

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8206
COMPANY NAME : Eco World Development Group Berhad
FINANCIAL YEAR : October 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The board of Directors ("the Board") is collectively responsible for the proper stewardship of the Group's business and ensuring the long term success of the Group as well as the delivery of sustainable value to its stakeholders by setting goals, policies and targets within a framework of prudent and effective controls which enables risk to be assessed and managed.</p> <p>The Board is guided by its Board Charter ("Board Charter") which outlines the duties and responsibilities of the Board, and matters specifically reserved for the Board as well as to be delegated to Board Committees, the President/Chief Executive Officer ("CEO") and Management.</p> <p>The Board is assisted by 4 Board Committees, namely, the Audit Committee ("the AC"), Nomination Committee ("the NC"), Remuneration Committee ("the RC") and Whistleblowing Committee ("the WC") (collectively referred to as "Board Committees").</p> <p>The Board assumes, amongst others, the following principal roles and responsibilities in discharging its leadership function and fiduciary duties:</p> <p>(a) <u>Reviewing and adopting a strategic plan developed by Management</u></p> <p>The Board plays an active role in the formulation and development of the Group's strategy and monitoring its performance and implementation.</p> <p>Before the end of each financial year, the Board meets with Management to discuss the economic outlook as well as the Group's annual business plan and strategy for the ensuing financial year. The annual business plan sets out the Group's</p>

objectives which include performance targets and long-term goals of the business.

At a Board meeting held on 17 October 2019, Management presented the Group's proposed business plan for FY2020. The Board was briefed on the economic outlook and its potential impact on Malaysia and on the Group as well as the proposed Group Business Plan & Strategy for FY2020 together with the Group's budgeted financials, liquidity, cash flows, net debt/equity ratios, capital expenditure and manpower requirements.

During the meeting, Management also briefed the Board on the latest campaign, "Eco World For Generations" rolled out by the Group to create holistic sustainable development and build community across the Group.

At this meeting, the Board discussed at length Management's views and assumptions underlying the business plan and finalised the goals and strategies to be adopted and ensured that the necessary resources would be in place for the Group to meet its objectives. After deliberations, the Board approved the proposed Group Business Plan & Strategy for FY2020.

(b) Monitoring the conduct of business

At its quarterly meetings, the Board monitors the conduct of the Group's business by reviewing a presentation by Management. The presentation usually includes the quarterly financial results, liquidity and other financial highlights, project and operations progress reports, market overview and sales outlook, the status of corporate proposals, related party transactions, sustainability reporting etc, so as to enable the Board to assess if targeted objectives are being met.

The Board constantly provides guidance and constructive feedback to Management towards the achievement of the Group's targeted objectives.

(c) Reviewing the adequacy and integrity of the management information and internal control systems and identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

The Board acknowledges its overall responsibility for the Group's internal control and risk management systems to safeguard shareholders' investments and the Group's assets.

Details of the Company's internal control and risk management systems are set out in the Statement on Risk Management and Internal Control from page 81 through page 87 of the Annual Report 2019.

The Board is aware of the corporate liabilities under the Malaysian Anti-Corruption Commission (Amendment) Act 2018. During FY2019, an external law firm was engaged to carry out a corruption risk assessment exercise to identify any gaps between existing practices and full compliance. An anti-bribery and anti-corruption policy was drafted which was approved by the Board on 12 December 2019. The policy is targeted to be rolled out by March 2020.

(d) Reviewing and adopting a strategic plan which supports long-term value creation and business sustainability

The Board is aware of the importance of business sustainability and ensures that sustainability is embedded in the development of the Group's strategies, taking into account the economic, environmental, social, cultural and governance aspects of business operations. These strategies seek to balance the needs and expectations of the various stakeholders such as customers, shareholders, regulators, bankers, joint venture partners and the communities in which the Group operates.

The Board approved the establishment of a Sustainability Committee in FY2017 to formally reinforce the practice of business sustainability within the Group.

(e) Succession planning

The NC is entrusted by the Board with responsibilities to oversee the selection and assessment of Directors and Board Committees as well as succession planning for Directors and Senior Management.

Matters on the remuneration of Directors and Senior Management are delegated to the RC.

On 2 May 2019, the Board approved a new remuneration structure for Non-Executive Directors ("**NED**") to better reflect their level of responsibilities and contributions based on a benchmarking study conducted by an external consultant.

A summary of work carried out by the NC and the RC to discharge their duties for FY2019 is set out in the NC Report and RC Report on pages 76 and 78 of the Annual Report 2019.

(f) Ensuring effective communication with stakeholders

The Board maintains transparent and regular communication with stakeholders to facilitate understanding of each other's objectives and expectations.

