

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 3417  
**COMPANY NAME** : Eastern & Oriental Berhad  
**FINANCIAL YEAR** : March 31, 2022

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group is led by the Board which has overall responsibility for strategic aims and directions, establishing goals for management and monitoring the achievement of these goals, overseeing the process of evaluating the adequacy and effectiveness of internal controls, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.</p> <p>The principal responsibilities of the Board include satisfying itself that the strategic plan supports long-term value creation. Every year, the Board will review its business strategy whereby the strategic planning and annual budget planning comprises financial budget and capital expenditure proposal will be presented for approval by the Board. The Management will provide updates to the Board based on their periodic review of the Group's cashflow position, business development, corporate and other operational matters.</p> <p>The Board is guided by a Board Charter in discharging its fiduciary duties and responsibilities. The Board Charter sets out the composition, roles, functions and processes of the Board and those functions delegated to Board Committees and Senior Management.</p> <p>The Board assumes ultimate accountability and responsibility for the performance and affairs of the Company and together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour.</p> <p>The Board has delegated certain responsibilities to Board Committees, namely, the Audit Committee ("AC"), the Nomination, Remuneration and Scheme Committee ("NRSC") and the Risk Management Committee ("RMC"). Each of the Board Committees operates within its respective Terms of Reference approved by the Board. The Board Committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.</p>

