng Kiat	Non-Executive Non-Independent Director	336	0	0	0	31	0	367	336	0	0	0	31	0	367
2	Daisuke Maeda	Managing Director	0	244	624	360	159	0	1,387	0	244	624	360	159	0	1,387
3	Tomokatsu Yoshitoshi	Independent Director	172	0	0	0	0	0	172	172	0	0	0	0	0	172
4	S. Sunthara Moorthy S. Subramaniam	Independent Director	236	0	0	0	0	0	236	252	0	0	0	0	0	252
5	Datuk Adinan bin Maning	Independent Director	220	0	0	0	0	0	220	220	0	0	0	0	0	220
6	Datin Khoo Pek Ling	Independent Director	65	0	0	0	0	0	65	65	0	0	0	0	0	65
7	Datin Yasmin Ahmad Merican	Independent Director	191	0	0	0	0	0	191	191	0	0	0	0	0	191
8	Rashidah Binti Abu Bakar	Independent Director	202	0	0	0	0	0	202	202	0	0	0	0	0	202
9	Chin Pik Yuen	Independent Director	116	0	0	0	0	0	116	116	0	0	0	0	0	116
10	Lee Tyan Jen	Executive Director	0	0	560	210	9	124	903	0	0	560	210	9	124	903
11	Mitsugu Tamai	Non-Executive Non-Independent Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Total Amount</b>		1,538	244	1,184	570	199	124	3,859	1,554	244	1,184	570	199	124	3,875

### 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>	:	<p>The Group 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 Group’s efforts to attract and retain talent in a competitive employment market.</p> <p>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 FYE2024 is set out below, in bands of RM50,000:</p> <table><tr><th>Remuneration Band</th><th>No. of Senior Management personnel</th></tr><tr><td>RM400,001 to RM450,000</td><td>1</td></tr><tr><td>RM650,001 to RM700,000</td><td>1</td></tr><tr><td>RM700,001 to RM750,000</td><td>1</td></tr><tr><td>RM800,001 to RM850,000</td><td>2</td></tr></table>		Remuneration Band	No. of Senior Management personnel	RM400,001 to RM450,000	1	RM650,001 to RM700,000	1	RM700,001 to RM750,000	1	RM800,001 to RM850,000	2
Remuneration Band	No. of Senior Management personnel												
RM400,001 to RM450,000	1												
RM650,001 to RM700,000	1												
RM700,001 to RM750,000	1												
RM800,001 to RM850,000	2												
<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 Company will closely monitor the development in the market in respect of such disclosure for future consideration.											
<b>Timeframe</b>	:	Others											



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 positions of Chairman of the Board and Chairman of the AC are held by separate individuals. The Chairman of the AC is Mr S Sunthara Moorthy A/L S Subramaniam, an Independent Non-Executive Director, while Mr Ng Eng Kiat is the Chairman of the Board.</p> <p>The qualifications and experience of the AC members are included in the Board of Directors' Profiles in the IAR 2024.</p> <p>The Terms of Reference of the AC is available on the corporate website at <a href="http://www.aeoncredit.com.my/aeon-corporate/corporate-governance">www.aeoncredit.com.my/aeon-corporate/corporate-governance</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

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>	:	<p>None of the current members of the AC has been associated with or held any senior leadership position with the Group's appointed external auditors in the previous years. This serves to safeguard the independence of the audit on the Group's financial statements by avoiding the potential conflict of interest which may arise when a former key audit partner is in a position to exert significant influence over the audit or preparation of the Group's financial statements.</p> <p>The Terms of Reference of the AC prescribe that for the engagement of a former partner of the external audit firm of the Group as member of the AC, there must be a cooling-off period of at least three (3) years before being appointed as a member of the AC.</p> <p>As at 29 February 2024, none of the AC members were former partners of the external auditors of the Group.</p> <p>The Terms of Reference of the AC is accessible on AEON's website at <a href="https://www.aeoncredit.com.my/aeon-corporate/corporate-governance">https://www.aeoncredit.com.my/aeon-corporate/corporate-governance</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

