

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6262
COMPANY NAME : Innoprise Plantations Berhad (“IPB”)
FINANCIAL YEAR : December 31, 2021

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	:	Area of Focus	Matters considered by the Board
		Reviewing and adopting the Group's strategic plan	The Board is responsible for the Group's strategic plan with a view to maximizing shareholder value and promoting sustainability. This includes review, comment and provides final approval of the Group's strategic plan prepared by management. In conjunction with this, the Board also reviews and approves long term budget, business plan, corporate exercise proposal and annual budget for the ensuing year and monitors management's implementation of and performance with respect to that agreed strategic plan.
		Overseeing the conduct of the Group's business	The Board carries out periodic review of the achievements by the various operating divisions against their respective operational targets to determine whether these divisions are properly managed.
		Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation	The Board maintains a sound system of internal control to safeguard shareholders' investment and the Company's assets. The Board through the Audit Committee reviews the effectiveness of the Enterprise Risk Management system within the Group

	<p>measures</p>	<p>and assures that material risks are identified and appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Group policies.</p> <p>Risk Management Committee ensures that policy to identify and evaluate the Company and Group’s risks is implemented and that controls in place are adequate and functioning properly to address the risks. In that relation, the Chief Financial Officer (“CFO”) is required to complete questionnaires so as to provide the Audit Committee with information on the risk and control environment of the Group.</p> <p>Details of the Group’s Enterprise Risk Management system are set out in the Statement on Risk Management and Internal Control disclosed in the Annual Report.</p>
	<p>Succession planning</p>	<p>The Board has entrusted the Nomination Committee with the responsibility for reviewing the Board’s succession plans, proposing new nominees to the Board and recommending Directors to fill the seats on the Board Committees.</p> <p>The Board continues with its role to review and monitor the appointment and dismissal of senior management of the Company while the Managing Director is responsible for the senior management succession plan. The senior management succession plan involves building a talent-rich organisation by attracting and developing talented and skilled people who fit in the Company’s culture and business strategy as well as identifying successors for senior management positions.</p>
	<p>Overseeing the development and implementation of a</p>	<p>Ng Chee Fen has been appointed as the person responsible for communication with shareholders and other stakeholders of the</p>

	shareholder communications policy	Company. The Company has a Corporate Disclosure Policy and Procedures that outlines the policies and processes for communications with shareholders, analysts and investors to ensure that the communications are effective and comply with the applicable laws, rules and regulations.
	Reviewing the adequacy and the integrity of the management information and internal controls system	The Board is responsible for the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. Details pertaining to the Company's internal control system and the review of its effectiveness are set out in the Statement on Risk Management and Internal Control of the Annual Report.
	Strategies Promoting Sustainability	The Board places great importance on corporate responsibility and business sustainability. The Company's activities on environment, social and governance for the year under review are disclosed in the Annual Report.
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Datuk Hj. Majin Bin Hj. Ajing is the Chairman of the Board. He plays a pivotal role in instilling Company's commitment to uphold corporate governance.</p> <p>He oversees the orderly conduct and effectiveness of the Board by ensuring a cohesive working relationship between members of the Board. He is also responsible to ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis and encourage all Directors to play an active role in Board activities. He maintains a close professional relationship with the Managing Director and acts as mentor as required.</p> <p>Position description of the Chairman is set out in the IPB Corporate Governance Guidelines. These Guidelines will be periodically reviewed by the Board to align with the Company's objectives, current law and practices.</p> <p>Performance evaluation of the Chairman is conducted annually by the Nomination Committee. The Chairman of the Nomination Committee shall then report the findings and/or recommendations to the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The positions of Chairman (Datuk Hj. Majin Bin Hj. Ajing), who is an Independent Non-Executive Director and Managing Director (Tan Aik Kiong) are individually held by two persons to ensure a balance of power and authority.</p> <p>There is a clear distinction between the roles and responsibilities of the Chairman and Managing Director which are set out in the IPB Corporate Governance Guidelines.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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>	
Application :	Applied
Explanation on application of the practice :	The Chairman of the Board is not a member of the Audit and Risk Committee, Nomination Committee or Remuneration Committee. Hence there were no risk of self-review.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries have extensive experience in corporate secretarial practice. Role and functions of the Company Secretary are set out in the IPB Corporate Governance Guidelines. The following are some of the key significant roles of the Company Secretary:</p> <ul style="list-style-type: none">• assisting with induction and professional development of Directors;• regularly updating the Board on new changes to the statutory and regulatory requirements and the resultant implications to the Company and the Board in discharging their duties and responsibilities;• notifying Directors and principal officers on the closed periods for dealing in the Company's securities;• advising and supporting the Chairman and the Board and its Board Committees to manage the day to day governance framework of the Company;• facilitating timely communication of decisions made or policies set by the Board to Board Committees and senior management for action;• co-ordinating all Board and Board Committee meetings including agendas, board papers and communication with the stock exchange and other regulatory agencies as well as oversight on overall secretarial functions of IPB Group; and <p>ensuring minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors are provided with an agenda and a set of Board papers containing information relevant to the business of the meeting, including information on financial, operational and corporate matters prior to Board meetings. Members of the Committee are also provided with the meeting agenda and relevant papers submitted by management to enable full deliberation on the issues to be considered at the respective meetings. Minutes of the Board and Committees' meetings are circulated to all Board members.</p> <p>For each Board and Committee meeting, the meeting papers are, to the extent feasible, provided/made available 5 working days prior to each Board meeting so that Directors have sufficient time to read and understand the information and obtain further information, clarification or explanation, where necessary. Minutes of meetings are circulated to all Board members on a timely manner (within 10 working days).</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has adopted a Board Charter which serves as a source of reference and primary induction literature, providing insights to prospective Board members and senior management. The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p> <p>Details of the Board Charter are available for reference on IPB's website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	: Applied
Explanation on application of the practice	<p>The Company has adopted a code of ethics which applies to Directors, officers and employees of the Group and is available on the Company's website.</p> <p>The Board of Directors of IPB continues to adhere to the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ("Code of Ethics").</p> <p>The Board is ultimately responsible for the implementation of this Code of Ethics. The Board has delegated to the Nomination Committee the responsibility to administer this Code of Ethics. Directors who learn of or suspect that a violation of the Code of Ethics has occurred or is likely to occur must immediately report the violation to the Chairman of the Nomination Committee, or to any other member of the Nomination Committee. In the case of issues regarding the Company's financial statements, financial reporting, accounting, auditing matters or internal accounting controls, it will be reported to the Chairman of the Audit Committee. If a Director is unsure whether a violation should be reported to the Nomination or the Audit Committee, he or she is encouraged to report to both Committees. Directors who report violations or suspected violations in good faith will not be subject to retaliation of any kind. Reported violations will be treated confidentially to the extent possible.</p> <p>Alleged violations of the Code of Ethics shall be investigated by the Nomination Committee and may result in discipline and other action at the discretion of the Board upon recommendation of the Nomination Committee, including, where appropriate, removal from the Board. The Board is ultimately responsible for the investigation and resolution of all issues that may arise under this Code of Ethics.</p> <p>IPB Employee's Code of Ethics guides the employee's conduct in the workplace, business conduct when dealing with external parties, key issues such as conflict of interests, bribery, confidentiality and privacy</p>