	The Board has also delegated day-to-day management of the business of the Group to Executive Directors and Senior Management subject to an agreed authority limit contemplated in the Group Authority Chart.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Datuk Tee Eng Ho is the Chairman of the Board and his roles and responsibilities are stated in the Board Charter which includes, amongst others, leading the Board in strategic planning, ensuring the integrity of the governance process, standards of conduct and effectiveness of the Board.</p> <p>Datuk Tee also acts as a facilitator at Board meetings and sets agenda of Board meetings to ensure there is robust discussion and that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates the discussion.</p> <p>The key responsibilities of the Chairman include:</p> <ul style="list-style-type: none"><li>a) providing leadership for the board so that the board can perform its responsibilities effectively;</li><li>b) setting the board agenda and ensuring that board members receive complete and accurate information in a timely manner;</li><li>c) leading board meetings and discussions;</li><li>d) encouraging active participation and allowing dissenting views to be freely expressed;</li><li>e) managing interface between board and management;</li><li>f) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; and</li><li>g) leading the board in establishing and monitoring good corporate governance practices in the company.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles of the Executive Chairman and the Managing Director are distinct and separate to engender accountability and facilitate clear division of responsibilities to ensure there is a balance of power and authority in the Company.</p> <p>The Executive Chairman, Datuk Tee Eng Ho provides strong leadership to the Board in its cohesive oversight of Management and ensuring Board effectiveness and standards of conduct and is responsible for strategic planning, business development and oversees the business operations with the Group Managing Director.</p> <p>The Group Managing Director is responsible for the implementation of the Company's strategic plan, policies and decisions adopted by the Board to achieve the Company's objective of creating long-term value for its shareholders.</p> <p>The respective roles and responsibilities of the Executive Chairman and the Managing Director are set out in the Board Charter of the Company which is published on the Company's website at <a href="http://www.easternandoriental.com">www.easternandoriental.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Chairman of the Board, Datuk Tee Eng Ho is not a member of the Board Committees to enable objective and independent discussion during Board Committee meetings and to ensure there is check and balance as well as objective review by the Board.  Mr Khoo Siong Kee, an Independent Director is the Chairman of the Audit Committee and Nomination, Remuneration and Scheme Committee.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 1.5**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is supported by a qualified and competent Company Secretary, a fellow member of MAICSA with over 20 years of relevant experience, who is responsible to the Board for ensuring that all governance matters and Board policies and procedures are adhered to and that applicable laws and regulations are complied with. The Company Secretary ensures that deliberations and discussions at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management for appropriate actions. The Company Secretary had and will constantly keep herself abreast, through continuous training on the regulatory changes and development.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board meets at least five (5) times a year or more when circumstances require. Where appropriate, decisions are also made by way of circular resolutions in between scheduled meetings during the financial year.</p> <p>An annual meeting calendar scheduling the Board, Board Committees and AGM meeting dates for next calendar year is made available at the end of each calendar year to facilitate the Directors' time planning and preparation before the meeting.</p> <p>All the Directors are furnished with proper agenda with due notice issued and Board papers and reports are prepared by the Management and circulated prior to the meetings to all Directors within a reasonable period for their review for effective discussion and decision-making during the meetings.</p> <p>Senior management and/or external advisors may be invited to attend Board meetings to advise and/or furnish the Board with information and clarification needed on relevant items on the agenda to enable the Directors to arrive at a considered decision.</p> <p>All Directors on the Board and committees of the Board have full and unrestricted access to senior management and the Company Secretary on all matters requiring information for deliberation.</p> <p>The deliberations and decision of the Board and committees of the Board are recorded in the minutes of meetings and the minutes are circulated to the Board and committees of the Board in a timely manner.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by its Board Charter which clearly sets out the composition, roles, functions and processes of the Board and those functions delegated to Board Committees and Management. The matters specifically reserved for the Board are also addressed in the Board Charter. Each of the Board Committee has a defined Terms of Reference that outlines its scope and authority and there is in place a Group Authority Chart that outlines the limit of authority delegated to the Management.</p> <p>The Board has on 22 June 2021 and 23 February 2022 reviewed and approved the revised Board Charter, incorporating refinement of the roles of Directors as well as other enhancements taking into consideration the new practices in the MCCG and the revised copy has been uploaded on the Company's website at <a href="http://www.easternandoriental.com">www.easternandoriental.com</a>. The Board Charter is established to strengthen the integrity and governance of the Group to be in line with the practices in the MCCG.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Code of Conduct and Ethics applies to the Directors, Management and employees of the Group. It is formulated to promote corporate culture which engenders ethical conduct that permeates throughout the Group with the intention of achieving the following aims:</p> <ul style="list-style-type: none"> <li>• to emphasise the Company's commitment to ethics and compliance with the applicable laws and regulations;</li> <li>• to set forth basic standards of ethical and legal behaviour within the Group;</li> <li>• to include noble characteristics in performing duties so as to improve work quality and productivity;</li> <li>• to improve self-discipline in order to provide the Group with good and quality service; and</li> <li>• to enhance skills in the implementation of duties and to be able to adapt to the work environment.</li> </ul> <p>The Directors, Management and employees of the Group are required to abide by the Company's Code of Conduct and Ethics in performance of their duties.</p> <p>The Code of Conduct and Ethics is published on the Company's website at <a href="http://www.easternandoriental.com">www.easternandoriental.com</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognised the importance of whistleblowing and is committed to maintain the highest standards of ethical conduct within the Group. As such, the Board has formalised and adopted a Whistle-Blowing Policy which provides a mechanism for any employee of the Group as well as external parties to report genuine concerns relating to any malpractice or improper conduct of the Group's businesses to the Chairman of the AC. Any whistle-blowing person acting in good faith is protected from retaliation for raising such allegations. Procedures are in place for investigations and appropriate follow-up action.</p> <p>The Board also sets the tone from the top and endeavours to foster a corporate culture that provides a safe and candid environment of openness and honesty. The Board reviews and assess the adequacy of the Whistle-Blowing Policy as and when necessary and make such amendments as it deems appropriate.</p> <p>The Board has on 22 June 2021 reviewed and approved the revised Whistle-Blowing Policy and the policy is published on the Company's website at <a href="http://www.easternandoriental.com">www.easternandoriental.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board undertakes an oversight role over the Group's sustainability efforts, setting the tone from the top to lead and promote sustainability growth and long-term value creation at E&amp;O. The Board's leadership is essential towards building a corporate culture that apprehend and appreciate sustainable approach in our operations, embedded the spirit to consider sustainability business practice holistically, integrating sustainability element in the Group's strategy and decision-making process. The responsibility of the Board includes approving sustainability strategies and priorities for the Group to set a clear direction in the Group's sustainability journey. The Board is also responsible for ensuring adequate and effective communication and engagement are carried out between the Group and its stakeholders.</p> <p>Risk Management Committee ("RMC") is entrusted with the role to advise the Board for overall implementation and management of sustainability practices, considering the Group's sustainability risks and opportunities and to ensure compliance to rules and regulations and adoption of relevant guidelines and best practices introduced by various authorities and institute, where applicable. The development of strategies towards achieving corporate objectives is mainly driven by the Senior Management which is spearheaded by the Executive Committee ("EXCO") chaired by the Managing Director. The EXCO meets periodically to discuss material issues and strategies pertaining to the Group, including sustainability-related matters.</p> <p>The Group has also established a Sustainability Management and Working Committee ("SMWC"), which is comprised of the representatives from various departments and functions of the Group, to focus on reporting and monitoring of implementation of sustainability initiatives and carry out action plans in accordance with the sustainability targets of E&amp;O. Being representatives and leaders of key departments and functions, the SMWC members manage its own set of sustainability initiatives and data collection within their respective department and report to the EXCO on the results of sustainability performance.</p>

