

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3379
COMPANY NAME : INSAS BERHAD
FINANCIAL YEAR : June 30, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board of Directors ("the Board") of Insas Berhad ("Insas" or the "Company") is committed to exhibit high standards of corporate governance and fulfil its role as stewards of the Company and its subsidiaries (collectively known as the "Group") and the Board is dedicated to discharge its duties and responsibilities with due care, skills and diligence. The Board has overall responsibility and strategies for promoting the sustainable growth and financial soundness of the Group.</p> <p>The roles and responsibilities of the Board are set out in the Board Charter and the Board Committees' roles and responsibilities in discharging their functions which had been delegated by the Board are set out in each respective Board Committees' Terms of Reference ("TOR").</p> <p>The Board, management and employees of Insas Group are committed to adhere to the Code of Conduct & Ethics, which is further articulated in Practice 3.1.</p> <p>The Board Charter, Code of Conduct & Ethics, Anti-Corruption and Anti-Bribery Policy and TORs of the Board Committees are available on the Company's website at www.insas.net.</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> | | |

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| 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The role of the Chairperson of the Board is set out in the Board Charter.</p> <p>The Chairperson engages with Board members and Management to ensure that the Board can perform its responsibilities effectively.</p> <p>The Chairperson leads the Board and Nomination and Remuneration Committee in monitoring corporate governance practices, including the systems and procedures and regular updates and tracking of corporate governance compliance with Malaysian Code on Corporate Governance ("MCCG"). In addition, the Chairperson leads the Board meetings and discussion by encouraging active participation and allowing dissenting views to be freely expressed during Board deliberations. At the end of each Agenda item, the Chairperson summarises the views, consensus, position, and decision taken by the Board.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.3

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The positions of the Chairperson and CEO are held by two different individuals to ensure that there is a balance of power and authority.</p> <p>The Board of Directors is chaired by Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP, whilst the position of CEO is held by Dato' Wong Gian Kui who also serves as an Executive Director of the Company.</p> <p>The Board Charter of Insas Berhad provides that the Chairperson must be a Non-Executive Director. The role of Chairperson is distinguished from that of the CEO's roles with clear division of responsibilities as outlined in the Board Charter which is available on the Company's website at www.insas.net.</p> <p>The Chairperson is primarily responsible to provide leadership at Board level and represents the Board to the shareholders.</p> <p>The CEO provides executive leadership and has overall responsibility for the operational activities of the Group and implementation of the Board's policies, strategies and decisions.</p> <p>In managing the business affairs, the CEO is assisted by the Management of Insas Berhad.</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 1.4

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

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| <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 | : Departure |
| Explanation on application of the practice | : |
| Explanation for departure | : Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP, the Chairperson of the Board is a member of Audit Committee ("AC") and Chairperson of Nomination and Remuneration Committee ("NRC"). The Chairperson of the Board does not dominate any of the discussion at the AC and NRC level, and the Board views that her presence in the AC and NRC meetings will not impair the objectivity of her position as the Chairperson of the Board when deliberating on the observations and recommendations put forth by the AC and the NRC, but instead guide the Board to undertake objective review as well as to facilitate meaningful deliberation on the relevant motions. The key matters within the AC's and the NRC's purview are under the formal schedule of matters reserved for decision and approval of the Board as a whole. Moreover, the Chairperson has extensive experience and are able to provide more insights and strategic contribution towards discussion of AC and NRC. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : We will review the roles and responsibilities of the Chairperson of the Board and Board Committees to ensure there is check and balance as well as objective review by the Board. |
| Timeframe | : Within 2 years |

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>In discharging the Board's duties and oversight function, Directors have unrestricted access to the services of the Company Secretaries. The office of the Company Secretaries is jointly held by Ms Chow Yuet Kuen (MAICSA 7010284) and Ms Lau Fong Siew (MAICSA 7045893).</p> <p>The Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") are competent, qualified and possess the required experience to act as Company Secretaries under Section 235(2)(a) of the Companies Act 2016.</p> <p>The roles and responsibilities of the Company Secretaries include:-</p> <ul style="list-style-type: none">a) Advise on implications of any changes therein to the Company and Directors in relation to their duties and responsibilities;b) Attend Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly; andc) Advise the Board on any corporate announcements released to Bursa Malaysia Securities Berhad, impending restriction in dealing with the securities of the Company prior to the announcements of financial results and corporate proposals and new statutory and relevant regulatory requirements, guidelines or directives issued by Bursa Malaysia Securities Berhad, the Securities Commission and other relevant regulatory authorities. |
| 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 1.6