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 roles of the AC to assess the suitability, objectivity and independence of the external auditor are provided under the Terms of Reference of the AC, which stipulate the responsibilities and duties of the Committee, amongst others to:</p> <ul style="list-style-type: none"><li>• 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.</li><li>• Review the suitability, independence and objectivity of the external auditors and their services, including non-audit services.</li><li>• 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.</li><li>• Review and recommend to the Board for approval the non-audit services rendered by the external auditors and/or its network firms or its affiliates to the Group 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.</li></ul> <p>The AC had reviewed and assessed the external auditors, Messrs Deloitte PLT's performance and competency for the FYE2024. Areas assessed included calibre of the external audit firm, its quality control processes/ performance, competency of the audit partner and the scope audit team members assigned to the engagement, audit scope and planning as well as maintaining active communication with the AC</p>

	<p>and Management during the audit process and their responsiveness in attending to issues.</p> <p>Messrs. Deloitte PLT had also provided assurance that they have not identified any breach of independence and is in compliance with the independence requirement in accordance with the relevant professional and regulatory requirements in respect of the Audited Financial Statements of the Group for FYE2024.</p> <p>The AC was satisfied with Messrs. Deloitte PLT's technical competence and audit independence and recommended the re-appointment of Messrs. Deloitte PLT as the auditors for the Board's consideration for recommendation for shareholders' approval at the AGM to be held in 2024.</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>	:	<div>As at 29 February 2024, the AC comprised three (3) members, all of whom are Independent Directors:</div> <table><tr><th>No.</th><th>Name of Director / Directorate</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>Ms. Rashidah binti Abu Bakar – Member / Independent Non-Executive Director</td></tr><tr><td>3</td><td>Ms Chin Pik Yuen – Member / Independent Non-Executive Director</td></tr></table>	No.	Name of Director / Directorate	1	S Sunthara Moorthy A/L S Subramaniam – Chairman / Independent Non-Executive Director	2	Ms. Rashidah binti Abu Bakar – Member / Independent Non-Executive Director	3	Ms Chin Pik Yuen – Member / Independent Non-Executive Director
No.	Name of Director / Directorate									
1	S Sunthara Moorthy A/L S Subramaniam – Chairman / Independent Non-Executive Director									
2	Ms. Rashidah binti Abu Bakar – Member / Independent Non-Executive Director									
3	Ms Chin Pik Yuen – 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 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>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 Group's business as well as to adopt analytical and meticulous approach in reviewing the Group's financial reporting processes, transactions and other financial information.</p> <p>The Chairman of the AC, Mr S Sunthara Moorthy A/L S Subramaniam, is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and a member of the Malaysian Institute of Accountants (MIA). He has over thirty (30) years of experience, mainly in general management, strategic business development, corporate finance, accountancy, tax and audit.</p> <p>Ms. Rashidah binti Abu Bakar graduated from University Malaya in 1979 with LLB (Hons). She was admitted as an Advocate and Solicitor of the High Court of Malaya in September 1981 and continued her service at BNM until 1995 before joining the private legal practice. She has also served as the President of the Consumer Tribunal constituted under the Ministry of Domestic Trade and Consumer Affairs from April 2018 until May 2023.</p>

	<p>Ms. Chin Pik Yuen is a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA) and a Chartered Accountant of the MIA. She also holds a Postgraduate Diploma in Anti-Money Laundering from the University of Manchester, Manchester Business School. She started her career as a statutory auditor in 1988. Additionally, she has over twenty (20) years of experience in internal audit, systems &amp; methods, human resources &amp; administration, risk and compliance roles in banking and capital market sectors before joining Securities Commission Malaysia in 2014 until her retirement in 2021 as the General Manager of Corporate Planning and Strategy Department.</p> <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 in IAR 2024.</p> <p>The NRC evaluated the performance of AC and the extent to which the AC met the requirements of its Terms of Reference, including the term of office and performance of the AC and each of its members.</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 10.1