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



## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

## Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Sustainability Statement describes E&amp;O's approach to sustainability in the businesses and operations of E&amp;O and its subsidiaries ("E&amp;O Group" or the "Group"), incorporating elements from the aspect of economic, environmental, social, and governance.</p> <p>Through the Statement, the Company aims to provide the stakeholder an overview of the sustainability targets, strategies, priorities, efforts, and performance of the businesses and operations in Malaysia covering the property development segment, including associated reclamation works, property investment segment, hospitality segment, as well as E&amp;O's headquarter and sales galleries. Key projects and properties reported under each business segment.</p> <p>At E&amp;O, each division and department undertake the role to engage with the stakeholders that they are dealing within the daily operations, considering the stakeholders' relationship with the Group including their influence on the business and impact of the business decision to them. Based on the concern and feedback from the stakeholders, the Company identifies appropriate engagement strategies and method to enable the Company to create common shared value for long-term growth.</p> <p>The comprehensive description of E&amp;O's stakeholder groups, engagements and targets as well the performance against these targets are as set out in E&amp;O's Sustainability Statement which can be found on the Company's website at <a href="http://www.easternandoriental.com">www.easternandoriental.com</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	As part of the effort for our Board to stay abreast with the latest sustainability updates, other than attending external trainings, an inhouse briefing on Sustainability Management and Reporting was organised. The Board are also apprised of the development of sustainability matters that are relevant to the Group and discussions management are held as and when necessary, on the sustainable approach to enhance the sustainability practice relevant to the operations of respective divisions. The Board as whole, provides their advice, views and opinions on any sustainability issues during the relevant meetings or discussions.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>As the Board is ultimately accountable for ensuring that sustainability is integrated into the strategic direction of the Group, taking into consideration the new practices and guidance under the MCCG, the Board has approved the revised Directors' Assessment Policy to include a review of the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities. In this regard, a new assessment form has been developed for the annual evaluation of the performance of the Board in terms of sustainability.</p> <p>To strengthen the commitment towards achieving high standards in sustainability, the performance evaluation of the Board and Senior Management includes sustainability performance review. The Board performance is assessed in term its sustainability leadership while Senior Management is held accountable for driving strategic management of the material sustainability matters to achieve the KPIs and targets.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

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

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Managing Director, Mr Kok Tuck Cheong, is the designated person who manages sustainability efforts and strategies in the Group. He is supported by Sustainability Management and Working Committee and the EXCO.

## Intended Outcome

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

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of reviewing its composition periodically to ensure that the Board comprises the right talent in terms of skills and experience, in order to effectively discharge the Board's roles and responsibilities.</p> <p>The functions of the Nomination, Remuneration and Scheme Committee ("NRSC") including amongst others, to review the succession plan for the Board and senior management, to review annually the required mix of skills, experience and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board. The NRSC will also assess annually the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his/her time commitment, character, experience and integrity.</p> <p>The Board has on 8 April 2022 adopted a Fit and Proper Policy to ensure rigorous and transparent process for the appointment and re-appointment/re-election of the Directors of the Company and its subsidiaries.</p> <p>The Fit and Proper Policy is published on the Company's website at <a href="http://www.easternandoriental.com">www.easternandoriental.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Currently, the Board has six (6) members, of whom three (3) are Executive Directors and three (3) are Independent Non-Executive Directors. The Non-Executive members of the Board bring a wide range of business and financial experience to the Board, bringing objective and independent judgment to decisions made by the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.3**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Currently, the Company does not have any long serving Independent Non-Executive Director who has exceeded a cumulative term limit of nine (9) years.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

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



## Intended Outcome

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

## Practice 5.5

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

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRSC is responsible for determining the appropriate character, skills, and experience for the Board as a whole, its individual members including Senior Management with the objective of having a Board with diversified composition, backgrounds and experience in business. All Directors are expected to be individuals with integrity, high personal and professional ethics, sound business judgment, and the ability and willingness to commit sufficient time to the duties of the Board.</p> <p>In evaluating the suitability of individual Board members and Senior Management, the Board takes into account several factors, including skills, knowledge, expertise, experience, professionalism and time commitment to effectively discharge his or her role, contributions, background, character, integrity and competence. The Board is mindful of the importance of gender, age and ethnic diversity in the composition of the Board and Senior Management.</p> <p>The Board is committed to provide fair and equal opportunities and to nurture diversity (including gender, age and ethnicity) within the Group. The candidates for Board and Senior Management appointments will be considered, taking into account, a range of diversity perspectives, including gender, cultural, competency, skills, character, time commitment, integrity and experience that the selected candidates will bring to the Board.</p> <p>The appointment of Executive Directors and/or Senior Management personnel is also based on predetermined criteria that includes skill sets, integrity and leadership qualities, driven by their respective job descriptions.</p> <p>In the performance of his/her duties, each Director of the Group should at all times observe, amongst others, to devote time and effort to attend meetings and to know what is required of the Board and each of its Directors, and to discharge those functions. Each Director is also expected to limit his/her directorship of companies to a number in which he/she can best devote his/her time and effectiveness; each Director is his/her own judge of his/her abilities and how best to manage his/her time effectively in the Company in which he/she holds directorship.</p>

