CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	0138
COMPANY NAME	**:**	MY E.G. Services Berhad
FINANCIAL YEAR	**:**	December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE
Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board is responsible for the leadership, oversight, control, development, and long-term success of the Group. It is also responsible for instilling the appropriate culture, values and behaviour throughout the Group. In discharging its responsibilities, the Board established functions which are reserved for the Board and those delegated to the Management. The key roles and responsibilities of the Board broadly cover formulation of the corporate policies and strategies, overseeing and evaluating the conduct of the Group's business. While the responsibility for monitoring the effectiveness of the Group's risk management and internal control systems has been delegated to the Audit Committee and Risk Management Committee, the Board is ultimately responsible for determining the Group's "risk tolerance". In addition, the Board receives regular reports from the Chairman of the Audit Committee, Risk Management Committee in relation to the work of the Committees in the area of internal control and risk management. The Group's Board Charter defines the specific duties and responsibilities of the Board which can be found at the Group's website at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman possesses leadership to lead the Board and the Group to ensure that the Board function effectively as well as entrusted with the task of instilling good corporate governance practices. The Chairman's role and responsibilities have been set forth in the Board Charter of the Group.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Company's Chairman and Group Managing Director are held by two (2) distinct individuals since the listing of the Company on 16 January 2007. There is a clear division of responsibilities between the roles of the Chairman and the Group Managing Director, which are set out in the Board Charter of the Group.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied	
Explanation on application of the practice	:	All Directors have access to the advice and services of the Company Secretaries, who are responsible to the Board in providing sound governance advice and ensuring that the Board complies with the necessary rules and regulation. The Company Secretaries, Ms Tai Yit Chan and Ms Tan Ai Ning are fellow members of the Malaysian Institute of Chartered Secretaries and Administrators. The roles and responsibilities of the Company Secretaries have been set forth in the Board Charter of the Group.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	The Company Secretaries collate and circulate the meeting materials to the Board and Board Committees at least three (3) days before the meeting date to provide sufficient time for the Board to read and deliberate the issues. Management updates and/or provides further details on each issue raised for discussion to the Board and Board Committee at the meeting. Upon conclusion of the meeting, the minutes are prepared and circulated to the Board for review/comments in a timely manner.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board Charter has been incorporated into the Group's governance system, documented policies that the Board has decided upon to meet, among others, its responsibilities, governance and leadership as a description tool of how the Board operates. A copy of the Board Charter and the Terms of References of the Audit Committee, Risk Management Committee, Remuneration Committee and Nomination Committee are available in the Group's website at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab). There is a formal schedule of matters reserved for the Board's consideration and decision which is set out in the Board Charter.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Company has established a Code of Conduct and a Code of Ethics to promote a corporate culture which engenders ethical conduct that permeates throughout the Group and includes procedures in managing conflicts of interest and prevention of fraudulent activities. The Directors, Management and employees of the Group are encouraged to adhere to the Code of Conduct and Code of Ethics in their management practices to ensure compliance with applicable laws, rules and regulations, to safeguard and ensure the proper use of the assets of the Group and to report on any unlawful and unethical behaviour. Hence, the Group commits to a high standard of professionalism and ethics in the conduct of its business and professional activities. A copy of the Code of Conduct and Code of Ethics are available in the Group's website at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Group has Whistle Blowing Policy setting out procedures to provide all employees of the Group and other interested parties an avenue where genuine concerns related to possible improprieties in matters of financial reporting, compliance and other malpractices can be objectively investigated and addressed. The details on the policy and procedures can be found on our website at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 4.1
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied	
Explanation on application of the practice	:	As at the date of this report, the Board comprises of two (2) Executive Directors and three (3) Independent Non-Executive Directors, wherein at least half of the Board comprises Independent Directors. The Company complies with Paragraph 15.02 of the Main Market Listing Requirements which require at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. Their profiles are set out in the Annual Report 2019 on pages 19 to 23.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 4.2
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	In year 2019, the Company has sought shareholders' approval for continuation of office of Datuk Mohd Jimmy Wong Bin Abdullah ("Datuk Jimmy") and Tan Sri Dato Dr Muhammad Rais Bin Abdul Karim ("Tan Sri Rais"), who served as Independent Non-Executive Directors of the Company for a cumulative term of twelve (12) years and ten (10) years respectively, since their date of appointment on 18 August 2006 and 31 December 2008. The Board through the Nomination Committee continues to evaluate the independence of its Independent Directors annually in accordance with the prescribed criteria stated in the Listing Requirements of Bursa Malaysia Securities Berhad. The Independent Directors are required to affirm their commitment to bring sound independent and objective judgement upon their appointment and re-appointment annually. Based on the assessment on Datuk Jimmy and Tan Sri Rais in year 2020, who served as Independent Non-Executive Directors of the Company for a cumulative term of thirteen (13) years and eleven (11) years respectively, the Board was satisfied with both Datuk Jimmy and Tan Sri Rais contribution and guidance to the Group. Datuk Jimmy and Tan Sri Rais have continued to display high level of integrity and is objective in their judgement and decision-making in the best interest of the Group. The Board supported the recommendation of the Nomination Committee and would seek for shareholders' approval on the continuance of office of Datuk Jimmy and Tan Sri Rais at the forthcoming Nineteenth Annual General Meeting of the Company in accordance to the requirement of the Malaysian Code on Corporate Governance.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