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 has overall responsibility for establishing a framework for good corporate governance within the Company, including the processes for risk management and internal control. The Board plays a vital role to ensure appropriate and effective risk management and internal control culture are implemented throughout the Company.</p> <p>To achieve the Group's strategic objective and provide reasonable assurance that internal control are effective, the Board directs the organisation, through setting the tone and expectation from the top, and delegate its authority to committees. The Board is assisted by AC and BRC in reviewing as well as oversight the adequacy and effectiveness of the Group's risk management and internal control framework. On a quarterly basis, the AC and BRC report to the Board on their deliberation, findings and recommendations for further discussion and direction.</p> <p>The Board has established a strong risk management and corporate governance framework/platform that is important in setting the required standards towards an effective risk management and corporate governance structure. The Board is assisted by the Risk Management Committee and ("RMC") and BRC to oversee all matters regarding risk and compliance as required under relevant laws, regulations and guidelines, and generally accepted by practices. In addition, the risk function also focuses on identifying, assessing, mitigating and monitoring all potential risk associated with external issues and material matters in order to maintain operational efficiency throughout enterprise-wide level.</p> <p>Details of the Group's risk management and internal control framework are set out in the Statement of Risk Management and Internal Control ("SORMIC") in IAR 2024.</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 10.2

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 features of the risk management and internal control framework are set out in the SORMIC in IAR 2024.</p> <p>AEON Credit has adopted Enterprise Risk Management Framework ("ERMF") that sets out the mechanism and processes in managing risk. The ERMF has strengthened the risk management practices through integration of ERMF with business practices for better decision making and ultimately enhance business performance to preserve the Group's long-term value. The key features of ERMF include:</p> <ul style="list-style-type: none"><li>i) Risk Appetite/Tolerance;</li><li>ii) Risk Governance and Oversight;</li><li>iii) Risk and Compliance Culture; and</li><li>iv) Risk Management Process.</li></ul> <p>The Board has established primary processes in reviewing the adequacy and integrity of the system of internal control which includes, among others, the followings:</p> <ul style="list-style-type: none"><li>i) Annual business plan and budget;</li><li>ii) Core value and Code of Conduct;</li><li>iii) Corporate decision authority matrix; and</li><li>iv) Written operating procedures.</li></ul> <p>As stated in the SORMIC, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control framework for the FYE2024.</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 10.3 — 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>	:	Adopted								
<b>Explanation on adoption of the practice</b>	:	<p>The Board has established the BRC to oversee the Group’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 / Directorate</th></tr><tr><td>1</td><td>Datuk Adinan bin Maning – Chairman / Senior Independent Non-Executive Director</td></tr><tr><td>2</td><td>Datin Yasmin Ahmad Merican (appointed 3 October 2023) – Member / Independent Non-Executive Director</td></tr><tr><td>3</td><td>Ms Rashidah binti Abu Bakar – Member / Independent Non-Executive Director</td></tr></table> <p>During the financial year, Datin Yasmin Ahmad Merican was appointed as a member of the BRC on 3 October 2023, succeeding Datin Khoo Pek Ling who retired as Director of the Company at the Twenty-Sixth AGM on 21 June 2023.</p> <p>In FYE2024, the BRC has amongst others, reviewed and recommended various risk and compliance related policies of the Company for Board’s approval, reviewed and deliberated market/environment dynamics and emerging risks and discussed on legal and compliance matters.</p> <p>The Terms of Reference of the BRC is published on the corporate website at <a href="https://aeoncredit.com.my/about-us/corporate-governance/board-risk-charter/">https://aeoncredit.com.my/about-us/corporate-governance/board-risk-charter/</a></p>	No.	Name of Director / Directorate	1	Datuk Adinan bin Maning – Chairman / Senior Independent Non-Executive Director	2	Datin Yasmin Ahmad Merican (appointed 3 October 2023) – Member / Independent Non-Executive Director	3	Ms Rashidah binti Abu Bakar – Member / Independent Non-Executive Director
No.	Name of Director / Directorate									
1	Datuk Adinan bin Maning – Chairman / Senior Independent Non-Executive Director									
2	Datin Yasmin Ahmad Merican (appointed 3 October 2023) – Member / Independent Non-Executive Director									
3	Ms 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 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>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 Division (“IAD”) is to provide independent and objective assessment on the adequacy and effectiveness of the risk management, internal control, anti-corruption, whistle-blowing and governance processes implemented by the Management.</p> <p>IAD’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 IAD reports functionally to the AC and administratively to the MD, and has unfettered access to the AC. Through this reporting relationship, the AC also ensured that the IAD has the authority to carry out their work objectively and independently. The AC approved the IAD’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 IAD 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 FYE2024, the AC held two (2) meetings with the Head of IAD 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 IAD 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,</p>