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance of information supply in promoting informed Board discussions and deliberations. The Chairman, together with the Senior Management and the Company Secretaries, are responsible for ensuring Directors receive adequate and timely information prior to the Board and Board Committee meetings.</p> <p>An agenda and board reports containing information relevant to the business for consideration at the Board and Board Committees meetings are circulated timely to enable the Directors to obtain information and explanation to enable them to discharge their duties and responsibilities competently and in a well-informed manner.</p> <p>The proceedings, deliberations and conclusion of the Board and Board Committees at every meeting are duly recorded in the minutes and all minutes are signed by the Chairman of the meeting in compliance with the Companies Act 2016. The minutes of the meetings capture the key deliberations and conclusions of issues discussed in the meetings, which are communicated to the Management in a timely manner to ensure proper execution when needed.</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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Company’s Board Charter is subject to review from time to time to ensure the Company remains at the forefront of best practices of Corporate Governance.</p> <p>The Board Charter is publicly made available on the Company’s website at www.insas.net.</p> <p>The roles and responsibilities of the Board, the Chairperson, the Chief Executive Officer and individual Directors and the formal schedule of matters reserved for the Board are set out in the Board Charter.</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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board strives to instil ethical values and standards across every level in the Group. In this regard, the Board has put in place a Code of Conduct & Ethics which subject the members of the Board, management and employees of the Group to a set of value and standard of conduct that is expected of them.</p> <p>The Code of Conduct & Ethics ("Code") of the Company provides clear direction on conducting business, guidance on disclosure of conflict of interest situations, maintaining confidentiality and disclosure of information, good practices and internal control and a duty to report when there is a breach against the Code.</p> <p>The Code is applicable to all Directors and employees (including full time, probationary, contract and temporary staff) of the Group. The Code is publicly made available on the Company's website at www.insas.net.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 3.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Whistleblowing Policy of Insas Berhad is adopted and implemented to:-</p> <ul style="list-style-type: none"> a) Provide an avenue for all employees and third parties to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interest of our stakeholders; b) Provide proper internal reporting channel to make a disclosure of any improper or unlawful conduct in accordance with the procedures as provided for under this policy; c) Address a disclosure in an appropriate and timely manner; d) Provide protection for the whistleblower from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality; and e) Treat both the whistleblower and the alleged wrongdoer fairly. <p>The Board, together with the senior management, review the Whistleblowing Policy periodically to ensure the policy is kept contemporaneous.</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 4.1

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>One of the principal responsibilities of the Board is to set, approve and review the Group's sustainability strategies, priorities, targets and issues relevant to the Group and its businesses.</p> <p>The Board is supported by the Sustainability Development Working Committee ("SDWC") in materiality assessment, identification and monitoring of sustainability initiatives and executions and reporting on the Group's economic, environmental, social and governance ("EESG") sustainability performance. The SDWC comprises of Executive Directors, senior management personnel of the respective operational companies and the Human Resources departments.</p> <p>The materiality assessment matrix of the Group for the financial year ended 30 June 2022 was reviewed and updated, taking into account the findings and the aggregated collective results of material sustainability matters evaluation.</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 4.2

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Sustainability Statement in Insas Berhad Annual Report 2022 aims to communicate the Group's sustainability strategies, priorities and targets to its internal and external stakeholders.</p> <p>The Sustainability Statement is prepared in accordance with the requirements of the Sustainability Reporting Guide (2nd edition, 2018) issued by Bursa Malaysia Securities Berhad and the framework and guidance provided by the Global Reporting Initiative ("GRI") Standards: Core option.</p> <p>The Group has progressively enhanced its sustainability reporting and disclosure processes, and moving forward, the Group endeavours to refine and expand the coverage of this Statement to provide better insights of its sustainability management to its stakeholders. The Group welcomes the support and valuable feedback of our interested stakeholders and look forward to continuously strive towards a more sustainable future together through the designated email address, namely, enquiry@insas.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>Insas Berhad has a Sustainability Development Working Committee ("SDWC") comprises Executive Directors and senior management personnel of the respective operational companies and the Human Resources departments. SDWC provide periodic insights on how sustainability matters have been integrated in the Group's day-to-day operations and report to the Board.</p> <p>The Group will invest in the training and development of the Board and members of SDWC to enhance their understanding on sustainability issues relevant to the company and its businesses, through the Nomination and Remuneration Committee, whose role include to evaluate the training needs and the appropriate training programmes for each financial years to aid the Board in the discharge of 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

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Nomination and Remuneration Committee (“NRC”) is responsible for the Board Effectiveness Evaluation (“BEE”) exercise, which is to be carried out annually, covering the Board, Board Committees and individual Directors, including Independent Directors.</p> <p>The BEE for the financial year 2022 was conducted internally and facilitated by the Company Secretaries. The BEE was conducted using questionnaires that were administered by the Company Secretaries which employ a self-rating assessment model, which took into consideration EESG criteria as part of the BEE to assess the Directors’ awareness and knowledge of current and emerging EESG issues, impact, risks and opportunities that are relevant to the Group and its businesses and if the Board had adequately address the Group’s sustainable goals, strategies and priorities.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p> |
| <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

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.