	<p>as well as protection and proper use of IPB’s assets and resources. All employees are expected to observe and adhere to the highest standard of professional conduct and to maintain the Group’s reputation for integrity and professionalism.</p> <p>In addition to the Code of Ethics, IPB has also published the Anti-Bribery and Anti-Corruption (“ABAC”) Policy in May 2020. The ABAC Policy sets out IPB’s position on bribery and matters of corruption that might be encountered by IPB in its day to day operations.</p> <p>Details of ABAC Policy are available on IPB’s website.</p> <p>The Company conducts awareness programmes in collaboration with Human Resources department to all employees on the compliance requirements, the impact of non-compliance and the obligations to comply with this policy. The awareness programmes which are conducted through seminars, in-house training, email communications, banner and poster will continue to be conducted periodically to update the employees on the new or latest version of the policy.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>As part of best practices in good corporate governance, a Whistle-Blowing Policy has been established by the Board that outlines the principles underpinning the policy and grievance procedures. This policy provides an avenue for employees to report genuine concerns about malpractices, unethical behaviour or misconduct within the Group without fear of reprisal. Identity of the employee will not be disclosed without prior consent. Any concerns raised will be investigated and outcome of such investigation will be reported to the Board and appropriate action will be taken to resolve the issue.</p> <p>Details of whistle-blowing channel are available on IPB’s website.</p> <p>Details of Grievance procedures are set out in the IPB Corporate Governance Guidelines.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

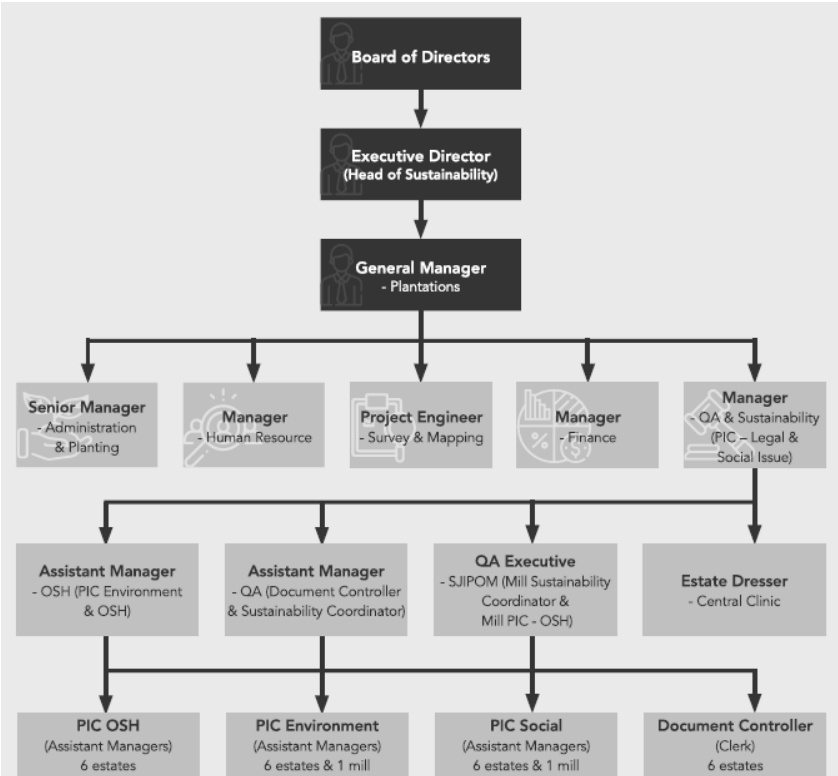
The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