	<p>The Group adopts a policy of comprehensive, timely and continuing disclosure of information to stakeholders via effective communication channels. The Investor Relations Department plays a critical role in facilitating investor-related activities to enable communication of the business and strategic direction of the Group.</p> <p>An Investor Relations section is available on the Company's website www.ecoworld.my to provide relevant information on the Group, such as annual reports, corporate presentations and quarterly financial results for easy accessibility by the public. The Board also views general meetings as ideal opportunities for the CEO to brief shareholders on the Group's projects and developments.</p> <p>The Company will explore leveraging technology to broaden its channel of dissemination of information and enhance the quality of engagement with the shareholders.</p>	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>As Chairman of the Board, Tan Sri Dato' Sri Liew Kee Sin ("Tan Sri Liew") assumes a leadership role on the Board.</p> <p>Tan Sri Liew was appointed Chairman of the Board on 20 March 2015. As can be seen from his profile set out on page 49 of the Annual Report 2019, Tan Sri Liew has had a successful career as a respected property developer for over 33 years. His years of experience has enabled him to provide valuable guidance to the other members of the Board as well as Management.</p> <p>Tan Sri Liew is a strong believer of good corporate governance. He works hand-in-hand with our founder, Tan Sri Abdul Rashid Bin Abdul Manaf to set the correct tone from the top and guides Management in establishing and monitoring good corporate governance practices within the Group.</p> <p>As Chairman, he sets the board agenda and ensures that Board members receive complete and accurate information in a timely manner to enable robust and informed discussions to take place during Board meetings. Given his vast experience in the property sector, he is able to provide effective leadership for the Board to work constructively with Management to formulate strategies as well as address business operations, financial performance and risk management issues. He also sets the direction for the Group to provide effective, transparent and regular communication with stakeholders and ensures that their views are communicated to the Board as a whole.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	The position of Chairman of the Board is held by Tan Sri Liew. The position of CEO is held by Dato' Chang Khim Wah (" Dato' Chang "). Dato' Chang was appointed as CEO on 12 December 2013.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board was supported by 2 Company Secretaries, namely Ms. Chua Siew Chuan (“Ms. Chua”) and Ms. Mak Chooi Peng (“Ms. Mak”). On 14 May 2019, Ms. Tan Ley Theng (“Ms. Tan”) was appointed as Joint Secretary to replace Ms. Mak who had resigned on the same day.</p> <p>Both the Company Secretaries are qualified Chartered Secretaries under Section 235(2) of the Companies Act 2016. Ms. Chua is a Fellow while both Ms. Mak and Ms. Tan are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”).</p> <p>The Companies Secretaries have more than 20 years of experience in corporate secretarial practice, with working knowledge across a diverse range of industries and government services. They currently also act as Company Secretaries of several other companies listed on Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”).</p> <p>During FY2019, the NC reviewed the competency and performance of the Company Secretaries based on an assessment by each Director on a confidential basis. The evaluation results were presented to the Board on 6 February 2020.</p> <p>By virtue of their experience, the Company Secretaries have been able to competently provide sound advice to the Board on matters relating to the powers, roles and responsibilities of Directors, compliance with corporate law, securities laws, listing requirements and the Malaysian Code on Corporate Governance (“MCCG”).</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>An annual calendar of Board meetings, Board Committees meetings and the Annual General Meeting (“AGM”) is circulated in advance of each new year in order to facilitate planning by the Directors.</p> <p>Notices of meetings are circulated at least 7 clear days prior to the date of Board and Board Committees meetings.</p> <p>Board papers are circulated at least 5 clear days prior to the date of Board meetings, except for those comprising financial statements which are circulated at least 4 clear days prior to the date of Board meetings.</p> <p>Draft minutes of Board and AC meetings are circulated within 4 weeks from the meeting dates for comments. Action items identified during Board and AC meetings are highlighted for follow-up action by Management.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied						
Explanation on application of the practice	:	<p>The Board is guided by the Board Charter which clearly defines the respective roles and responsibilities of the Board, Board Committees, individual Directors and Management as well as matters reserved for the Board.</p> <p>Directors are expected to devote and commit sufficient time as and when required to discharge their duties and responsibilities. In order to keep Directors updated on latest developments, knowledge and skills to effectively discharge their duties, each Director is required to undergo the mandatory accreditation programme under the auspices of Bursa Malaysia Securities and other relevant training courses or seminars on a regular basis.</p> <p>The training programmes and seminars in which the Directors attended during FY2019 are set out below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Directors</th> <th>Programmes</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">Tan Sri Abdul Rashid Bin Abdul Manaf</td> <td> <ul style="list-style-type: none"> • Non-Financials - Does it Matters? • Anti-Corruption and Anti-Bribery in Malaysia • Sustainability Awareness Session • Economy Outlook and Investment Opportunities in a Crisis • Leadership Greatness in Turbulent Times – Building Corporate Longevity • Corporate Liability (MACC Amendment) Act 2018: The Potential Risks Faced by the Company Directors & Senior Officers • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia </td> </tr> <tr> <td style="vertical-align: top;">Tan Sri Dato' Sri Liew Kee Sin</td> <td> <ul style="list-style-type: none"> • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia • HSBC Commercial Banking Rally 2019** </td> </tr> </tbody> </table>	Directors	Programmes	Tan Sri Abdul Rashid Bin Abdul Manaf	<ul style="list-style-type: none"> • Non-Financials - Does it Matters? • Anti-Corruption and Anti-Bribery in Malaysia • Sustainability Awareness Session • Economy Outlook and Investment Opportunities in a Crisis • Leadership Greatness in Turbulent Times – Building Corporate Longevity • Corporate Liability (MACC Amendment) Act 2018: The Potential Risks Faced by the Company Directors & Senior Officers • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia 	Tan Sri Dato' Sri Liew Kee Sin	<ul style="list-style-type: none"> • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia • HSBC Commercial Banking Rally 2019**
Directors	Programmes							
Tan Sri Abdul Rashid Bin Abdul Manaf	<ul style="list-style-type: none"> • Non-Financials - Does it Matters? • Anti-Corruption and Anti-Bribery in Malaysia • Sustainability Awareness Session • Economy Outlook and Investment Opportunities in a Crisis • Leadership Greatness in Turbulent Times – Building Corporate Longevity • Corporate Liability (MACC Amendment) Act 2018: The Potential Risks Faced by the Company Directors & Senior Officers • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia 							
Tan Sri Dato' Sri Liew Kee Sin	<ul style="list-style-type: none"> • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia • HSBC Commercial Banking Rally 2019** 							