	functions, competency and resources of the IAD to ensure the internal audit function is effective and able to function independently.	
<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 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 IAD 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. The IAD 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 IAD maintained its independence and impartiality in the performance of audit work.</p> <p>In accordance with the IAD’s Internal Audit Charter on Independence and Objectivity, the IAD 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 IAD personnel, including the Head of IAD, have confirmed to the AC in December 2023 via the annual declaration that they have applied and upheld the principles stated in the IAD Code of Ethics and are free from any relationship or conflict of interest, which could impair their objectivity and independence.</p> <p>The IAD is staffed by sixteen (16) personnel with four (4) staff in managerial positions. The Head of IAD, Phang Chee Chong oversees the Internal Audit function. He is a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA), Certified Internal Auditor (CIA), Certified Financial Services Auditor (CFSA) by the IIA, Certified</p>

	Information Systems Auditor (CISA) by ISACA, Certified Bank Auditor (CBA) from AICB and Certified Fraud Examiner (CFE) from ACFE. 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, Certified in Risk and Information Systems Control (CRISC) and Certified in the Governance of Enterprise IT (CGEIT) by ISACA.	
<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 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 Group to the stakeholders. The Board is aware of its accountability to the shareholders and other stakeholders, and that constant communication with stakeholders enables AEON Credit 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 <a href="https://aeoncredit.com.my/about-us/">https://aeoncredit.com.my/about-us/</a>.</p> <p>A dedicated Investor Relations email contact has also been made available at the corporate website for shareholders to submit queries or comments on any issue of concern via <a href="mailto:ir_info@aeoncredit.com.my">ir_info@aeoncredit.com.my</a>.</p> <p>Apart from the above, the Group 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 materiality matters and communication with the stakeholders are set out in the Sustainability Statement of the Company's IAR 2024.</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 12.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>In order to provide various stakeholders with balanced, comparable and meaningful overview of the Group's performance, operations, financial health, prospects and sustainability governance/practices, AEON Credit has embarked on its Integrated Reporting (&lt;IR&gt;) journey since 2020.</p> <p>This IAR 2024 is prepared in accordance with Integrated Reporting (IR) Framework set out by the International Integrated Reporting Council. The Company will continue to identify and attempt to narrow the gaps in the annual report against the &lt;IR&gt; framework in stages.</p> <p>The Board is committed on the &lt;IR&gt; journey in tandem with the expectations of stakeholders for quality disclosures with integrity and transparency.</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 13.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board ensures that shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at the AGM of the Company.</p> <p>Our 2023 AGM was held on 21 June 2023 and the Notice convening the AGM was sent to all shareholders either by way of despatch or e-mail on 23 May 2023, i.e. twenty-eight (28) clear days' notice prior to the 2023 AGM. The said Notice was also published on our corporate website at <a href="https://aeoncredit.com.my/investor-relations/general-meeting/">https://aeoncredit.com.my/investor-relations/general-meeting/</a>.</p> <p>Under the CA 2016 and the Listing Requirements of Bursa Malaysia, an AGM should be called by giving at least twenty-one (21) days' notice of the meeting. Nevertheless, the Board will provide for a twenty-eight (28) days' notice period for its 2023 AGM. This is beneficial to shareholders as they will have sufficient time to make an informed decision regarding the AGM agenda and make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys.</p> <p>Along with the Notice of AGM, we also issued an Administrative Guide which provides useful information to shareholders regarding the details of the AGM, shareholders' entitlement to attend the AGM, their right to appoint a proxy or representative. Relevant explanatory notes for the resolutions proposed are also included in the Notice of AGM to assist shareholders to have a better understanding and evaluation of the issues involved to enable them to make informed decisions in exercising their voting rights.</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 13.2