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

### Intended Outcome

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

### Practice 5.6

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

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board views the identification and appointment of new Directors as an essential process that must be carried out with foremost diligence and care. The current process of appointment to the Board is based on the recommendations of the NRSC. The responsibilities of the NRSC in this regard include evaluating candidates for directorships based on meritorious criteria such as mix of skills, knowledge, expertise and experience, time commitment, integrity and competencies in meeting the needs of the Company.</p> <p>In sourcing for suitable candidates, the NRSC may receive suggestions from existing Board Members, Management or major shareholders. The NRSC is also amenable to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p> <p>On 12 May 2021, three (3) new Independent Non-Executive Directors were proposed to be appointed by a major shareholder. An independent legal opinion was obtained on the qualification of the candidates proposed to act as Independent Directors of the Company. Upon recommendation of the NRSC and having reviewed the skills, knowledge, expertise, experience and independence of the candidates, the Board approved the appointment of the following persons as Independent Non-Executive Directors of the Company with immediate effect:</p> <ul style="list-style-type: none"><li>(i) Mr Khoo Siong Kee</li><li>(ii) Mr Lim Kien Lai @ Lim Kean Lai</li><li>(iii) Ms Tee Bee Kim</li></ul> <p>During the financial year, Mr Tee Eng Seng was proposed to be appointed as an Executive Director of the Company. On 15 October 2021, Mr Tee Eng Seng, who was also a major shareholder of the Company, was appointed as an Executive Director upon the recommendation of the NRSC. At the appointment date, Mr Tee Eng Seng was holding an indirect interest of 49.78%.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The profiles of the Directors, including their professional qualifications, work experiences and interest in the Company (if any) are set out on pages 18 to 21 of the Annual Report for the shareholders' review.  The Board's statement of support on the appointment or reappointment of the Directors is set out in the explanatory note of the notice of AGM.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.8

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRSC is chaired by Mr Khoo Siong Kee, an Independent Non-Executive Director. The NRSC comprises wholly Independent Non-Executive Directors:</p> <p>(i) Mr Khoo Siong Kee (Chairman, Independent Non-Executive Director) (ii) Mr Lim Kien Lai @ Lim Kean Lai (Member, Independent Non-Executive Director) (iii) Ms Tee Bee Kim (Member, Independent Non-Executive Director)</p> <p>The activities carried out by NRSC during the financial year ended 31 March 2022:</p> <ul style="list-style-type: none"><li>• reviewed the Non-Executive Directors' fees and recommended the Non-Executive Directors' fees for Board's approval;</li><li>• reviewed the results of performance evaluation on Board, Board Committees and Individual Directors;</li><li>• reviewed the independence of the Independent Directors;</li><li>• reviewed the training needs of the Directors;</li><li>• reviewed the retirement of Directors;</li><li>• discussed and recommended the remuneration terms for the Executive Chairman;</li><li>• reviewed and recommended the appointment of an Executive Director of the Company;</li><li>• discussed and recommended the remuneration terms for the Executive Director; and</li><li>• discussed and recommended the gratuity payment to the Executive Deputy Chairman.</li></ul> <p>The Terms of Reference of the NRSC is available online on the Company's website at <a href="http://www.easternandoriental.com">www.easternandoriental.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Currently, the Company has six (6) directors on the Board, out of which one (1) is female Director. This Board composition is in line with the target set in the Board Diversity Policy, i.e. the Board should comprise at least one (1) female Director to address gender diversity. Nevertheless, the Board will work towards having more female Directors on the Board.	
		With the current composition, the Board views that its members have the necessary knowledge, experience, diverse range of skills and competencies to enable them to discharge their duties and responsibilities effectively.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 5.10

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is mindful of the importance of gender, age and ethnic diversity in the composition of the Board and senior management. The Board has established a Board and Senior Management Diversity Policy (as below) which set out the approach for achieving diversity on the Board of the Company:-</p> <p><b>1. Objective</b></p> <p>The Board and Senior Management Diversity Policy (the "Policy") sets out the approach for achieving diversity on the Board of Directors and senior management of Eastern &amp; Oriental Berhad ("E&amp;O" or the "Company").</p> <p><b>2. Policy Statement</b></p> <p>2.1 In designing the Board and senior management's composition, the Board and senior management diversity shall be considered from a wide range of aspects, including but not limited to skill, experience, age, cultural background, gender, ethnicity and any other factors that the Board may consider relevant and applicable from time to time. It is recognised that a Board and senior management composed of appropriately qualified members with a broad range of experience relevant to the business is important to the effective corporate governance and sustained commercial success of the Company.</p> <p>2.2 In this regard, the Nomination, Remuneration and Scheme Committee ("NRSC") is responsible for determining the appropriate character, skills and experience for the Board as a whole, its individual members including senior management with the objective of having a Board and senior management with diversified composition, backgrounds and experience in business.</p> <p>2.3 In connection with its effort to create and maintain a diversified Board and senior management, the NRSC will:-</p> <ul style="list-style-type: none"><li>in identifying suitable candidates for appointment to the Board and senior management, take into account several factors, including skills, knowledge, expertise, experience, professionalism and time commitment to effectively discharge his/her role as a Director and senior management, contributions, background, characters, integrity and competence;</li></ul>