	Dato' Leong Kok Wah	<ul style="list-style-type: none"> • Provision of Financial Assistance and RPT • Economy Outlook and Investment Opportunities in a Crisis • Corporate Liability (MACC Amendment) Act 2018: The Potential Risks Faced by the Company Directors & Senior Officers • Developing Strategic Direction & Implementation
	Dato' Chang Khim Wah	<ul style="list-style-type: none"> • CEO Townhall 2018** • Strategic Retreat: EcoWorld in a Digital World - Making EcoWorld a Sustainable Global Company • Eco World Leadership Development Program (“EWLDP”) - Mentor Refresher • EcoWorld Women's Summit 2019 • Judge for EWLDP Business Action Learning Project Presentation • The 9th Malaysia-China Entrepreneurs Conference 2019** <i>(Thematic Discussion - New opportunities of bilateral trade and investment between Malaysia and China)</i> • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia • Judge for Para-Counselling Skills for Leaders Presentation
	Dato' Voon Tin Yow	<ul style="list-style-type: none"> • Strategic Retreat: EcoWorld in a Digital World - Making EcoWorld a Sustainable Global Company • EWLDP - Mentor Refresher • Para-Counselling Skills for Leaders • Preparation for Corporate Liability on Corruption: How ready is your Company to safeguard your Directors, Top Management and Personnel against a corruption prosecution • Judge for EWLDP Business Action Learning Project Presentation • Corporate Liabilities under Anti-Corruption Laws • Corporate Liability Provision: Malaysian Anti-Corruption Commission Amendment Act 2018 – Exposure of Eco World Group, its Directors & Management and “lines of defense” required in the event of corruption prosecution • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia

		<ul style="list-style-type: none"> • Judge for Para-Counselling Skills for Leaders Presentation
	Datuk Heah Kok Boon	<ul style="list-style-type: none"> • CEO Townhall 2018 • Strategic Retreat: EcoWorld in a Digital World - Making EcoWorld a Sustainable Global Company • EWLDP - Mentor Refresher • Para-Counselling Skills for Leaders • Integrated Reporting <IR> - Communicating Value Creation • Corporate Liability Provision: Malaysian Anti-Corruption Commission Amendment Act 2018 – Exposure of Eco World Group, its Directors & Management and “lines of defense” required in the event of corruption prosecution • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia
	Liew Tian Xiong	<ul style="list-style-type: none"> • Strategic Retreat: EcoWorld in a Digital World - Making EcoWorld a Sustainable Global Company • Asia Money 20/20 • Future Business Ideas 2019 - Business Innovation Re-Imagined • Corporate Liability Provision: Malaysian Anti-Corruption Commission Amendment Act 2018 – Exposure of Eco World Group, its Directors & Management and “lines of defense” required in the event of corruption prosecution • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia
	Tang Kin Kheong	<ul style="list-style-type: none"> • Global Business Insight Series - LEAP: How to thrive in a world where everything can be copied • Demystifying the Diversity Conundrum - The Road to Business Excellence • MIA's Directors' Dialogue with Jonathan Labrey on Integrated Reporting • Corporate Liability Provision: Malaysian Anti-Corruption Commission Amendment Act 2018 – Exposure of Eco World Group, its Directors & Management and “lines of defense” required in the event of corruption prosecution

