

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8206
COMPANY NAME : Eco World Development Group Berhad
FINANCIAL YEAR : October 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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, Audit Committee ("the AC"), Nomination Committee ("the NC"), Remuneration Committee ("the RC") and Whistleblowing Committee ("the WC") (collectively referred to as "the 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 26 October 2020, Management presented the Group's proposed business plan for financial year ("FY") 2021. 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 FY2021 together with the Group's budgeted financials, liquidity, cash flows, net debt/equity ratios, capital expenditure and manpower requirements.

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 FY2021.

(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, land acquisition proposals, 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 objectives.

Since the onset of the Covid-19 outbreak, the Board has been monitoring the impact of the on-going pandemic, in particular, the Movement Control Order ("**the MCO**"), on the Group's business, discussing with Management the disruption to sales activities, construction at sites and supply chain, obligations to comply with pandemic-related procedures at the work place, and their impact on cash flows, financial results and business continuity.

One of the outcomes of these discussions was the decision to expand the capabilities and increase the usage of the Group's digital platform to engage with prospective customers during the MCO. Another decision taken in response to the pandemic was the implementation of a Group-wide cost rationalisation exercise.

(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' investment 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 58 through page 64 of the Annual Report 2020.

Pursuant to the amendments made to the Malaysian Anti-Corruption Commission Act 2009, the Board approved an Anti-Bribery and Anti-Corruption Policy ("**ABC Policy**") on 12 December 2019 for adoption with effect from 9 March 2020.

An Integrity Team has been set up to oversee all anti-bribery and anti-corruption compliance matters.

(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 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 Sustainability Committee (established in FY2017) oversees the implementation of business sustainability practices within the Group.

Going forward, the Group will focus on meeting the housing needs of the M40 group by building more affordable homes.

In December 2020, the Company was included in the FTSE4Good Bursa Malaysia (F4GBM) Index by Bursa Malaysia. The F4GBM Index recognises public listed companies which demonstrate strong environmental, social and governance (ESG) practices.

(e) Succession planning

The NC is entrusted by the Board with responsibilities to oversee the selection and assessment of Directors and Board Committees

	<p>as well as succession planning for Directors and Senior Management personnel.</p> <p>Matters on the remuneration of Directors and Senior Management are delegated to the RC.</p> <p>On 12 December 2019, the Board approved a new reward framework - Performance Incentive Scheme, for eligible employees to ensure long-term sustainability.</p> <p>A summary of work carried out by the NC and the RC to discharge their duties for FY2020 is set out in the NC Report and RC Report on pages 53 and 55 of the Annual Report 2020.</p> <p><i>(f) <u>Ensuring effective communication with stakeholders</u></i></p> <p>The Board maintains transparent and regular communication with stakeholders to facilitate understanding of each other's objectives and expectations.</p> <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 at 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>To encourage shareholders' participation in general meeting amid the Covid-19 outbreak, the Company live streamed its 46th Annual General Meeting ("AGM") where online remote voting was enabled.</p> <p>The Company will continue to explore leveraging technology to broaden its channel of dissemination of information and enhance the quality of engagement with the shareholders.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

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 Non-Independent Non-Executive Chairman of the Board on 20 March 2015 and was re-designated Executive Chairman on 1 April 2020.</p> <p>As can be seen from his profile set out on page 35 of the Annual Report 2020, Tan Sri Liew has had a successful career as a respected property developer for over 34 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 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	:		
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Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	To ensure balance of authority and power, the role of Chairman and CEO are held by 2 different individuals. 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 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 is supported by 2 Company Secretaries, namely Ms. Chua Siew Chuan and Ms. Tan Ley Theng.</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 Ms. Tan is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>Both the Company 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 FY2020, the NC reviewed the competency and performance of the Company Secretaries based on assessments by each Director on a confidential basis. The evaluation results were presented to the Board on 17 December 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	:	
<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

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 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 except in the case of urgent matters whereby a special meeting is required to be held.</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>In line with its green initiatives to reduce paper usage, the Group implemented a paperless board portal for Board and Board Committee meetings in June 2020. With this board portal, members of the Board and Board Committees are now able to access the meeting materials digitally and on the go.</p> <p>Draft minutes of Board and AC meetings are targeted to be 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	:	
<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