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.

<p>Application :</p>	<p>Applied</p>
<p>Explanation on application of the practice :</p>	<p>The Company has taken into account sustainability considerations in its strategies, business plans, major plans of action and risk management. All material sustainability matters are driven by the Executive Directors assisted by the other members from various department within the Group as in the management structure as shown below:</p>  <pre> graph TD Board[Board of Directors] --> ED[Executive Director (Head of Sustainability)] ED --> GM[General Manager - Plantations] GM --> SM[Senior Manager - Administration & Planting] GM --> M1[Manager - Human Resource] GM --> PE[Project Engineer - Survey & Mapping] GM --> M2[Manager - Finance] GM --> M3[Manager - QA & Sustainability (PIC - Legal & Social Issue)] SM --> AM1[Assistant Manager - OSH (PIC Environment & OSH)] M1 --> AM2[Assistant Manager - QA (Document Controller & Sustainability Coordinator)] PE --> QE[QA Executive - SJIPOM (Mill Sustainability Coordinator & Mill PIC - OSH)] M3 --> EDresser[Estate Dresser - Central Clinic] AM1 --> PICOSH[PIC OSH (Assistant Managers) 6 estates] AM2 --> PICEnv[PIC Environment (Assistant Managers) 6 estates & 1 mill] QE --> PICSocial[PIC Social (Assistant Managers) 6 estates & 1 mill] EDresser --> DC[Document Controller (Clerk) 6 estates] </pre>
<p>Explanation for departure :</p>	

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

Intended Outcome

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

Practice 4.2

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The board ensures that the Company’s sustainability strategies, priorities and targets as well as these targets are communicated to its internal and external stakeholders as follow:</p> <p>(a) at estate level, stakeholder meetings are conducted during the assessment process for the Social Impact Assessment (SIA), Environment Impact Assessment (EIA) and High Conservation Value (HCV) reports.</p> <p>(b) at corporate level, the secretarial department ensures compliance with all regulatory requirements and communication with regulatory bodies. Constant two-way communication is also established with investors, analysts and shareholders via General meetings, quarterly announcements on results, periodic announcements to Bursa Securities and through press releases.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company works to ensure that its operations are environmentally responsible, and takes steps to protect and effectively manage risks that may adversely impact the environment. Our Environment Policy Statement deals with greenhouse gas emissions (GHGs), waste management and biodiversity issues. We also have a zero burning policy for all our operations.</p> <p>Wastes are recycled and managed, monitored to minimise its effluents and sources of pollution. We also partner with government agencies to protect bio-diverse and fragile ecosystems, besides replanting degraded and logged-over forests. The Company also generates renewable energy from oil palm waste for our own use and as a way to cut greenhouse gas emissions.</p> <p>The Company also implemented a biogas engine system, further reducing greenhouse gas emissions and generating renewable energy through replacement of diesel generators.</p> <p>In addition, the Company undertakes to plant one million trees in the next five (5) years to further enhance the green environment.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>As demonstration of our commitment towards sustainability, the Company has set up a department dedicated to managing sustainability issues with regard to its oil palm activities. The Department pays particular attention to the principles, criteria and the mandatory requirements under sustainability.</p> <p>The Board has set specific sustainability objectives and the timelines in which to achieve such as the silviculture/enrichment planting. Management regularly updates the Board on the progress of these objectives.</p> <p>The Nomination Committee had evaluated the performance of the Company on various aspects of sustainability and concluded that the Senior Management had performed well in ensuring that sustainability was built-in in its operation.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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.