Dato' Idrose Bin Mohamed	<ul style="list-style-type: none"> • Demystifying the Diversity Conundrum - The Road to Business Excellence • Corporate Liability Provision: Malaysian Anti-Corruption Commission Amendment Act 2018 – Exposure of Eco World Group, its Directors & Management and “lines of defense” required in the event of corruption prosecution • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia
Dato' Haji Obet Bin Tawil	<ul style="list-style-type: none"> • Ring the Bell for Gender Equality 2019 - Empower Women for Sustainable Results • Demystifying the Diversity Conundrum - The Road to Business Excellence • Corporate Liability Provision: Malaysian Anti-Corruption Commission Amendment Act 2018 – Exposure of Eco World Group, its Directors & Management and “lines of defense” required in the event of corruption prosecution • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia
Dato' Noor Farida Binti Mohd Ariffin	<ul style="list-style-type: none"> • Corporate Liability Provision: Malaysian Anti-Corruption Commission Amendment Act 2018 – Exposure of Eco World Group, its Directors & Management and “lines of defense” required in the event of corruption prosecution • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia
Low Mei Ling	<ul style="list-style-type: none"> • Bursa Malaysia Thought Leadership: The Convergence of Digitisation and Sustainability • Bursa Malaysia Thought Leadership: Sustainability-Inspired Innovations: Enablers of the 21st Century • Corporate Liability Provision: Malaysian Anti-Corruption Commission Amendment Act 2018 – Exposure of Eco World Group, its Directors & Management and “lines of defense” required in the event of corruption prosecution • Corporate & Personal Liabilities under Anti-Corruption Laws in Malaysia
** Attended as speaker	

	<p>The Board Charter is subject to review as and when required and is amended in accordance with the requirements of the Company and in alignment with the best practices recommended in the MCGG, provisions in the Main Market Listing Requirements of Bursa Malaysia Securities (“Listing Requirements”) as well as any new regulations that may have an impact on the Board’s responsibilities.</p> <p>In December 2018, the Board amended the Board Charter on the timeframe for delivery of meeting notices and materials to be in line with good corporate governance practices. Subsequently, the Board Charter was amended in December 2019 to revise the timeframe for circulation of minutes as well as matters reserved for the Board. On 6 February 2020, it was again updated and amended to incorporate the anti-corruption efforts.</p> <p>The Board Charter is available on the Company’s website at www.ecoworld.my.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board together with Senior Management oversees the Group's adherence to high standards of ethics and corporate behaviour. To this end, the Board has established a policy to guide Directors and employees that engenders integrity, transparency and fairness.</p> <p>The Directors' Code of Conduct and Ethics ("the Code for Directors") and the Code of Conduct and Business Ethics for employees ("the Code for Employees") have been in place since 2014. The Code for Directors had been updated and amended in FY2018 to incorporate the practices fostered by the MCG. On 6 February 2020, the Code for Directors was further updated and amended to incorporate the anti-corruption efforts.</p> <p>These codes are reviewed periodically as and when required to ensure that the standards of corporate behaviour permeate throughout all levels of the Group.</p> <p>The Code for Directors, which is annexed to the Board Charter, and the Code for Employees are available on the Company's website at www.ecoworld.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board established and implemented a Whistleblowing Policy to enhance corporate governance practices across the Group in FY2017. On 13 December 2018, the Board approved a revised Whistleblowing Policy as recommended by the WC.</p> <p>The Board delegates to the WC the responsibility of assisting the Board in protecting the interests of the Company and all stakeholders. The WC reviews and investigates all complaints received about alleged misconduct, and takes the necessary actions and reports to the Board.</p> <p>The terms of reference (“TOR”) of the WC was approved by the Board on 19 September 2019. The procedures for dealing with any complaints lodged by whistleblowers were also formalised during FY2019.</p> <p>The Whistleblowing Policy and TOR of the WC are available on the Company’s website at www.ecoworld.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board now comprises 12 Directors, of which 5 are Independent Directors.</p> <p>From a practical point of view, Practice 4.1 is not a practice that may be easily implemented within a short time.</p> <p>The Board considers its current size of 12 to be optimum. Without increasing the current Board size, the Board is required to replace 2 existing Non-Independent Directors with Independent Directors in order to meet the requirement of Practice 4.1.</p> <p>The Board values the contributions of all its Non-Independent Directors as much as those of its Independent Directors, and would be constrained to lose the services of 2 out of the 3 Non-independent Non-Executive Directors if they were to be replaced. Additionally, highly competent persons have to be readily available for appointment as replacement Independent Directors.</p> <p>The implementation of Practice 4.1 is also complicated by the need to replace 2 male Directors with female Directors under Practice 4.5.</p> <p>The Board needs to be satisfied that upon complying with Practice 4.1, the Board as a whole would be an improved Board in all material respects.</p> <p>Although the Board does not comprise a majority of Independent Directors, there are 8 NEDs (vs 4 Executive Directors) who by virtue of their non-executive status, are not involved in the day-to-day management of the Group's businesses.</p> <p>The Board is of the view that having a 2/3 majority of NEDs on the Board provides reasonably effective checks and balances within the Board. The Board believes that a balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively in the best interests of the Company taking into account diverse perspectives and insights.</p>

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

Measure	: The Board through the NC will continuously monitor the current situation by:- 1. Searching for suitable and well qualified candidates to join the Board as Independent Directors. 2. Rigorously evaluating the performance of the Independent Directors to ensure that they continue to be effective in spite of being in the minority.
Timeframe	: Others
	By FY2021