	<ul style="list-style-type: none"> <li>• in reviewing the Board and senior management composition, mindful of the importance of gender, age and ethnic diversity in the composition of the Board and senior management and is committed to provide fair and equal opportunities and to nurture diversity (including gender, age and ethnicity) within the Company; and</li> <li>• as part of the performance evaluation of the effectiveness of the Board, individual directors and senior management, consider the balance of skills, experience, independence, knowledge and the diversity of representation of the Board and senior management.</li> </ul> <p>2.4 The Board appreciates the benefits of having gender diversity within the Board and senior management as a mix-gendered board and senior management would offer different perspective and insights which would support good decision making in view of the businesses and strategy of the Company. In this respect, the Board seeks to have at least one (1) female Director in the Board but will work towards having more female directors on the Board.</p> <p><b>3. Review</b></p> <p>The NRSC will review and assess the effectiveness of the Policy as and when required to ensure the Policy is in line with the requirement of the Company and any recommendation for revisions shall be highlighted to the Board for approval.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## Intended Outcome

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

### Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The NRSC is responsible for conducting an annual performance evaluation of the Board, Board Committees, Managing Director and individual Directors. The annual evaluation includes an assessment of the independence of Independent Directors. The Board has formalised a Directors' Assessment Policy which sets out the procedures and criteria used in the assessments of Board, Board Committees, individual Directors and independence of Independent Directors. The key objective of the Board evaluation is to ensure that the Board is functioning well. The evaluation also serves as reference point for the Board to evaluate if a balanced, diversified, skilled Board across a wide range of areas and expertise is consistently maintained.</p> <p>The Board Effectiveness Evaluation ("BEE") for the year ended 31 March 2022 was carried based on a combination of self and peer assessment by Board members via customised questionnaires, which are premised on qualitative and quantitative criteria. The assessment criteria are benchmarked against good governance practices prescribed by the regulators and best practices.</p> <p>The assessment of the Board and its Committees are based on specific criteria covering the board mix and composition, quality of information and decision-making, strategy and leadership, boardroom activities, board chairman's role and board skill sets. In line with the new practice under the revised MCCG, a new assessment form has been developed for the review of the performance of the Board in addressing the Company's material sustainability risks and opportunities.</p> <p>For Individual Directors, the criteria used in the assessment include professional experience, industry knowledge, specific competencies, business acumen, strategic vision, integrity, attendance, preparation for sessions, teamwork, active participation and general contribution and Director's training needs. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group and the</p>

	<p>Independent Director's involvement in Board and/or Committee deliberations and any significant transaction with the Group.</p> <p>The results of the BEE were tabled to the NRSC. The NRSC has reviewed the outcome of the annual evaluation of Board, Board Committees, Audit Committee members and individual Directors (including the assessment of the Managing Director) for the financial year ended 31 March 2022 and has subsequently submitted its findings to the Board.</p> <p>The findings indicated that the Directors, Board and Board Committees have discharged their duties and responsibilities effectively. The Board is satisfied that the Board composition, which has been established after taking into consideration the mix of skills, calibre, competence, character and experience required to effectively stern the Group's directions, combined with expertise possessed by the Management, complement the effective functioning of the Board.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

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

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has put in place a Remuneration Policy and Procedures for Directors and/or Senior Management which aims to attract, develop and retain high performing and motivated Directors with a competitive remuneration package. The remuneration policy and procedures is reviewed by NRSC prior to making its recommendation to the Board for approval. It should be noted that the three (3) Executive Directors also constitute the Senior Management.</p> <p>The remuneration of the Executive Directors and/or Senior Management has been structured on the basis of linking rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the contribution and level of responsibilities undertaken by the Non-Executive Director concerned.</p> <p>The NRSC is responsible for evaluating, deliberating and recommending to the Board the remuneration of Executive Directors and Non-Executive Directors in all its forms, tapping on external advice if necessary.</p> <p>The NRSC recommends the Directors' fees and benefits payable to Non-Executive Directors of the Board and this recommendation is deliberated and decided by the Board before it is presented at the AGM for shareholders' approval. The Board has approved the remuneration in the form of fees for the Non-Executive Directors, as members of the Board and Board Committees for the financial year ended 31 March 2022.</p> <p>The Remuneration Policy and Procedures of Directors and/or Senior Management is available on the Company's website at <a href="http://www.easternandoriental.com">www.easternandoriental.com</a>.</p>

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

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The NRSC is authorised by the Board to implement policies and procedures on remuneration including reviewing, deliberating and recommending matters relating to the remuneration of the Board and/or Senior Management.  The Terms of Reference of the NRSC is available on the Company's website at <a href="http://www.easternandoriental.com">www.easternandoriental.com</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board ensures that information relating to Directors' remuneration is made transparent to all shareholders.  The detailed disclosure on named basis for the remuneration of individual Directors for the financial year ended 31 March 2022 are set out below:



No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Tee Eng Ho	Executive Director			681		4.4	102	787.4			1,703		4.4	256	1,963.4
2	Kok Tuck Cheong	Executive Director			384		34	58	476			960		34	144	1,138
3	Tee Eng Seng (Appointed on 15 October 2021)	Executive Director			169		3.4	25	197.4			422		3.4	63	488.4
4	Khoo Siong Kee (Appointed on 12 May 2021)	Independent Director	79.6	7.5					87.1	79.6	7.5					87.1
5	Lim Kien Lai @ Lim Kean Lai (Appointed on 12 May 2021)	Independent Director	61.9	7.5					69.4	61.9	7.5					69.4
6	Tee Bee Kim (Appointed on 12 May 2021)	Independent Director	61.9	7.5					69.4	61.9	7.5					69.4
7	Dato' Seri Tham Ka Hon (Retired on 25 August 2021)	Executive Director			112			16.8	128.8			742			103	845
8	Kok Meng Chow (Resigned on 12 May 2021)	Executive Director			16			2.4	18.4			41			6	47
9	Dato' Azizan bin Abd Rahman (Resigned on 12 May 2021)	Independent Director	26.5						26.5	26.5				5.2		31.7
10	Tan Sri Dato' Seri Mohd Bakke bin Salleh (Resigned on 10 May 2021)	Non-Executive Non-Independent Director	11						11	11						11

11	Kamil Ahmad Merican (Resigned on 12 May 2021)	Non-Executive Non-Independent Director	11.5						11.5	11.5						11.5
12	Datuk Vijeyaratnam a/l V. Thamotharam Pillay (Resigned on 12 May 2021)	Independent Director	11.5						11.5	11.5						11.5
13	Datuk Christopher Martin Boyd (Resigned on 12 May 2021)	Independent Director	11.5						11.5	11.5						11.5
14	Tan Kar Leng @ Chen Kar Leng (Resigned on 12 May 2021)	Independent Director	11.5						11.5	11.5						11.5

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Not applicable - all members of senior management are members of the board	
<b>Explanation on application of the practice</b>	:	Presently, the members of the senior management, namely, Datuk Tee Eng Ho, Mr Kok Tuck Cheong and Mr Tee Eng Seng are Directors of the Company.  The remunerations of the Directors are disclosed in Practice 8.1 above.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The members of senior management are Directors of the Company. The detailed remuneration of the Directors are disclosed in Practices 8.1 above.

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The AC comprises three (3) members, all of whom are Independent Non-Executive Directors. The AC is chaired by Mr Khoo Siong Kee who is not the Chairman of the Board.</p> <p>The Chairman of the Board is Datuk Tee Eng Ho. With the position of the Board Chairman and AC Chairman held by different individuals, the Board is able to objectively review the AC's findings and recommendations.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of independence of its External Auditors and that no possible conflict of interest whatsoever should arise.</p> <p>None of the members of the AC were former key audit partners. The AC has in its Terms of Reference, provides that a former key audit partner to observe a cooling-off period of at least three (3) years before appointing as a member of the AC.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC is responsible for assessing the capabilities and independence of the External Auditors and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the External Auditors.</p> <p>The Board maintains a transparent and professional relationship with the External Auditors of the Company through the AC. The AC invites the External Auditors to attend its meetings as and when required, before commencement of the year end audit and upon completion of their audit. The AC reviewed the scope of the audit set out in the audit planning memorandum, work plan, areas of audit emphasis, fee proposal, issues arising from the audit and their resolution and audit judgements, level of errors identified during the audit and recommendations made by the External Auditors.</p> <p>The AC has monitored and assessed the performance and independence of Ernst &amp; Young PLT and is satisfied that the External Auditors have been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the Committee.</p> <p>The AC ensures that the external audit function is independent of the activities it audits, and reviews the contracts for the provision of non-audit services by the External Auditors and ensures that it will not give rise to instances of conflict of interests.</p> <p>The External Auditors have also confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants. In compliance with the requirements of the Malaysian Institute of Accountants, the External Auditors rotate their audit partners assigned to the Group every five (5) years.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The AC comprises three (3) members, all of whom are Independent Non-Executive Directors, as follows:</p> <ul style="list-style-type: none"><li>(i) Mr Khoo Siong Kee (Chairman)</li><li>(ii) Mr Lim Kien Lai @ Lim Kean Lai</li><li>(iii) Ms Tee Bee Kim</li></ul> <p>The AC is primarily responsible for providing oversight on the Group's financial reporting, disclosure, regulatory compliance and monitoring of internal control processes within the Group. The AC reviews amongst others, the quarterly financial results, unaudited and audited financial statements, internal and external audit reports as well as related party transactions.</p> <p>The Terms of Reference of AC is accessible at the Company's website at <a href="http://www.easternandoriental.com">www.easternandoriental.com</a>.</p>