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 a 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 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 FY2020 are set out below:</p> <table border="1"><thead><tr><th>Directors</th><th>Programmes</th></tr></thead><tbody><tr><td>Tan Sri Abdul Rashid Bin Abdul Manaf</td><td><ul style="list-style-type: none">• Anti-Bribery & Anti-Corruption Master Class for the Board of Directors• Optimising Risk and Resilience Planning to Manage• Captains Forum: Transformation towards Recovery Session 2 – Operation Resilience</td></tr><tr><td>Tan Sri Dato' Sri Liew Kee Sin</td><td><ul style="list-style-type: none">• Invest Malaysia 2020: The Capital Market Conversation - Economic Recovery: Policies & Opportunities</td></tr><tr><td>Dato' Leong Kok Wah</td><td><ul style="list-style-type: none">• Aligning to the New Direction: Setting Goals and Developing Strategies• Optimising Risk and Resilience Planning to Manage Disruptions</td></tr></tbody></table>	Directors	Programmes	Tan Sri Abdul Rashid Bin Abdul Manaf	<ul style="list-style-type: none">• Anti-Bribery & Anti-Corruption Master Class for the Board of Directors• Optimising Risk and Resilience Planning to Manage• Captains Forum: Transformation towards Recovery Session 2 – Operation Resilience	Tan Sri Dato' Sri Liew Kee Sin	<ul style="list-style-type: none">• Invest Malaysia 2020: The Capital Market Conversation - Economic Recovery: Policies & Opportunities	Dato' Leong Kok Wah	<ul style="list-style-type: none">• Aligning to the New Direction: Setting Goals and Developing Strategies• Optimising Risk and Resilience Planning to Manage Disruptions
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Dato' Leong Kok Wah	<ul style="list-style-type: none">• Aligning to the New Direction: Setting Goals and Developing Strategies• Optimising Risk and Resilience Planning to Manage Disruptions									

	Dato' Chang Khim Wah	<ul style="list-style-type: none"> • Anti-Bribery and Anti-Corruption Policy - Online Training & Assessment • How to Become a Confident Public Speaker • CEO Talk Series on Old Business, New World*
	Datuk Heah Kok Boon	<ul style="list-style-type: none"> • Cyber Security Awareness Talk • Para-counselling Skills for Leaders - Coaching Session • Anti-Bribery and Anti-Corruption Policy - Online Training & Assessment • Post Covid Integrated Reporting • Dialogue with Finance Minister: Fiscal Priorities and Policy Response under Covid-19 Economic Landscape • HSBC x MDEC Roundtable: Digital Transformation for Malaysian Corporates • Invest Malaysia 2020: The Capital Market Conversation - Economic Recovery: Policies & Opportunities • The 4 Disciplines of Execution • Managing & Enhancing Tax and Legal Documentations • Online Masterclass Integrating SDGs into Corporate Reporting • Turnaround and Restructuring: The Banker's Perspective • Opportunities in Asian High Yield Bonds • The Cooler Earth Sustainability Summit 2020: ESG Financing For Biz
	Liew Tian Xiong	<ul style="list-style-type: none"> • The 4 Disciplines of Execution
	Tang Kin Kheong	<ul style="list-style-type: none"> • Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees • Captains Forum: Transformation towards Recovery Session 2 – Operation Resilience
	Dato' Idrose Bin Mohamed	<ul style="list-style-type: none"> • The Cooler Earth Sustainability Summit - Resilient Cities & Communities and Business & the Environment
	Dato' Haji Obet Bin Tawil	<ul style="list-style-type: none"> • Executive Talk on Integrity & Governance: The Corporate Liability Provision, the "Adequate & Procedures" & the Implementation of the National Anti-Corruption Plan
	Dato' Noor Farida Binti Mohd Ariffin	<ul style="list-style-type: none"> • Captains Forum: Transformation towards Recovery Session 2 – Operation Resilience