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>In FY2017, the Board adopted a Board Diversity Policy which sets out the approach to diversity on the Board that comprises talented and dedicated Directors with a diverse mix of skills, expertise, experience, gender and age as well as the requisite independence, as required, for the effective functioning of the Board. The diversity collectively represented on the Board should reflect the diverse nature of the business environment in which the Group operates. The Board Diversity Policy is available on the Company's website at www.ecoworld.my.</p> <p>The Board has delegated to the NC the responsibility for assessing candidates for appointment to the Board and making recommendations to the Board on the appropriate Board size and composition with the ultimate decision being made by the Board as a whole.</p> <p>In assessing candidates for Senior Management positions, the Board and the NC take into account the challenges and opportunities facing the Group, the leadership needs of the Group and the candidate's technical capabilities, experience and professional qualifications and potential for appointment to the Board in future. The Group ensures women candidates are sought and considered as part of the recruitment exercise. Presently women make up 43% of the Senior Management team.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board now comprises 12 Directors, of which 2 are women.</p> <p>In order to meet the 30% requirement under Practice 4.5, the Board is required to replace 2 male Directors with female Directors, assuming the Board is to be maintained at its optimum size of 12. The Board finds that from a practical point of view, Practice 4.5 cannot be easily implemented within a short period of time. The implementation of Practice 4.5 is also complicated by the need to replace 2 Non-independent Directors with Independent Directors under Practice 4.1.</p> <p>The Board is guided by the principle that the appointment of any new Board member should not be based solely on gender. As with a male candidate, a female candidate must always be considered together with her other attributes such as skill set, competencies, experience and knowledge in areas identified by the Board.</p> <p>The Board needs to be satisfied that upon complying with Practice 4.5, the Board as a whole would be an improved Board in all material respects.</p> <p>The NC annually evaluates the composition of the Board to ensure that, as far as possible under the circumstances, the composition is appropriate and relevant to the business of the Company, while mindful of the fact that the Board does not consist of 30% women directors.</p> <p>To be sure, the Board believes in the benefits of gender diversity within the Group. This is evident from the fact that currently 43% of the Senior Management team comprises women.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board, through the NC, will continue to search for suitable and well qualified women candidates to join the Board.

Timeframe	:	Others	By FY2021
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Intended Outcome

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

Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	The NC utilises multiple channels such as Directors, Senior Management, major shareholders, independent consultants as well as external organisations such as Institute of Corporate Directors Malaysia (ICDM) to identify suitably qualified candidates.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Dato' Idrose Bin Mohamed who is an Independent Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC carries out an annual assessment and evaluation of the Board, Board Committees, Independent Directors and individual Directors.</p> <p>The assessment and evaluation are carried out by way of self- and peer-evaluation through the completion of questionnaires on a confidential basis. The questionnaires, drafted by the NC with the assistance of the Company Secretaries, are updated annually to continuously engage the Directors' perspectives on fresh and relevant areas and to ensure that they continue to be pertinent to the requirements of the Board and the Group.</p> <p>The following 5 evaluation forms are used:-</p> <ul style="list-style-type: none">(i) Independent Director's Self-Assessment Checklist;(ii) Director's Self Performance Evaluation;(iii) Board and Board Committees Performance Evaluation;(iv) Audit Committee Performance Evaluation;(v) Audit Committee Member's Self-Performance Evaluation. <p>The Board and Board Committees are assessed as a whole, while Directors are assessed individually. A scoring mechanism is used to provide respondents with context.</p> <p>The criteria for Director's self-performance covers areas such as contributions to matters discussed, roles and responsibilities and overall quality of input to Board effectiveness.</p> <p>For Board and Board Committee assessments, the criteria cover structure and composition, operations, roles and responsibilities as well as Board governance.</p> <p>Independent Directors are assessed based on their relationship with the Group and whether they have been involved in any significant transactions with the Group. In assessing their independence, the Board considers the individual Independent Directors' ability to exercise</p>