Practice 4.3 - Step Up
The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Practice 4.4
Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	The Board, assisted by the Nomination Committee, is committed to ensuring that the Board and Senior Management are sufficiently diverse and appropriately balanced. In making recommendations to the Board on suitable candidature of Directors, the Nomination Committee shall assess and consider the following attributes or factors:- • Skills, knowledge, expertise and experience; • Professionalism; • Commitment (including time commitment) to effectively discharge his/her role as a Director; • Contribution and performance; • Background, character, integrity, and competence; • In the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors; and • Boardroom diversity including gender diversity. An annual assessment will be carried out to annually review the contribution of each Director. A summary of the assessment will be presented to the Nomination Committee for consideration and to develop recommendations and/or an action plan where determined necessary or desirable. The Board concluded that the current Directors own a diverse mix of skills matrix, knowledge, experience and age. The Chairman possesses the leadership to safeguard the stakeholders' interest and ensure the development of the Group.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

Practice 4.5
The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The current Board composition complies with the Main Market Listing Requirements and the Board is in view that current diversification of the Board is sufficient to execute its duties and responsibilities, as explained in Practice 4.4 above. The Board acknowledges the value created by involving female candidates participating in decision-making positions, i.e. Directors and Senior Management. The Board currently has one (1) woman, representing 20% of the total Board members who also leads the Board as the Executive Chairman.	
		The Board, assisted by the Nomination Committee annually reviews the size, competencies, gender representation of the Board to ensure it remains diverse, which leads to better deliberations.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Nomination Committee will take the necessary steps to search, where appropriate, for suitable woman candidates who have relevant skills, knowledge and experience which are able to enhance the Board as a whole. In addition, the Board may adopt a gender policy to act as a guideline in the Company's recruitment exercise in the event that the need arises.	
Timeframe	:	Others	To implement only when the need arises.

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

Practice 4.6
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied	
Explanation on application of the practice	:	During the financial period, there was no new appointment of Director. Nonetheless, the Board would utilise independent search firms in identifying suitable candidates for appointment in the future when the need arises.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 4.7
The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by Datuk Mohd Jimmy Wong Bin Abdullah, an Independent Non-Executive Director.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 5.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

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

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">During the period, the Board conducted an internally facilitated Board assessment via the Nomination Committee to annually review the competencies and composition of the Board. The results and recommendations from the evaluation of the Board and its committees are reported to the Board for full consideration and action.

The scope of the assessment comprised the following:-

• The Board’s structure, size and composition as well as the composition of the board committees;
• The effectiveness of the Board as a whole and the effectiveness of the board committees;
• The character, experience, integrity and competence of the Directors and to ensure they have the time to discharge their respective roles;
• The mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors; and
• The level of independence of Directors.