	<p>Low Mei Ling</p>	<ul style="list-style-type: none"> • Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees • Invest Malaysia 2020: The Capital Market Conversation - Economic Recovery: Policies & Opportunities
	<p>Lim Hiah Eng (Mrs Lucy Chong)</p>	<ul style="list-style-type: none"> • Mandatory Accreditation Programme for Directors of Public Listed Companies • Invest Malaysia 2020: The Capital Market Conversation - Economic Recovery: Policies & Opportunities • Captains Forum: Transformation towards Recovery Session 2 – Operation Resilience
	<p>*As speaker</p> <p>The Board Charter is subject to review as and when required and is amended in accordance with the requirements of the Group and in alignment with the best practices recommended in the MCGG, provisions in the Main Market Listing Requirements of Bursa Malaysia Securities (“MMLR”) as well as any new regulations that may have an impact on the Board’s responsibilities.</p> <p>The Board Charter was last amended in February 2020 to incorporate the elements of the ABC Policy.</p> <p>The Board Charter is available on the Company’s website at www.ecoworld.my.</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 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 policies 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 and the Code for Employees were last updated and amended on 6 February 2020 and 17 March 2020 respectively, to incorporate the elements of the ABC Policy.</p> <p>The Code for Directors, which is annexed to the Board Charter together with the Code for Employees ("The Codes") are available on the Company's website at www.ecoworld.my.</p> <p>A copy of the ABC Policy which was approved by the Board on 12 December 2019 is also available on the Company's website.</p> <p>Any queries regarding the Company's anti-bribery and anti-corruption compliance matters can be addressed to the Company's Integrity Team at integrityteam@ecoworld.my.</p> <p>Both the Codes and the ABC Policy are reviewed periodically as and when required to ensure that the standards of corporate behaviour are updated and continue to be relevant.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.2

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 delegates to the WC the responsibility of assisting the Board to protect the interest of the Group and its stakeholders. The WC reviews and investigates all complaints received about alleged misconduct, and takes the necessary actions and reports to the Board. The WC is guided by written procedures for dealing with complaints lodged by whistleblowers.</p> <p>On 26 March 2020, the Board approved a revised Whistleblowing Policy as recommended by the WC to reflect the changes required to align it with the ABC Policy as well as to changes in the composition of the WC.</p> <p>The Whistleblowing Policy and the 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>Following the resignation of Dato' Voon Tin Yow as Non-Independent Executive Director on 28 February 2020, Mrs Lucy Chong was appointed Independent Director on 20 May 2020 to fill the vacancy.</p> <p>With the appointment of Mrs Lucy Chong, the number of Independent Directors increased from 5 previously to 6, with the total Board size remaining unchanged at 12.</p> <p>As a result of the above, half the Board, but still not yet a majority, now comprises Independent Directors.</p> <p>One way to achieve a majority of Independent Directors is to increase their number to 7 by appointing one more Independent Director, thereby increasing the size of the Board from 12 currently to 13. However, the Board considers its current size of 12 to be optimum and sees no need to increase it at the moment.</p> <p>Another way to achieve a majority of Independent Directors is to replace an existing Non-Independent Director with a new Independent Director. However, the Board values the contributions of all its existing Non-Independent Directors as much as those of its Independent Directors.</p> <p>Moreover, for both the above-mentioned options, a competent and suitable person has to be available for appointment as the new Independent Director. Additionally, in view of Practice 4.5, the new Independent Director has to be a female person.</p> <p>The Board will continue to explore opportunities to comply with Practice 4.1, at the same time ensuring that upon making any new appointments, the Board as a whole would be an improved Board in all material respects.</p> <p>Although the Board does not yet comprise a majority of Independent Directors, there are 8 Non-Executive Directors (“NEDs”) (vs 4 Executive</p>

	<p>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 50% of its number represented by Independent Directors and 2/3 represented by NEDs provide 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>	
<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>The Board through the NC will continuously monitor the current situation by:-</p> <ol style="list-style-type: none"> 1. Searching for suitable and well qualified candidate to join the Board as Independent Director. 2. Rigorously evaluating the performance of the Independent Directors to ensure that they continue to be effective.
<p>Timeframe</p>	<p>:</p> <p>Others</p>	<p>By FY2021</p>

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>The Board adopted a Board Diversity Policy in FY2017 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 45% 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 Group's Board Diversity Policy takes into account gender diversity on the Board.</p> <p>Following the resignation of Dato' Voon Tin Yow on 28 February 2020, Mrs Lucy Chong was appointed on 20 May 2020 to fill the vacancy.</p> <p>The Board now comprises 12 Directors, of which 3, or 25% of the Board, are women.</p> <p>In order to meet the 30% requirement under Practice 4.5, the Board is required to replace a male Director with a female Director, 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 complicated by the Board's commitment to replace a Non-Independent Director with an Independent Director as stated under Practice 4.1 above.</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 yet consist of 30% women directors.</p> <p>The Board recognised the importance of gender diversity in allowing different perspectives to be included in decision-making. This is evident</p>

	from the fact that the Board had taken the opportunity to increase the women directors from 17% to 25% during FY2020 and currently 45% of the Senior Management team comprises women.	
<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 a suitable and well qualified woman candidate to join the Board.
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 4.6