	<p>independent judgement at all times and based on the criteria set out in the Listing Requirements.</p> <p>The evaluation results for FY2019 were presented to the Board on 6 February 2020.</p> <p>During the aforesaid Board meeting, the Board reviewed the evaluation results and concluded that:</p> <ul style="list-style-type: none"> • The Board was satisfied with the level of independence demonstrated by the Independent Directors and their ability to provide unbiased, impartial and objective opinions during meetings and to act in the best interest of the Group. • All Directors were of the view that each of them had performed their respective roles and functions effectively and responsibly. • The Directors were satisfied with the performance of the Board as a whole. • Each Director was satisfied with each other’s contribution in terms of sharing their insights and actively participating in Board and Board Committee discussions. • All the Board Committees have discharged their roles and responsibilities as per their TOR. • The Board was generally satisfied with its current size, composition as well as the mix of skill sets. <p>The Board will adopt the recommendation to appoint independent experts periodically to facilitate objective and candid board evaluations by FY2021.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place a Directors' Remuneration Policy and a C-Suite Remuneration Policy for Senior Management personnel who are in the C-Suite category.</p> <p>The objective of these remuneration policies is to set the appropriate levels of remuneration that allows the Group to attract and retain talented and well-qualified people in line with the Group's long-term business strategies. Both the remuneration policies are periodically reviewed by the RC to ensure their effectiveness and continued relevance.</p> <p>The Directors' Remuneration Policy and the C-Suite Remuneration Policy are available on the Company's website at www.ecoworld.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a RC to assist on matters relating to the remuneration of Directors and Senior Management personnel in the C-Suite category. The RC is charged with the duties for developing, establishing and implementing competitive remuneration policies and packages for Directors and C-Suite Management personnel.</p> <p>During FY2019, the RC engaged an external consultant to conduct a benchmarking study on the level of NEDs' remuneration. Based on the study, the RC formulated a revised remuneration structure for NEDs which reflects their level of responsibilities, experience required and time demanded to discharge their duties and responsibilities.</p> <p>The Board approved the new remuneration structure for NEDs on 2 May 2019.</p> <p>The composition and summary of work carried out by the RC to discharge its duties for FY2019 are set out in the RC report on page 78 of the Annual Report 2019.</p> <p>The RC has written TOR to set out the authority, roles and responsibilities of the RC. The TOR were last reviewed and revised on 25 January 2018. The TOR of the RC are available on the Company's website at www.ecoworld.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.1

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

Application :	Applied					
Explanation on application of the practice	The details of the Directors' remuneration received in FY2019 are set out as below:					
		SALARY AND BONUS (RM)	FEES (RM)	ALLOWANCE (RM)	BENEFITS IN KIND (RM)	TOTAL (RM)
	NAME					
	Executive Directors¹					
	Dato' Chang Khim Wah	4,477,019	-	178,500	263,301	4,918,820
	Dato' Voon Tin Yow	8,504,761	-	262,500	460,512	9,227,773
	Datuk Heah Kok Boon	1,717,521	-	86,540	36,313	1,840,374
	Liew Tian Xiong	1,009,415	-	60,060	-	1,069,475
	Non-Executive Directors²					
	Tan Sri Abdul Rashid Bin Abdul Manaf	-	254,585	10,000	86,820	351,405
	Tan Sri Dato' Sri Liew Kee Sin	-	254,585	10,000	2,871,192	3,135,777
	Dato' Leong Kok Wah	-	254,585	10,000	130,231	394,816
	Tang Kin Kheong	-	336,985	24,000	-	360,985
	Dato' Idrose Bin Mohamed	-	254,585	30,000	-	284,585
	Dato' Haji Obet Bin Tawil	-	254,585	8,000	-	262,585
Dato' Noor Farida Binti Mohd Ariffin	-	254,585	24,000	-	278,585	
Low Mei Ling	-	151,356	26,000	-	177,356	
<i>Note:</i>						
¹ Paid by certain subsidiaries						
² Paid by the Company						
Explanation for departure :						
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>						
Measure :						

Timeframe :		
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Intended Outcome