The outcome of the evaluation has shown the skills and experience of the current Directors satisfy the requirements of the skills matrix and that the Chairman has the leadership to safeguard the stakeholders’ interest and ensure the Group’s profitable performance.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2">The Board will consider the benefits of engaging independent experts to facilitate board evaluations before engaging one.</td></tr>
<tr><td>Timeframe :</td><td>Others</td><td>To implement when the need arises.</td></tr>
</table>

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Remuneration Committee is responsible for setting the remuneration policy for all Directors and Senior Management. They ensure that the Directors and Senior Management are remunerated fairly for the contributions or individual level of responsibilities in order for the Group to attract and retain the right calibre Directors and Senior Management to drive the successful performance of the Group. A copy of the Directors' Remuneration Policy is available on the Group's website at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

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

Practice 6.2
The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

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

Application	:	Applied	
Explanation on application of the practice	:	A copy of the Terms of Reference of the Remuneration Committee is available on the Group's website at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The detailed disclosure of the remuneration breakdown of individual Directors includes fees, salary, bonuses benefits in kind and other emoluments received from the Company and Group during the financial period ended 31 December 2019 are disclosed in the Corporate Governance Statement of the Annual Report 2019.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the view that due to the highly competitive nature of the human resource market, the remuneration of the top five (5) Senior Managements which includes salary, bonus, benefits in-kind and other emoluments for the financial period ended 31 December 2019 would not be disclosed in the Annual Report 2019.	
		The current disclosure of remuneration components complies with the Main Market Listing Requirements of Bursa Securities.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Board will monitor the market practice on such disclosure.	
Timeframe	:	Others	Ongoing

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 8.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Board and the Chairman of the Audit Committee are held by two (2) distinct individuals since the listing of the Company on 16 January 2007. This ensures that the objectivity on the Board's review of the Audit Committee's findings and recommendations remains intact.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 8.2
The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee has included in its Terms of Reference requiring a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. A copy of the Terms of Reference of the Audit Committee is available on the Group's website, https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 8.3
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	The Audit Committee has set out in its Terms of Reference, to assess the suitability, objectivity and independence of the external auditors which sets out the following criteria, amongst others, when evaluating the external auditor's performance:- (a) Service quality; (b) Sufficiency of resources; (c) Communication with the Management; (d) Independence, objectivity and professionalism; (e) Ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan; (f) The nature of the non-audit fees provided and fees paid for such services related to the audit fee; and (g) Whether there are safeguards in place to ensure there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors. In addition, the Terms of Reference sets out use of external auditors for non-audit services as one of the measures to safeguard the independence and objectivity of external auditors. The external auditors declare their independence through their audit engagement in accordance with all relevant professional and regulatory requirements to the Audit Committee on an annual basis.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee comprises three (3) Independent Non-Executive Directors as disclosed in the Report on the Audit Committee of the Annual Report 2019.

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 8.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

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

Application	:	Applied	
Explanation on application of the practice	:	All members of the Audit Committee possess a considerable understanding of financial reporting and auditing processes. They also have the necessary accounting, financial, banking, commercial and capital markets skills required to meet their responsibilities and provide an effective level of challenge to Management. All Audit Committee members received ongoing training and development as detailed in the Directors' Training section of the Corporate Governance Statement of the Annual Report 2019.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

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

Practice 9.1
The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	The Group have established a Risk Management Policy to continuously identify, evaluate, monitor and to manage significant risks that materially affect the corporate objectives of the Group. The Risk Management and Internal Control Statement in the Group's Annual Report 2019 provides further details on the state of system of internal controls and risk management framework of the Group for the financial period ended 2019.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

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

Practice 9.2
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The Board acknowledges the importance of maintaining a sound risk management and internal control framework to safeguard shareholders' investments and the Group's assets. Therefore, a framework to formulate and review risk management policies and risk strategies has been established. Further information on the Group's risk management and internal control framework is presented in the Risk Management and Internal Control Statement.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