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 the Institute of Corporate Directors Malaysia (ICDM) to source and 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; and(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 MMLR.</p> <p>The evaluation results for FY2020 were presented to the Board on 17 December 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 Company has implemented group-wide cost rationalisation exercise during FY2020 amid the Covid-19 pandemic. In solidarity with group efforts, the Board agreed to reduce 20% of their Directors' fees with effect from 1 May 2020 until further notice.</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>The RC engaged an external consultant to conduct a benchmarking study on the level of NEDs' remuneration in FY2019. From the results of the study, the RC formulated and approved 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 composition and summary of work carried out by the RC to discharge its duties for FY2020 are set out in the RC report on page 55 of the Annual Report 2020.</p> <p>The RC has written TOR to set out the authority, roles and responsibilities of the RC, which is available on the Company's website at www.ecoworld.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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 FY2020 are set out as below:					
	NAME	SALARY AND BONUS (RM)	FEES (RM)	ALLOWANCE (RM)	BENEFITS IN KIND (RM)	TOTAL (RM)
	Executive Directors¹					
	Tan Sri Dato' Sri Liew Kee Sin ²	1,731,516	-	53,070	1,084,219	2,868,805
	Dato' Chang Khim Wah	3,015,105	-	113,445	279,401	3,407,951
	Dato' Voon Tin Yow ³	1,826,442	-	87,500	236,875	2,150,817
	Datuk Heah Kok Boon	1,211,558	-	56,788	44,644	1,312,990
	Liew Tian Xiong	788,646	-	40,315	-	828,961
	Non-Executive Directors⁴					
	Tan Sri Abdul Rashid Bin Abdul Manaf	-	208,000	14,000	87,058	309,058
	Tan Sri Dato' Sri Liew Kee Sin ²	-	272,000	10,000	1,063,742	1,345,742
	Dato' Leong Kok Wah	-	160,000	16,000	130,587	306,587
	Tang Kin Kheong	-	256,000	32,000	-	288,000
	Dato' Idrose Bin Mohamed	-	256,000	34,000	-	290,000
	Dato' Haji Obet Bin Tawil	-	176,000	18,000	-	194,000
	Dato' Noor Farida Binti Mohd Ariffin	-	240,000	24,000	-	264,000
	Low Mei Ling	-	208,000	30,000	-	238,000
	Mrs Lucy Chong ⁵	-	-	4,000	-	4,000
	<i>Notes:</i>					
	¹ Paid by certain subsidiaries					
	² Re-designated from Non-Independent Non-Executive Chairman to Executive Chairman on 1 April 2020					
	³ Resigned on 28 February 2020					
	⁴ Paid by the Company					
	⁵ Appointed on 20 May 2020 (no fees paid in FY2020 as Directors' Fees relate to services rendered in FY2019)					
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 assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

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

Application	:	Departure										
Explanation on application of the practice	:											
Explanation for departure	:	<p>The Company had been applying this practice since FY2018. However, for FY2020, the Board has decided not to disclose the top five Senior Management personnel's remuneration on a named basis due to personal security concerns on the part of the personnel involved. Further such detailed disclosure is not favourable to the Group as talent poaching is common in the property industry.</p> <p>As an alternative, the Group has disclosed the remuneration received by its top five Senior Management personnel in bands of RM50,000 and the number of persons in each band, as follows:</p> <table border="1"> <thead> <tr> <th>Total Remuneration in Bands of RM50,000</th> <th>No. of Key Senior Management personnel</th> </tr> </thead> <tbody> <tr> <td>RM1,700,001 to RM1,750,000</td> <td>1</td> </tr> <tr> <td>RM1,250,001 to RM1,300,000</td> <td>1</td> </tr> <tr> <td>RM1,100,001 to RM1,150,000</td> <td>2</td> </tr> <tr> <td>RM950,001 to RM1,000,000</td> <td>1</td> </tr> </tbody> </table> <p>The remuneration of Senior Management personnel is benchmarked against other property development companies to ensure that their remuneration is commensurate with the scope of work, responsibilities, performance against KPIs as well as the Group's performance.</p>	Total Remuneration in Bands of RM50,000	No. of Key Senior Management personnel	RM1,700,001 to RM1,750,000	1	RM1,250,001 to RM1,300,000	1	RM1,100,001 to RM1,150,000	2	RM950,001 to RM1,000,000	1
Total Remuneration in Bands of RM50,000	No. of Key Senior Management personnel											
RM1,700,001 to RM1,750,000	1											
RM1,250,001 to RM1,300,000	1											
RM1,100,001 to RM1,150,000	2											
RM950,001 to RM1,000,000	1											
<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 review the application of this practice from time to time and consider the appropriateness of such disclosure.										
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 at www.ecoworld.my.</p> <p>The Board adopted an External Auditors Assessment Policy in FY2019 which sets out the guidelines and procedures to be undertaken by the AC to discharge its 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 at www.ecoworld.my.</p> <p>During its meeting held on 10 November 2020, 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 reviewed and updated the External Auditors Performance and Independence Evaluation Form to enhance the effectiveness of the assessment. The AC thereafter deliberated on each criterion set out in the revised evaluation form which covered areas such as calibre, quality of processes and services, competency and commitment, independence and objectivity, audit scope and planning, fees, communication and interaction and adequacy of experience as well as resources.</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	:		