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 ten (10) Directors attended the 26th AGM and EGM of the Company held on 21 June 2023 and 16 October 2023 respectively. The Directors engaged with shareholders at both general meetings and provided details of the resolutions proposed along with background information and recommendations that are relevant.</p> <table><tr><td>Physically present at AGM Venue</td></tr><tr><td><div>1. Mr. Ng Eng Kiat (Chairman)</div><div>2. Mr. Daisuke Maeda</div><div>3. Tomokatsu Yoshitoshi</div><div>4. S Sunthara Moorthy A/L S Subramaniam</div><div>5. Datuk Adinan bin Maning</div><div>6. Datin Khoo Pek Ling</div><div>7. Datin Yasmin Ahmad Merican</div><div>8. Rashidah binti Abu Bakar</div><div>9. Mitsugu Tamai</div><div>10. Lee Tyan Jen</div></td></tr><tr><td>Physically or virtually present at EGM</td></tr><tr><td><div>1. Mr. Ng Eng Kiat (Chairman)</div><div>2. Mr. Daisuke Maeda</div><div>3. Tomokatsu Yoshitoshi</div><div>4. S Sunthara Moorthy A/L S Subramaniam</div><div>5. Datuk Adinan bin Maning</div><div>6. Datin Yasmin Ahmad Merican</div><div>7. Rashidah binti Abu Bakar</div><div>8. Chin Pik Yuen</div><div>9. Mitsugu Tamai</div><div>10. Lee Tyan Jen</div></td></tr></table>	Physically present at AGM Venue	<div>1. Mr. Ng Eng Kiat (Chairman)</div> <div>2. Mr. Daisuke Maeda</div> <div>3. Tomokatsu Yoshitoshi</div> <div>4. S Sunthara Moorthy A/L S Subramaniam</div> <div>5. Datuk Adinan bin Maning</div> <div>6. Datin Khoo Pek Ling</div> <div>7. Datin Yasmin Ahmad Merican</div> <div>8. Rashidah binti Abu Bakar</div> <div>9. Mitsugu Tamai</div> <div>10. Lee Tyan Jen</div>	Physically or virtually present at EGM	<div>1. Mr. Ng Eng Kiat (Chairman)</div> <div>2. Mr. Daisuke Maeda</div> <div>3. Tomokatsu Yoshitoshi</div> <div>4. S Sunthara Moorthy A/L S Subramaniam</div> <div>5. Datuk Adinan bin Maning</div> <div>6. Datin Yasmin Ahmad Merican</div> <div>7. Rashidah binti Abu Bakar</div> <div>8. Chin Pik Yuen</div> <div>9. Mitsugu Tamai</div> <div>10. Lee Tyan Jen</div>
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	<p>During the AGM, the MD and Chief Financial Officer (“CFO”) provided shareholders with a presentation on the Group’s financial performance and operations and responded to questions submitted in advance by the Minority Shareholders’ Watch Group and Shareholders.</p> <p>Issues of concern raised by shareholders were satisfactorily addressed by the Chairman of the Board and the relevant Directors.</p> <p>The proceedings of the 26th AGM and EGM were recorded in the minutes of the meeting and made available within thirty (30) business days after the meeting on AEON Credit’s website at <a href="https://aeoncredit.com.my/investor-relations/general-meeting/">https://aeoncredit.com.my/investor-relations/general-meeting/</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