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

Practice 9.3 - Step Up
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	Subsequent to the financial period ended 31 December 2019, the Board had on 27 February 2020 approved the separation of the Audit and Risk Management Committee, into the Audit Committee and the Risk Management Committee. The Risk Management Committee comprises of only Independent Directors and meets with the senior management of the Group on a quarterly basis to review the Group's risk management framework, policies and procedures. A copy of the Terms of Reference of the Risk Management Committee is available on the Group's website, https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee of the Company is responsible for monitoring and reviewing the effectiveness of the Group's Internal Audit function. The Internal Audit function is independent of the external auditors and is outsourced to an independent third party service provider who has a direct reporting line to the Audit Committee. The Internal Auditor attends and reports at each Audit Committee meeting on its work conducted during each quarter as well as its findings, Management's responses and recommendations. For further details, please refer to the Audit Committee Report of the Annual Report 2019.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 10.2
The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	The Internal Audit Function is outsourced to an external professional firm. The Internal Auditor reports to the Audit Committee. This reporting relationship supports internal audit independence and objectivity, which assures adequate consideration of audit recommendations and planned corrective actions. The relationship also gives the Internal Audit staff the authority needed for full, free and unrestricted access to any or all operations, records, property and personnel within the Group. The Internal Audit function is carried out in accordance with The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. Vaersa Advisory Sdn. Bhd. is the internal auditor of the Group for the financial period ended 31 December 2019 and is made up of eight (8) personnel headed by Ramnath R Sundaram, a qualified professional auditor and they are free from any relationships or conflicts of interest which could impair their objectivity and independence.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application :	Applied	
Explanation on application of the practice :	The Company has formalised corporate disclosure policies and procedures to not only comply with the disclosure requirements as stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, but also sets out the persons authorised and responsible to approve and disclose material information to all stakeholders. The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Malaysia Securities Berhad and press conferences. It is the Group's practice that any material information for public announcement, including annual, quarterly financial statements, press releases, and presentation to investors, analyst and media are factual and reviewed internally before issuance to ensure accuracy and is expressed in a clear and objective manner. All information in regard to the above are available in our website at www.myeg.com.my/investor_relations	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Group has yet to fully adopt integrated reporting based on a global recognised framework	
		The Group has embarked on its first Integrated Reporting this year and is at a nascent stage of the Integrated Reporting journey. The Group is committed and would enhance the disclosures for future annual reports by adopting the international reporting framework based on a global recognised framework.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Group will continue to move towards a more integrated approach of reporting from its existing reporting in order to provide systematic and comprehensive disclosures of the Group's value creation.	
Timeframe	:	Within 3 years	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	In the year 2019, the notice of Annual General Meeting ("AGM") of the Company was issued to the shareholders twenty eight (28) days prior to the AGM. For the AGM to be held in year 2020, the Company would also provide twenty eight (28) days' notice to the shareholders prior to the AGM.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	During the Annual General Meeting ("AGM") held in year 2019 of the Company, all Directors attended the meeting to address any questions from the shareholders. The AGM is the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session in which shareholders may raise questions pertaining to the business activities of the Company. To encourage participation of shareholders at the AGM, the Chairman invites questions from shareholders for every agenda items of the meeting. Besides the Directors, the Senior Management and External Auditors were also in attendance to respond to shareholders queries. The Chairman also shared with the shareholders on the Company's responses to questions submitted in advance of the AGM by the Minority Shareholders Watchdog Group.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 12.3
Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company held its General Meeting in an easily accessible location within the Klang Valley. The Company has leveraged on technology to facilitate electronic voting on its Annual General Meeting ("AGM") held on 14 March 2019, which have provided accurate results in an efficient manner. Nonetheless, voting in absentia and remote shareholders' participation at general meetings were not available.	
		Shareholders who are unable to attend and vote at the AGM of the Company are encouraged to submit the proxy form of the Company to the Share Registrar. Hence, this allows them to vote in absence.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Company would be conducting a virtual AGM in year 2020 which would allow shareholders to participate remotely.	
Timeframe	:	Within 2 years	