Application	:	Adopted
Explanation on adoption of the practice	:	The Executive Director is the designated person on sustainability. In 2021, he together with the Board was exploring ways to further reduce carbon footprint of the company operation.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is responsible for reviewing the experience, the tenure and the diversity required for the board and discharged its duties and responsibilities through ensuring that the composition of the board is refreshed periodically.</p> <p>The Board has adopted a formal process to be carried out by the Nomination Committee for reviewing its own effectiveness and that of its individual Directors and Board Committees and assessing the independence of its Independent Directors annually, including those seeking re-election. Only those with satisfactory evaluation are recommended to the board for re-election.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Even though the numbers of Independent Directors of the Company do not meet the Code recommendation, the Board formed the view that it is still able to exercise objective judgment on business and corporate affairs, independent from management because of active participation and engagement of the Independent Directors during the Board and Board Committee meetings.	
		Board discussions are always robust and constructive suggestions have been given by both Independent Non-Executive Directors and Non-Independent Non-Executive Directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	No independent director(s) serving beyond 9 years.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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.

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 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to ensuring diversity in its composition and embraces the proposition that having a diverse Board would have a positive, value-adding impact on the Company.</p> <p>While the Board acknowledges the importance of boardroom and senior management diversity, appointments to the Board and senior management positions shall always be based on objective criteria and merit, having due regard for diversity in business experience, skills, qualifications, integrity, age, gender, knowledge and other soft attributes which are the essential element in supporting the attainment of the Company's objectives.</p> <p>The Company practices equal employment opportunities for all qualified individuals to create a workforce that is fair and inclusive and seeks to retain and attract the best people to do the job.</p> <p>We reward and promote our people based on assessment of individual performance, capability and potential. We are committed to providing opportunities that allow individuals to reach their full potential irrespective of individual background or difference.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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.

Application	:	Applied	
Explanation on application of the practice	:	Apart from referrals from Directors and major shareholders, the Nomination Committee will also explore external sources to identify suitably qualified candidates when vacancy arises.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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.

Application	:	Applied
Explanation on application of the practice	:	The details of the Directors interest, position and experience are set out in the Directors' profile in the Annual Report. The performance of the retiring directors is assessed by the Nomination Committee and Board before recommendation is made to the shareholders for consideration. The Nomination Committee also assessed the independent directors for their relationship with the executives that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement and to act in the best interests of the listed company as a whole.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chair of the Nomination Committee is held by a Senior Independent Director.</p> <p>The Board has established a Nomination Committee which comprises of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. Terms of reference of the Nomination Committee are set out in the IPB Corporate Governance Guidelines.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board does not have a specific policy on setting targets for women candidates and ethnicity as the Board believes that it is of utmost importance that the Company has an effective composition of the Board to discharge their duties effectively in the best interest of the Company and shareholders. The Board believes that while it is important to promote gender diversity, it should not set a target just to fill the required vacancy for gender diversity as the over-riding criteria for selection should be based on an effective blend of competencies, skills, experience and knowledge in areas identified by the Board.
		Notwithstanding the view that diversity should be in tandem with expertise, experience and skills and not gender alone acknowledges the importance of the establishment of a gender diversity policy, the Nomination Committee has been tasked to look for suitably qualified female candidate when vacancy arises.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	As and when vacancy arises, gender diversity will be a key criteria in our selection consideration.
Timeframe	:	Others
		The Board shall increase woman director as and when vacancy arises as well as when suitable and qualified candidates are identified.

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	The Company promotes the right to work and advancement on the basis of merit, ability, potential and experience that is free from prejudice. The company shall increase woman board representative as and when vacancy arises as well as when suitable and qualified candidates are identified.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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>	
Application	: Applied
Explanation on application of the practice	: <p>The effectiveness of the board is vital to the success of the Group and Company undertakes a formal evaluation each year in order to assess the effectiveness of the Board and Audit Committee.</p> <p>During the financial year 2021, an annual assessment of the effectiveness of the board as a whole, individual directors, Board Committees, the Audit Committee and independence of its independent directors were conducted. The assessment is led by the Nomination Committee's Chairman and supported by the Company Secretary. The annual assessment is considered by the Nomination Committee, which then make recommendation to the Board to discharge its duties and responsibilities.</p> <p>The assessment of the Board is based on five main areas relating to Board composition and competencies, Board succession, Board meeting organisation and effectiveness, Board Chairman's roles and responsibilities and Board effectiveness. Amongst the most important criteria for evaluating board performances are:</p> <ul style="list-style-type: none">• individual Board member's understanding of the Company's mission and strategic plan;• Board members' understanding and knowledge of the Company's business;• time commitment in deliberation and meaningful participation in the Board meetings; and• Board meetings are conducted in a manner that allows for open and constructive communication, encourages focused discussions, critical questioning and the expression of various viewpoints and

timely resolution of issues related to the Board meetings.

The assessment criteria for Board Committees includes the Board Committees' structure and composition, roles and responsibilities, meetings and communication as well as the collective skills and expertise of the Committee members.

For individual Director's evaluation, the assessment criteria include abilities and competencies, calibre and personality, objectivity and contribution to the activities of the Board and Board Committees.