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC which is comprised of three (3) members, collectively possess a wide range of necessary skills to discharge its duties in accordance to its Terms of Reference. All members of the AC are financially literate and able to understand matters under the purview of the AC including financial reporting process. The Chairman of AC is a member of Malaysian Institute of Accountant and thus fulfilling the requirement of Paragraph 15.09(1)(c) of the MMLR, which calls for at least one (1) member of the AC to be a member of a professional accountancy body. The qualification and experience of the individual AC members are disclosed in the Profile of Board of Directors in the Annual Report 2022.</p> <p>The Board, through the NRSC has assessed the terms of office and performance of the AC and each of its members and is satisfied that the AC and its members have carried out their duties in accordance with the Terms of Reference.</p> <p>During the financial year under review, all the members of the AC had undertaken continuous professional development to keep themselves abreast with relevant developments in accounting and auditing standards, practices and rules. The details of the continuous professional development undertaken by each members of AC are presented in the Corporate Governance Overview Statement of the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges and affirms its overall responsibility for establishing an effective risk management and internal control system which includes governance, strategy, sustainability, operational and compliance related matters. The Board exercises its oversight of risk management and internal control through Audit Committee and Risk Management Committee respectively, which are empowered by their terms of reference.</p> <p>Risk Management Committee periodically reviews risk management framework and activities to ensure they remain relevant. Risk Management Committee meets on a quarterly basis to deliberate the quarterly risk report which reports risks identified and evaluated by Management including the key risks affecting the Group, and that control procedures and mitigation action plans are in place to manage these risks to ensure they are within the acceptable level of tolerance.</p> <p>In view of the limitations that are inherent in the risk management and internal control systems, the Board recognises that such systems are designed to manage risks that may impede the achievement of the Group's business objectives rather than to eliminate these risks. Such systems can only provide reasonable and not absolute assurance against fraud, material misstatement or loss.</p> <p>The Board has received assurance from the Managing Director and Finance Director that the Group's risk management and internal control systems have operated adequately and effectively for the Financial Year under review, in all material aspects.</p> <p>The Board, as a whole would continue to monitor and review the effectiveness and adequacy of the Group's risk management and internal control framework to ensure they continue to be resilient and reliable in meeting the Group's strategic objectives.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has adopted a structured risk management framework which is aligned with the principles of the international recognised standard of ISO 31000:2018 (Risk Management – Guidelines). The Group’s risk management framework outlines risk management policy, structure, roles of the Board, management and internal audit as well as the risk management process. The risk management process involves identification, evaluation, treatment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the enterprise levels.</p> <p>The key features of the risk management and internal control framework is set out in the Statement on Risk Management and Internal Control of the Annual Report 2022.</p> <p>The risk management and internal control framework is reviewed by the internal audit function periodically to ascertain whether the framework and practices are adequate and effective in managing the risk.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 10.3 - Step Up

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Risk Management Committee comprises three (3) members, all of whom are Independent Non-Executive Directors, who bring a mix of relevant business and management knowledge and experience, assisting the Board in carrying out, among others, the responsibility of overseeing the Group's risk management framework and policies.</p> <p>The current Risk Management Committee comprised of the following:</p> <ul style="list-style-type: none"><li>(i) Mr Khoo Siong Kee (Chairman)</li><li>(ii) Mr Lim Kien Lai @ Lim Kean Lai</li><li>(iii) Ms Tee Bee Kim</li></ul>

## Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Group is outsourced to a professional service firm, Tricor Axcelasia Sdn Bhd which reports independently to the Audit Committee and its role encompasses the evaluation of the adequacy and effectiveness of the Group's internal control system to provide reasonable assurance to the members of the Audit Committee.</p> <p>To ensure that the responsibilities of the Internal Auditor are fully discharged, the Audit Committee reviews the following:</p> <ul style="list-style-type: none"><li>(a) the appointment of the internal audit firm;</li><li>(b) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;</li><li>(c) the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.</li></ul> <p>Further, to ensure that the internal audit function is independent of the activities it audits, the head of internal audit reports directly to the Audit Committee. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of risk management, internal control and governance processes within the Company.</p> <p>The detailed activities carried out by the internal audit function are provided in the Audit Committee Report of the Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## Intended Outcome

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

## Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function, which reports directly to Audit Committee, is governed by the Group's Internal Audit Charter which defines its purpose, authority, scope of work, responsibility, independence and code of ethic.</p> <p>The Group's internal audit function is outsourced to professional service firm Tricor Axcelasia Sdn Bhd.</p> <p>The Engagement Director is Mr Derek Lee Siew Weng who has diverse professional experience in internal audit, risk management, business continuity and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. Mr Derek Lee is a Certified Internal Auditor (USA), has a Certification in Risk Management Assurance (USA) and Certification in Business Continuity Management (UK).</p> <p>The number of staff deployed for the internal audit reviews ranges from four (4) to (6) staff per cycle including the Engagement Director. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Certain staff are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence, and the internal audit reviews are conducted using a risk based approach and are guided by the International Professional Practice Framework.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board endeavours to ensure that communication with the Group's stakeholders are conducted in a continuous and forthcoming matter. In demonstration of this commitment, the Board has formalised a set of Corporate Disclosure Policies and Procedures ("CDPP") which is aimed at developing an effective Investor Relations programme and strategy to communicate fairly and accurately, the corporate vision, strategies, developments, financial results and prospects to investors, the financial community and other stakeholders.</p> <p>The Corporate Disclosure Policies and Procedures provides guidance to the Board and Management on providing accurate, timely and balanced disclosure to the Group's stakeholders whilst simultaneously encouraging a two-way dialogue between the Company and its stakeholders. The Board has identified spokespersons in the handling and disclosure of material information.</p> <p>The Group maintains regular and proactive communication with its shareholders and stakeholders. The Group has a Corporate Investment and Planning Department, which provides the avenue for two-way communication between the Group and its shareholders, investors and the media.</p> <p>The Group maintains a corporate website at <a href="http://www.easternandoriental.com">www.easternandoriental.com</a> which provides information relating to financial results, press releases, announcements, analyst reports and investor presentations. The public can also direct queries through a dedicated email contact provided in the said website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