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

Practice 7.2

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

Application	:	Applied	
Explanation on application of the practice	:	The remuneration of top five Senior Management personnel received in FY2019 in bands of RM50,000 are set out as below:	
		Total Remuneration In Bands of RM50,000	Name
		RM2,250,001 to RM2,300,000	Dato' Sundarajoo A/L Somu
		RM1,850,001 to RM1,900,000	Datuk Hoe Mee Ling
		RM1,750,001 to RM1,800,000	Phan Yan Chan
		RM1,450,001 to RM1,500,000	Ho Kwee Hong Yap Yoke Ching
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the AC is Mr. Tang Kin Kheong, who is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The AC has a policy that requires any former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the AC.</p> <p>This policy is included in the TOR of the AC which is available on the Company's website at www.ecoworld.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>It is the duty of the AC to annually assess the suitability, objectivity and independence of the external auditors, as set out in its TOR which is available on the Company's website www.ecoworld.my.</p> <p>On 19 September 2019, the Board adopted the External Auditors Assessment Policy which sets out the guidelines and procedures to be undertaken by the AC to discharge their responsibilities in assessing the suitability, appointment, independence and performance of the external auditors. A copy of the policy is available on the Company's website www.ecoworld.my.</p> <p>During its meeting held on 11 December 2019, the AC assessed the suitability, effectiveness and independence of its external auditors, namely Messrs Baker Tilly Monteiro Heng PLT ("BTMH").</p> <p>During the aforesaid meeting, the AC deliberated on each criterion set out in an External Auditors Performance and Independence Evaluation Form which covered areas such as calibre, quality of processes and services, competency, independence and objectivity, audit scope and planning, fees, communication and interaction, adequacy of experience and resources and the provision of non-audit services.</p> <p>The AC concluded that they were satisfied with the independence and performance of BTMH and accordingly recommended the re-appointment of BTMH as the external auditors of the Company for the ensuing year.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All 4 members of the AC are Independent Directors. The composition of the AC is set out in the AC Report on page 72 of the Annual Report 2019.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is satisfied that the AC members possess the necessary skills to discharge its duties and are financially literate and have the ability to understand matters under the purview of the AC including the financial reporting process. The profiles of the AC members are set out in the Annual Report 2019.</p> <p>The AC members do attend training programmes and seminars to keep themselves abreast of relevant developments in standards and practices in accounting and auditing, listing requirements, corporate law, risk management and changes in the business environment.</p> <p>Details of the trainings or seminars attended by the AC members during FY2019 are set out under Practice 2.1 of this Corporate Governance Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a risk management framework that outlines the Group's risk management system, defines Management's responsibilities and sets out the risk appetite and risk tolerance of the Group. The framework is incorporated into the Risk Management Policy and Guidelines ("RMPG"), which was last reviewed and revised in FY2018.</p> <p>The RMPG embeds the Group's system of risk management and internal control into an Enterprise Risk Management framework which establishes the context of the Group's business. It sets out the process for risk identification, measurement and treatment with continuous monitoring, review and communication in order to provide reasonable assurance regarding the achievement of the Group's objectives.</p> <p>The Board has delegated the overall responsibility for the adequacy and integrity of the Group's risk management and internal control framework to the AC. The AC is supported by the Risk Management Committee ("RMC") and Group Corporate Governance ("GCG").</p> <p>The RMC and GCG ensure that the implementation of the RMPG is properly carried out by Management throughout the Group.</p> <p>Details of the risk management framework and internal control systems are set out in the Statement on Risk Management and Internal Control from page 81 through page 87 of the Annual Report 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Group’s risk management and internal control framework are disclosed in the Statement on Risk Management and Internal Control set out from page 81 through page 87 of the Annual Report 2019.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is performed in-house by GCG. GCG is an independent function within the Group to assess the adequacy of internal controls and to monitor if established controls are operating as intended by applying standards on internal auditing promulgated by the Institute of Internal Auditors (“IIA”).</p> <p>Functionally, GCG reports directly to the AC. The GCG team has unrestricted access to the AC.</p> <p>All internal auditing activities are guided by the Internal Audit Charter which defines the roles and responsibilities, scope of work, independence and objectivity of the internal audit function. The Internal Audit Methodology serves as a guide to the internal audit team to ensure uniformity of approach in undertaking internal audit engagements.</p> <p>The Internal Audit Charter and Internal Audit Methodology were last reviewed and revised in FY2018 to align with the IIA’s revised International Professional Practices Framework.</p> <p>GCG carried out its activities based on a risk-based approach which is based on an annual plan approved by the AC. The AC reviews annually the adequacy of the scope, functions and resources of GCG to ensure that the responsibilities of GCG are fully discharged.</p> <p>The internal audit annual plan for FY2019 was reviewed and approved by the AC on 12 December 2018.</p> <p>The AC ensures that the responsibilities of GCG are properly discharged through:</p> <ul style="list-style-type: none">• reviewing the adequacy of the scope, functions, competency and resources of GCG;• reviewing the annual internal audit plan, processes and the results of all internal audit assignments undertaken and ensuring that appropriate actions are taken based on the recommendations;

	<ul style="list-style-type: none"> • reviewing the budget and ensuring sufficient resources are allocated to GCG; • ensuring that GCG is independent of the activities it audits and that the head of GCG reports functionally to the AC directly; • appraising the performance of GCG on an annual basis; and • reviewing the appointment or termination of senior GCG staff members. <p>On 11 December 2019, the AC completed its annual assessment of GCG and was satisfied with the overall performance of GCG in FY2019.</p> <p>The functions and work of GCG for the FY2019 are set out in the AC Report on page 75 of the Annual Report 2019.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The head of GCG is Mr. Lee Choong Yin who is a permanent affiliate of the Association of Chartered Certified Accountants (“ACCA”). He is also a professional member of the IIAM.</p> <p>GCG comprises 7 auditors who are either degree holders or who have passed the profession examinations of Certified Public Accountants Australia or ACCA.</p> <p>The head of GCG and the internal auditors confirmed on an annual basis that they are free from any relationships or conflicts of interest which could impair their objectivity and independence.</p> <p>GCG adopts the IIA’s International Standards for the Professional Practice of Internal Auditing laid down in its International Professional Practices Framework.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p><u>Effective Communication with Stakeholders</u></p> <p>The Company recognises the value of transparent and effective communication with the investment community and aims to build long-term relationships with shareholders and investors through appropriate channels for disclosure of information.</p> <p>The Company mainly communicates with shareholders, other stakeholders and the public through press releases, press conferences, timely announcements and disclosures made to Bursa Malaysia Securities.</p> <p>The Company will leverage on technology to broaden its channel of dissemination of information, to enhance the quality of engagement with the shareholders.</p> <p><u>Annual Report</u></p> <p>The annual report is also a key communication channel between the Company and its shareholders as well as stakeholders. It provides insightful explanations about the Group's performance, operations, prospects as well as activities undertaken by the Group.</p> <p><u>Corporate Website</u></p> <p>The Company's website www.ecoworld.my serves as another communication platform. The website comprises dedicated sections that provides investors with detailed information on corporate, business and governance related matters. It also incorporates an Investor Relations section which provides all relevant information on the Group such as annual reports, corporate presentations, company announcements, including the quarterly results, press releases, corporate governance report, sustainability report as well as a summary of the questions and answers brought up at general meetings. All the information is easily accessible by the public.</p>