Each member of the Nomination Committee receives the Board performance evaluation questionnaires and separate Committee performance evaluation forms. The assessment of the Nomination Committee's performance shall be carried out by individual members of the Nomination Committee. All Board members are required to assess their own performance by completing the Director's performance evaluation form.

The Company Secretary shall compile the results for submission to the Nomination Committee for review and assessment. The Chairman of the Nomination Committee shall then report the findings and/or recommendations to the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented and kept confidential.

The performance of those Directors who are subject to re-election at the forthcoming AGM is assessed by the nomination Committee whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-election of the Directors concerned for shareholders' approval. In accordance with the Company's Constitution, all Directors shall retire from office once at least in each three years, but shall be eligible for re-election. A Director seeking re-election will abstain from all deliberations regarding his re-election to the Board.

During 2021, the Nomination Committee reviewed the required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and was of the view that current composition of Non-Executive Directors reflects a good mix of Directors with diverse professional backgrounds and a wide range of experiences in business, finance and general management that contributes effectively in leading and directing the management and affairs of the Group.

The Nomination Committee also evaluated the effectiveness of the Board as a whole, the various Committees and assessing the contribution of each individual Director. Good and effective communications were established among Board members and Board Committee members on official and unofficial basis and major policies and corporate proposals are vigorously debated and

scrutinised before putting to a vote. All members of the Board and the Committees have been diligent and exercised due reasonable care in discharging their duties and responsibilities. All Directors are firmly committed to ensure that the corporate governance standards are adhered to.

An assessment of independence of the Independent Directors was conducted whereby the Nomination Committee reviewed and was satisfied that the Independent Directors continued to exercise independent and objective judgement and acted in the interest of the Company and its stakeholders.

The Nomination Committee also reviewed and made recommendations to the Board of the following:

- (1) re-election of the retiring Directors at the forthcoming AGM for shareholders' approval; and

changes to the composition of the Board and Board Committee including chairmanship of the various committees and the appointment of directors.

- (2) assessed directors' training needs to ensure all Directors receive appropriate continuous training programmes in order to keep abreast with the latest development in the market place and with changes in the statutory and regulatory requirements. The following are the various webinars, seminars, briefing, talk, dialogue and/or workshop attended by all Directors in 2021 either collectively or individually:

<i>Title of training</i>	<i>Type of training</i>	<i>No. of days/hours spent</i>
• Anti-Bribery and Corruption Management System	Webinar	2 Hours
• Share Buy-Back and dealings in listed securities, closed period and insider trading	Webinar	1 day
• Capital Market Conference	Webinar	1 day
• Fraud Risk Management Workshop 2021	Webinar	4 Hours
• Sustainable Leadership in the Era of Digitalisation & Building Resilience through the Butterfly Effect	Webinar	4 Hours
• Corporate Directors Training Programme Fundamental 3.0	Webinar	1 day
• EY Budget 2022	Webinar	3 hours

	<ul style="list-style-type: none"> • Practical MPERS for Inventories, Investment Properties and Intangible Assets other than Goodwill 	Webinar	4 Hours
	<ul style="list-style-type: none"> • Seminar on MBRS- Annual Return 	Webinar	4 Hours
	<ul style="list-style-type: none"> • Guidelines for Reporting Framework for beneficial Ownership of Legal Person in Malaysia 	Webinar	4 Hours
	<ul style="list-style-type: none"> • Kursus Ahli Lembaga Pengarah 	Webinar	4 Hours
	<ul style="list-style-type: none"> • 3rd IUFRO Acacia Conference 	Webinar	3 days
	<ul style="list-style-type: none"> • Central Bank Policies and the Challenges of Inequality and Climate Change 	Webinar	1.5 hours
	<ul style="list-style-type: none"> • Effectively Managing Remote Employees 	Webinar	2 days
	<ul style="list-style-type: none"> • The Impacts of the Pandemic and the Stimulus Packages Introduced in Malaysia and Taiwan 	Webinar	2 hours
	<ul style="list-style-type: none"> • Reprioritising Sabah Economic Development: 58 years under Federation of Malaysia 	Webinar	2 hours
	<ul style="list-style-type: none"> • Transfer Pricing: Action Steps for Accountants Beyond Documentation 	Webinar	4 hours
	<ul style="list-style-type: none"> • Capital Market Conference 2021 	Webinar	7 hours
	<ul style="list-style-type: none"> • Securities Commission Guidelines on the Conduct of Directors of Listed Corporations and Their Subsidiaries 	Webinar	4 hours
	<ul style="list-style-type: none"> • Conduct of Directors and Common Breaches of Listing Requirements 	Webinar	4 hours
	<ul style="list-style-type: none"> • Recent MASB developments and amendments, accounting for supply chain financing and changes to lease term due to Covid-19 pandemic 	Webinar	4 hours
	<ul style="list-style-type: none"> • Budget 2022: Key Updates and Changes for Corporate Accountants 	Webinar	6 hours