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 50 of the Annual Report 2020.

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 profile of the AC members are set out in the Annual Report 2020.</p> <p>The AC members 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 FY2020 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").</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"), Group Corporate Governance ("GCG") and the Integrity Team.</p> <p>The RMC and GCG ensure that the implementation of the RMPG is properly carried out throughout the Group by Management. The Integrity Team is responsible for the effective operation of the anti-corruption compliance programme.</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 58 through page 64 of the Annual Report 2020.</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	:		
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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 58 through page 64 of the Annual Report 2020.	
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 was last reviewed in FY2020 to ensure it is aligned with the IIA’s 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 FY2020 was reviewed and approved by the AC on 11 December 2019.</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 10 November 2020, the AC reviewed and updated the Internal Audit Function Evaluation Checklist (“Checklist”) to enhance its effectiveness. The AC then completed its annual assessment of GCG based on the updated Checklist and was satisfied with the overall performance of GCG in FY2020.</p> <p>The functions and work of GCG for the FY2020 are set out in the AC Report on page 52 of the Annual Report 2020.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 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 IIA Malaysia.</p> <p>GCG now 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>During the MCO period, the notice of the postponed 46th AGM was sent via email to shareholders with known valid email addresses and via post to shareholders without valid email addresses.</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</p>

of the questions and answers brought up at general meetings. All the information is easily accessible by the public.

Investor Relations

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.

The Group would usually conduct results briefing twice a year, in the month of December and June during the financial year and hold regular meetings with investors, fund managers and research analysts.

During the MCO period, the Group conducted some of its stakeholder communication and investor relation activities via video conferencing.

The following were the key investor-related activities held during FY2020:

Month	Key Investor Relations Activities
December 2019	Full year 2019 results briefing and press conference
January 2020	Investor roadshow, Kuala Lumpur
Throughout FY2020	Mainly online meetings with institutional investors, fund managers and analysts

General Meetings

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.

Due to the MCO, the Company's 46th AGM held on 19 May 2020 was streamed live with online remote voting without physical attendance by shareholders enabled.

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.

	Shareholders and investors may forward any queries to the Company via email to corp@ecoworld.my .	
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 11.2

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 integrated 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>In an effort to gradually adopt integrated reporting, the Board endorsed a Sustainability Report 2020 during its meeting held on 17 December 2020 which includes preliminary integrated concepts. The introduction of a value creation model and classification of content according to the 6 types of capitals, namely, Financial, Manufactured, Human, Intellectual, Nature as well as Social and Relationship, as prescribed by the International Integrated Reporting Council framework, marks the beginning of the Group's journey towards full-fledged integrated reporting.</p> <p>The Board is of the view that the current disclosures and dissemination of information with detailed narratives 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>

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

Measure	:	The Company will take steps to adopt integrated reporting based on a 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	:	The Company has already applied this practice since FY2018 and the 28 days' notice period has been embedded into its Board Charter in FY2018.	
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's 46th AGM held on 19 May 2020 was live streamed with remote participation by shareholders.</p> <p>Due to the restriction imposed by the Securities Commission on number of essential individuals allowed at the broadcast venue, only 4 Directors were present in person at the broadcast venue while the remaining Directors, including the Chair of the AC, NC and RC attended the meeting remotely.</p> <p>A summary of the questions raised at the 46th 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	:	Applied
Explanation on application of the practice	:	<p>The 46th AGM held on 19 May 2020 was the Company's first fully virtual general meeting. Shareholders were able to participate remotely via live streaming webcast and vote in absentia using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIH Online Website at https://tiah.online/.</p> <p>A step-by-step administrative guide was issued to assist shareholders on the registration, participation and voting using the RPV. The administrative guide was also published in the Company's website to encourage shareholders' participation.</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	:	

**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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