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

**Practice 12.2**

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

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 13.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises AGM as the principal forum to engage with the shareholders. In this respect, the notice of the Ninety-Fourth AGM with detailed agenda and Annual Report were sent to the shareholders on 27 July 2021, at least 28 days prior to the meeting date, well in advance of the 21 days' notice period required under the Act and MMLR.</p> <p>The 28 days' notice enable the shareholders to have sufficient time to peruse the Annual Report and papers supporting the resolutions proposed, consider the resolutions for informed decision making and the exercise of their voting rights at the AGM.</p> <p>At the AGM, shareholders would be given the opportunity to ask questions regarding resolutions being proposed before putting the resolutions to vote as well as matters relating to the Group's operations in general.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility to engage shareholders and provide meaningful response to their queries.</p> <p>All Directors of the Company (save for one) attended the Ninety-Fourth AGM held on 25 August 2021. Dato' Seri Tham Ka Hon has given notice that he was not seeking for re-election and accordingly, he retired as a Director at the conclusion of the Ninety-Fourth AGM of the Company. The Chairman of the AC, NRSC and RMC as well as Senior Management and the Company's External Auditors were in attendance during the AGM to provide responses to any questions, if any, addressed to them.</p> <p>The responsibilities of the Directors to attend and actively engage shareholders during the General Meetings are codified in the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the Government's initiative and the Securities Commission Guidance Note, the Ninety-Fourth Annual General Meeting of the Company was conducted on a fully virtual basis through live streaming and online remote voting provided by the share registrar, Tricor Investor &amp; Issuing House Services Sdn Bhd ("Tricor").</p> <p>The Company has leveraged on technology to facilitate electronic voting for the conduct of poll ("e-polling") on all resolutions during its AGM held on 25 August 2021. Electronic voting devices were used to provide a more efficient and accurate outcome of the results.</p> <p>Tricor had put in place information security measures to prevent cyber threats and data breaches.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Company's AGM is the principal forum for dialogue with shareholders. Notice of AGM and Annual Report is sent to the shareholders ahead of the meeting date to enable shareholders to have sufficient time to peruse the annual report and papers supporting the resolutions proposed. As per the Administrative Guide, shareholders may submit questions for the Board in advance of the 94th AGM via Tricor's TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> by selecting "e-Services" to login, pose questions and submit electronically. The Board will endeavor to answer the questions received at the AGM.</p> <p>During the AGM, the Chairman briefed the shareholders, corporate representatives and proxies present virtually of their right to exercise their rights to vote and pose questions on the resolutions set out in the Notice of the AGM. The Chairman informed that any questions on the resolutions to be dealt with in the AGM could be transmitted using the query box and all questions would be answered during the Q&amp;A session.</p> <p>The Chief Financial Officer was invited to present to the shareholders a review of the operations and the financial performance of the group for the year. The responses of the Company to the questions raised by the Minority Shareholders Watch Group as set out in MSWG's letter dated 11 August 2021 was also presented.</p> <p>As active participation from the shareholders was greatly encouraged, the Board strived to answer all the questions during the AGM. Questions that were received prior to the meeting as well as the responses were also shared with all shareholders during the AGM.</p> <p>All questions and answers duly clarified by the Board of Directors are published on the Company's website thereafter.</p>

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

### Intended Outcome

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

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Ninety-Fourth Annual General Meeting of the Company held on 25 August 2021 was conducted on a fully virtual basis through live streaming and online remote voting.</p> <p>The Remote Participation and Voting (“RPV”) facilities provided by the share registrar, Tricor via its TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> allowed shareholders to pose questions to the Board and Chairman of the AGM via typed text in the query box. The shareholders can submit pre-meeting questions or post live questions when the meeting was in progress.</p> <p>At the “Questions and Answers” session in the meeting agenda, the TIIH Online platform had the facilities to live broadcast the questions/remarks and answers; and the shareholders had experienced real time interaction with the Board during the AGM.</p> <p>Questions posed by shareholders had been made visible to all meeting participants during the meeting itself via RPV Facilities.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Minutes of the AGM as well as all questions and answers posed by the shareholders are made available on the corporate website within 30 business days of the AGM.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**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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