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

Intended Outcome

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

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

Practice 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established a formal remuneration policy for the Directors and senior management. The policies and procedures are periodically reviewed and made available on the Company's website at www.innoprise.com.my.</p> <p>The Remuneration Committee assists the Board in determining a remuneration framework or broad policy for Executive Directors and senior management staff at director level. The Remuneration Committee may obtain professional advice and any other information necessary in determining the remuneration framework.</p> <p>The Board as a whole determines the remuneration package of Non-Executive Directors including Non-Executive Chairman, taking into consideration of fee levels and trends for similar positions in the market, time commitment required from the Director as well as any additional responsibilities undertaken by such Director. The Non-Executive Directors abstain from discussing their own remuneration.</p> <p>Decisions on remuneration for senior management are made through a transparent and independent process taking into consideration of market practices, demand for personnel with specific qualification, experience and evaluation of their performance.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 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.

Application	:	Applied
Explanation on application of the practice	:	The Remuneration Committee annually reviews the remuneration package of directors and senior management taking into consideration their level of responsibilities and performance. Remuneration of executive directors is also linked to the financial performance of the Group.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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.

Application	:	Applied
Explanation on application of the practice	:	The remuneration received by each of the Directors in 2021 is set out in the table 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	Tan Aik Kiong	Executive Director	-	2	Input info here	Input info here	Input info here	Input info here	2	Input info here	2	660	330	Input info here	119	1,111
2	Ng Chee Fen	Executive Director	-	1	Input info here	Input info here	Input info here	Input info here	1	Input info here	1	270	135	6	49	461
3	Datuk Hj. Majin Bin Hj. Ajing	Independent Director	54	3	Input info here	Input info here	Input info here	Input info here	57	54	3	Input info here	Input info here	Input info here	Input info here	57
4	Datuk Haji Gulamhaidar @ Yusof Bin Khan Bahadar	Non-Executive Non-Independent Director	38	Input info here	Input info here	Input info here	Input info here	Input info here	38	47	Input info here	Input info here	Input info here	Input info here	Input info here	47
5	Lim Ted Hing	Independent Director	40	3	Input info here	Input info here	Input info here	Input info here	43	40	3	Input info here	Input info here	Input info here	Input info here	43
6	Datuk Haji Mohd Hattah Bin Ja'afar	Non-Executive Non-Independent Director	40	2	Input info here	Input info here	Input info here	Input info here	42	40	2	Input info here	Input info here	Input info here	Input info here	42
7	Asgari Bin Mohd Fuad Stephens	Independent Director	40	Input info here	Input info here	Input info here	Input info here	Input info here	40	40	Input info here	Input info here	Input info here	Input info here	Input info here	40
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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Intended Outcome

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

Practice 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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Remuneration of 2 senior management who are also Executive Directors have already been disclosed on named basis. However, the Board is of the view that disclosure of remuneration of other senior management staff on named basis will be detrimental to the Company's business interests, given the competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, where poaching has become common practice. Hence, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.	
		The Company believes that the interest of the shareholders will not be prejudiced as a result of such non-disclosure of the identity and remuneration of the Company's top senior management personnel who are not Directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company intends to maintain the current practice.	
Timeframe	:	Choose an item.	

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Audit Committee is not the Chairman of the Board.</p> <p>Members of the Audit Committee, including the Chairman were appointed by the Board based on the recommendation of the Nomination Committee. Under the terms of reference of the Audit Committee which is set out in the IPB Corporate Governance Guidelines, the Chairman must be an Independent Director. No Alternate Director is allowed to be appointed as a member of the Audit Committee.</p> <p>Composition of the Committee may be reshuffled by the Board on the recommendation of the Nomination Committee, as and when required.</p> <p>The terms of reference of the Audit Committee will be periodically reviewed and updated and is available on the Company's website.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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.

Application	:	Applied
Explanation on application of the practice	:	<p>Since the Company’s inception, it has never appointed any former key audit partner as its Audit Committee member.</p> <p>In line with best corporate governance practice, the Audit Committee’s terms of reference has been updated to include a policy requiring a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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.

Application	:	Applied
Explanation on application of the practice	:	<p>Based on the policies and procedures established, the Audit Committee is responsible to review the performance of the external auditors on an annual basis based on the following four (4) key areas after completion of the year-end audit:</p> <ul style="list-style-type: none">i) quality of service;ii) sufficiency of resources;iii) communication with management; andiv) independence, objectivity and professionalism <p>The Audit Committee may request the Managing Director and/or Chief Financial Officer to join the assessment.</p> <p>The Audit Committee is also responsible to review all the non-audit services provided by the external auditors and the aggregate amount of fees paid to them based on the policy and procedures on provision of non-audit services established by the Board. In respect of recurrent non-audit services such as reviewing the Statement of Internal Control, the threshold for the annual total expenditure will be set in advance by the Audit Committee. Any fees for recurring services in excess of the threshold set must be approved by the Audit Committee in advance of the expenditure being incurred. Approval for any other permitted non-recurrent non-audit services has to be sought from the Audit Committee on a case by case basis.</p> <p>The Company is allowed to use the appointed external auditors for non-audit services in cases where these services do not conflict with the auditor's independence.</p> <p>The Audit Committee accepts that certain work of a non-audit nature is best undertaken by the external auditors and appointments are made taking into consideration of their expertise and cost.</p> <p>Written confirmation of independence have been provided by the external auditors to the Audit Committee before the commencement of and after the completion of the year-end audit for 2021 that they are and have been independent throughout the conduct of the audit</p>