	<p><u>Investor Relations</u></p> <p>The Investor Relations Department plays a critical role in facilitating investor-related activities to enable better understanding of the business and strategic direction of the Group. Discussions, interviews and dialogues are held with fund managers, financial analysts, shareholders and the media to convey information about the Group’s performance, corporate strategies and other matters affecting shareholders’ interests. During FY2019, the Group conducted press, analyst and investor updates in December 2018 and June 2019 and held regular meetings with fund managers and research analysts.</p> <p>The Group also participated in roadshows and investor conferences in Malaysia. The following were the key investor-related activities held during FY2019:</p> <table border="1" data-bbox="560 797 1406 1171"> <thead> <tr> <th>Month</th> <th>Key Investor Relations Activities</th> </tr> </thead> <tbody> <tr> <td>December 2018</td> <td>Full year 2018 results briefing and press conference</td> </tr> <tr> <td>January 2019</td> <td>Investor roadshow, Kuala Lumpur</td> </tr> <tr> <td>March 2019</td> <td>Investor roadshow, Kuala Lumpur</td> </tr> <tr> <td>June 2019</td> <td>Half year 2019 results briefing and press conference</td> </tr> <tr> <td>Throughout FY2019</td> <td>Site visits and regular meetings with institutional investors, fund managers and analysts</td> </tr> </tbody> </table> <p><u>General Meetings</u></p> <p>The Board also views general meetings as ideal opportunities to communicate with shareholders where the CEO briefs shareholders on the Group’s projects and development. The meetings provide a forum for dialogue and interaction between the Board and shareholders, both individual and institutional.</p> <p>While the Company endeavours to provide as much information as possible to its shareholders and the investment community, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.</p> <p>Shareholders and investors may forward any queries to the Company via email to corp@ecoworld.my.</p>	Month	Key Investor Relations Activities	December 2018	Full year 2018 results briefing and press conference	January 2019	Investor roadshow, Kuala Lumpur	March 2019	Investor roadshow, Kuala Lumpur	June 2019	Half year 2019 results briefing and press conference	Throughout FY2019	Site visits and regular meetings with institutional investors, fund managers and analysts
Month	Key Investor Relations Activities												
December 2018	Full year 2018 results briefing and press conference												
January 2019	Investor roadshow, Kuala Lumpur												
March 2019	Investor roadshow, Kuala Lumpur												
June 2019	Half year 2019 results briefing and press conference												
Throughout FY2019	Site visits and regular meetings with institutional investors, fund managers and analysts												
<p>Explanation for departure</p>	<p>:</p>												

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board acknowledges that the MCCG encourages the adoption of integrated reporting based on a globally recognised framework to improve the quality of information available to investors and promote greater transparency and accountability.</p> <p>Recognising that integrating reporting is a journey which requires cross functional efforts, the Company will gradually build upon the necessary processes and systems to support the development towards integrated reporting.</p>	
		<p>The Board is of the view that the current disclosures and dissemination of information with detailed narrative of the Group's financial and non-financial information to our various stakeholders are sufficient for making informed decisions.</p> <p>The annual report which contains comprehensive financial and non-financial information such as financial performance, future prospects, President's Management Discussion and Analysis, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control provide sufficient information to enable investors to make informed decisions.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company will take steps to adopt the integrated reporting based on the globally recognised framework.	
Timeframe	:	Others	By FY2023

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board embedded the 28 days' notice period into its Board Charter in FY2018.</p> <p>For its 45th AGM held on 27 March 2019, the Company issued the notice on 22 February 2019, which represents a notice period of 32 clear days.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company is already applying this practice.</p> <p>At the Company's 45th AGM held on 27 March 2019, all the Directors were present to take questions addressed to them.</p> <p>A summary of the questions raised at the 45th AGM and the answers provided by the Directors are published on the Company's website at www.ecoword.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The AGM of the Company have always been held in accessible locations within the Klang Valley.</p> <p>The Board acknowledges that the MCCG encourages companies to enable shareholders to remotely participate in and vote at general meetings without being physically present. However, after considering factors such as processes, communication with shareholders as well as cyber security concerns in implementing the remote participation and remote voting system, the Board is of the view that the technology required to support such initiatives may not be cost effective.</p> <p>Shareholders are encouraged and allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in their stead at the AGM if they are unable to attend the meeting in person.</p> <p>The Company has leveraged on technology to conduct electronic polling (“e-Polling”) for all resolutions voted on at the AGM. e-Polling facilitates greater participation taking into account its reliability, transparency, time and cost efficiency.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will continue to monitor developments in the market on the use of new and more cost effective technologies to facilitate remote participation and voting in absentia by shareholders and may consider implementing the same in future.
Timeframe	:	Choose an item.

**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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