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>	:	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 considered the location of its general meetings to ensure convenient access to shareholders.	
<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>	:	For the upcoming 27th AGM which will be held on 20 June 2024, the Company will be conducting the AGM on a virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting (“RPEV”). By leveraging on the RPEV facilities, the shareholders can participate in the AGM remotely and cast their votes electronically.	
<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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To ensure that the General Meetings provides an important opportunity for effective communication with, and constructive feedback from the shareholders, our Chairman, Mr Ng Eng Kiat has briefed the shareholders, corporate representatives and proxies attending the Meetings about their rights to ask questions and vote on the resolutions set out in the Notice of the 26th AGM dated 23 May 2023 and EGM dated on 16 October 2023.</p> <p>Under Agenda 1 in which the audited financial statements were laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only, the CFO of AEON Credit presented the financial overview of the Group's performance for the financial year ended 28 February 2023, business and operational highlights, as well as the Group's strategies and prospects for the financial year ending 29 February 2024 to the shareholders. The CFO also presented responses to the queries raised by the Minority Shareholders Watch Group.</p> <p>For the EGM, the CFO of AEON Credit delivered a presentation which covered the business overview, customer journey, joint venture opportunities, activating AEON Living Zone, expanding customer lifetime, enhancing resources and technology, increasing competitive edge and the proposed bonus issue.</p>

	<p>All the ten (10) Directors mentioned under Practice 13.2 of this Corporate Governance Report were present at the 26th AGM and EGM to provide responses to the questions posed by shareholders in relation to the agenda items for the 26th AGM and EGM. The shareholders were also encouraged to submit questions to the Board by email prior to the AGM and EGM, and we received four questions from shareholders prior to the AGM and EGM.</p> <p>The Directors and Senior Management personnel succinctly addressed questions posed by shareholders. As there was no explicit time limit imposed on the Q&amp;A session, there was ample opportunity for shareholders, corporate representatives and proxies to engage with Board and Senior Management.</p> <p>All the questions and answer had been responded and uploaded to <a href="https://aeoncredit.com.my/investor-relations/general-meeting/">https://aeoncredit.com.my/investor-relations/general-meeting/</a>.</p> <p>Whilst both general meetings is one of the platforms where shareholders can raise issues or seek explanation from the Board or Management, they are free to share their feedback and pose questions at <a href="mailto:ir_info@aeoncredit.com.my">ir_info@aeoncredit.com.my</a> any time.</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 13.5

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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company conducted its EGM on a virtual basis on 16 October 2023, through live streaming and remote participation, utilizing electronic voting (RPEV) facilities provided by Boardroom Share Registrars Sdn Bhd (Boardroom), after taking into consideration the following:</p> <ul style="list-style-type: none"><li>i) Boardroom is a leading corporate service provider in Malaysia and the Asia-Pacific region, known for its expertise in facilitating virtual meetings.</li><li>ii) Boardroom has partnered with Lumi, a reputable third-party meeting platform provider with a global presence and a proven track record.</li><li>iii) Boardroom offered a dedicated Office Helpdesk, enabling shareholders to seek assistance and address any inquiries or technical issues before or during the meetings.</li><li>iv) New technology enhancements to Boardroom/Lumi's system and platform during the year.</li><li>v) Lastly, the Company expressed confidence in Boardroom's meeting platform to effectively support the smooth and efficient conduct of virtual general meetings for all stakeholders.</li></ul> <p>On the day of the meeting, shareholders were provided with a messaging window facility through the Virtual Meeting Portal, allowing them to submit questions during the session. All responses to questions by the Board and senior management during the meeting were read out and made visible to the shareholders via live stream.</p> <p>The entire Q&amp;A session (including questions not addressed during the meeting) was published on AEON Credit's corporate website.</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 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Minutes of the 26th AGM and EGM of the Company were made available on the Company's website at <a href="https://aeoncredit.com.my/investor-relations/general-meeting/">https://aeoncredit.com.my/investor-relations/general-meeting/</a> within 30 business days following the 26th AGM on 21 June 2023 and EGM on 16 October 2023.
<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>	:	



## **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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