	<p>engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The Audit Committee had in April 2022 evaluated the performance of the external auditors based on the 4 key areas as mentioned above and feedback obtained from management who had substantial contact with the external audit team throughout the year. The Audit Committee also took into consideration the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at private meetings which demonstrated their independence, objectivity and professionalism. Further information on the Audit Committee's activities is disclosed in the Annual Report 2021 under Audit Committee report.</p> <p>The Audit Committee was satisfied with the suitability of the external auditors based on the quality of services and sufficiency of resources they provided to the Group. The Audit Committee was also satisfied that the provision of the non-audit services was not in conflict with the role of the external auditors or their independence and the amount of fees paid for these services was not significant when compared to the total fees paid to the external auditors. Details of fees paid or payable to the external auditors for audit and non-audit services performed during the year are set out in the Additional Compliance Information of the Annual Report 2021.</p> <p>The Audit Committee concluded that the relevant independence of Messrs Ernst & Young PLT continued to be met. Accordingly, the Audit Committee unanimously recommended to the Board that a resolution for the re-appointment of Messrs Ernst & Young PLT as the Company's auditors be proposed to shareholders for approval at the forthcoming AGM and the Board has accepted and endorsed this recommendation.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

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 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.

Application :	Applied
Explanation on application of the practice :	<p>All Audit Committee members possess a wide range of necessary skills, financially literate and able to read, analyse, interpret and understand financial statements to discharge their duties effectively. During the financial year under review, the Chairman of the Audit Committee, Lim Ted Hing is a member of the Malaysian Institute of Accountants (MIA).</p> <p>All members of the Audit Committee have the necessary financial experience and commercial expertise and skills required to meet their responsibilities and provide an effective level of challenge to management.</p> <p>All members of the Audit Committee undertake continuous training and development as detailed in the Audit Committee Report set out in the Annual Report 2021.</p> <p>To ensure the Audit Committee is able to discharge its duties and responsibilities according to its terms of reference, the Nomination Committee has been assigned to conduct a comprehensive assessment of the effectiveness and contribution of each Audit Committee members on an annual basis and the findings/ recommendations are reported to the Board for decision.</p> <p>All Audit Committee members are encourage to continuously update or enhance their knowledge of relevant accounting, auditing, industry and other regulatory requirements so as to keep abreast on various issues facing the changing business environment within which the Group operates to effectively discharge their duties.</p>
Explanation for departure :	

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

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • A Risk Management Committee has been set up • Enterprise Risk Management Framework has been established • Board of Directors retains overall risk management responsibility • Board of Directors performs risk oversight and delegate day to day decisions to Managing Director/Senior Management • Internal controls are being reviewed by the Board of Directors through the Audit Committee • Presence of Control Environment with structure, reporting lines, authorities and responsibilities • Controls activities are selected, developed and deployed through policies and procedures • Internal Audit reports directly to Audit Committee
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies 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.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • Risk management policy and procedures were duly approved and adopted • Clearly documented Standard Operating Procedures (“SOPs”) on key aspects and processes are in place • Formal organisation structure to govern its operations and its day to day management is in place • Internal control, system of check and balance, and documented authority limits have been established. These are also audited and tested by Internal Audit Department for any departure. • The establishment and maintenance of Group Internal Audit function to assist in providing assurance on the adequacy of its internal control system • The Group Internal Audit function reports directly to the Audit Committee through the presentation of audit report on a quarterly basis • Internal Audit conducts subsequent follow up review to ensure Management has undertaken corrective and preventive measures accordingly • Controls are evaluated and reported with deficiencies highlighted • SOPs are subjected to review to cater for changes in risk and processes.
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 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.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 11.1

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

Application	: Applied
Explanation on application of the practice	<p>The Company has established an internal audit function which reports directly to the Audit Committee. The internal audit department communicates regularly with the members of the Audit Committee and the Head of Internal Audit is invited to attend meetings of the Audit Committee. Internal audit activities, all of which are risk-based, are performed by qualified and experienced employee.</p> <p>In addition, Innoprise Corporation Sdn Bhd, the controlling shareholders send their internal audit team to undertake audit work and a comprehensive review of the company's control system and risk management framework.</p> <p>The Audit Committee shall review any appraisal or assessment of the performance of members of the internal audit function. In evaluating the internal audit, the Audit Committee shall assess its effectiveness against agreed performance criteria such as:</p> <ul style="list-style-type: none">• the overall comprehensiveness of the internal audit plan and its relationship to the strategic objectives of the Company;• timely delivery of internal audit services in accordance with the plan; and• the competency of internal audit staff and adequacy of resources to achieve the scope as outlined in the plan. <p>The Internal Audit carries out its duties and responsibilities in accordance with the terms of reference set out in the IPB Corporate Governance Guidelines. To provide for the independence of the Internal Audit Department, the Head of Internal Audit reports directly to the Audit Committee. The Head of Internal Audit will have direct access to the Audit Committee and will take directly to the Chair of the Audit Committee, any matter that is believed to be of sufficient magnitude and importance to require immediate attention of the Audit Committee.</p> <p>To maintain its independence, the Internal Audit Department will have no direct operational responsibility or authority over any of the activities under scope. Accordingly, it will not develop nor install systems or procedures, prepare records or engage in any other activity</p>

	that would normally be audited.	
	The Audit Committee has also reviewed the performance appraisal of the Head of Internal Audit and was generally satisfied with the performance of the internal audit function. Further information on the Internal Audit's activities is disclosed in the Annual Report 2021 under Audit Committee report.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has received declarations from the internal audit personnel confirming that they are free from any relationships or conflicts of interest.</p> <p>The Head of Internal Audit, Ms Aggie Chin Shin Hang, holds Bsc (Hons) in Applied Accounting from Oxford Brookes University, UK and currently she is a member of the Association of Chartered Certified Accountants (ACCA) and Malaysian Institute of Accountants (MIA). She joined two (2) public listed companies at senior position before joining IPB. She also has experience as an external auditor.</p> <p>The activities of the Internal Audit function are guided by terms of reference of internal audit set out in the IPB Corporate Governance Guidelines and annual audit plan that are approved by the Audit Committee.</p> <p>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 (“IIA”).</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.1

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

Application :	Applied
Explanation on application of the practice :	<p>Details on the stakeholders engagement can be found on our Sustainability Statement of year 2021.</p> <p>IPB values the dialogue with shareholders and appreciates the keen interest of shareholders on the Group's performance. In this regard, Ng Chee Fen has been appointed as the person responsible for communication with shareholders and other stakeholders of the Company.</p> <p>Members of the Board, the external auditors and representatives from the share registrars of the Company are present to answer questions raised at the meeting.</p> <p>IPB website provides all relevant information on IPB and is accessible by the public. IPB has dedicated a section on the website to its investors where media releases, quarterly and annual financial statements, announcements, annual reports and circular to shareholders are made available for review.</p> <p>Corporate information and communication and engagement with stakeholders are made through various platforms and media including the Company's website and announcements made via Bursa LINK.</p> <p>The Company has adopted a Corporate Disclosure Policy and Procedures that outlines the policies and processes for communications with shareholders, analysts and investors to ensure that the communications are effective and comply with the applicable laws, rules and regulations.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.2

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	:	At present, the Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions.
		The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information. Components such as Management Discussion & Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control form an integral part of the non-financial information. Information is also provided on the trends, outlook and prospects of the Group.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Company is not classified as a "Large Company" under the Malaysian Code on Corporate Governance. The Company would consider adopting integrated reporting based on a globally recognised framework when necessary.
Timeframe	:	Choose an item.

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.

Application	:	Applied	
Explanation on application of the practice	:	The Notice of the 27 th AGM, giving 28 days' notice prior to AGM scheduled on 26 August 2021 has been issued on 28 July 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>On 26 August 2021, the company had conducted its first fully virtual 27th AGM. The conduct of the fully virtual 27th AGM is in compliance with the Company's Constitution which allows general meetings to be held using any technology or electronic means. The entire board of directors were present and attended the 27th AGM via video conferencing.</p> <p>The Chairman of the Audit Committee, Nomination Committee, Risk Management and Remuneration Committee were available to provide meaningful response to any question raised by shareholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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.

Application	:	Applied	
Explanation on application of the practice	:	In 2021, the Company conducted the 27 th AGM on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting (RPV) facilities allowing remote participation and voting in absentia by shareholders and proxy holders.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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>	
Application :	Applied
Explanation on application of the practice :	The 27 th AGM of the Company was held on a fully virtual basis, the Chairman and all the board members, company secretaries and auditors were present during the AGM. The Chairman of the Audit, Nomination, Risk Management and Remuneration Committees were also available to provide meaningful response to any question raised by shareholders.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.5

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

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	:	Applied
Explanation on application of the practice	:	The 27 th AGM of the Company was conducted on a fully virtual basis through the online meeting platform provided by Boardroom Share Registrars Sdn Bhd. at https://meeting.boardroomlimited.my (MYNIC Domain Registration Number D6A357657). Boardroom has provided adequate tools, equipment and infrastructures to the company for a successful virtual AGM with active participation by the shareholders.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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>	
Application	: Applied
Explanation on application of the practice	: The minutes of the AGM was published on the Company's website.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
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.

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