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| 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 5.1

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nomination and Remuneration Committee ("NRC") conducted annual review on the Board composition in terms of appropriate mix of skills, qualifications and experience to discharge its role and responsibilities effectively based on the Group's nature of business.</p> <p>During the financial year ended 30 June 2022, the Board has appointed a new Independent Non-Executive Director pursuant to the Company's commitment to support objective and independent deliberation, review and decision-making in the boardroom.</p> <p>On an annual basis, the NRC had reviewed the term of office and performance of each director and satisfied with the Board composition had fulfilled the criteria required, possess a right blend of knowledge, experience and mix of skills.</p> <p>The NRC had recommended to the Board to endorse the re-elections of Dato' Wong Gian Kui and Dato' Mohamad Azmi Bin Ali at the 60th Annual General Meeting scheduled to be held on 25 November 2022. These two Directors have met the fit and proper criteria for re-appointment in terms of character, experience, integrity, competence and time to effectively discharge their roles as Directors of the Company.</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.

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| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Board comprises of five (5) members, two (2) of whom are Executive Directors including the CEO, two (2) are Independent Directors including the Chairperson and one (1) Non-Independent Non-Executive Director.</p> <p>The present composition of the Board is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad whereby at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, are independent directors.</p> <p>The Nomination and Remuneration Committee has assessed the Board composition and acknowledged that the current size and composition of the Board will need to be reviewed to provide a balance mix of skills and experience, as well as the objectivity required in the boardroom.</p> <p>The Board is mindful of the recommendation of the MCG that at least half of the Board comprises Independent Directors and intends to seek suitably qualified person to be appointed as independent directors.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | The Board will continuously identify suitably qualified candidates that can reinforce the independence of the Board and contribute to the effective governance of the Group to be appointed on Board to fulfil the recommendations of MCG. |
| Timeframe | : | Within 2 years |

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.

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| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Board may continue to retain an Independent Director beyond 9 years if it believes such retention to be in the best interest of the Company, subject to the assessment of the Nomination and Remuneration Committee (“NRC”) on an annual basis as well as the shareholders’ approval at a general meeting. Nevertheless, the Board is mindful of the spirit and objective behind the best practise recommended in the MCCG.</p> <p>The NRC has reviewed and is of the opinion that the independence of a Director should not be determined solely with reference to his/her tenure of service. Instead, a Director’s integrity, business knowledge or judgement, ability for dispassionate disclosure and the discharge of his/her duties and responsibilities in the best interest of the Company and the Group are also valid criteria to determine his/her independence and effectiveness.</p> <p>During the financial year ended 30 June 2022, both the NRC and the Board have assessed the independence of Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP, who has served the Board for a cumulative term of more than nine (9) years, and recommended for her to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-</p> <p>(a) She has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, she would be able to provide check and balance and bring an element of objectivity to the Board.</p> <p>(b) She has been with the Company for an optimal period of time to understand the Company’s business operations extensively,</p> |

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| | <p>enabling her to participate actively and contribute positively in deliberation and decision making of the Board and Board Committees.</p> <p>(c) She exercises due care and diligence as an Independent Non-Executive Director of the Company and carries out her professional duties in the interest of the Company and shareholders.</p> <p>It was concluded that Tengku Aishah remains objective and independent in expressing her views and participation in deliberations and decision making of the Board and Board Committees, hence the Board will table the Ordinary Resolution to retain her as an Independent Non-Executive Director for shareholders' approval at the forthcoming Annual General Meeting 2022 and if passed, will enable Tengku Aishah to continue to act as Independent Non-Executive Director of Insas up to 31 May 2023 before the amended definition of Independent Director under Paragraph 1.01 of the Main Market Listing Requirements which limits the tenure of independent director to not more than twelve (12) years comes into effect on 1 June 2023.</p> <p>The Board recommends that the Ordinary Resolution for the retention of Tengku Aishah be voted through the normal voting process i.e. single-tier voting process. There is only one class of ordinary shares in the Company and the rights of the holders, including the right to vote, shall rank pari passu. Every shareholder should exercise their voting rights on the same platform or level and each ordinary share shall be entitled to one vote.</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>Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p> |
| <p>Timeframe :</p> | <p>Choose an item.</p> |

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.

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| 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level. Having a range of diversity dimension brings different perspectives to the boardroom and to various levels of Management within the Group.</p> <p>The Nomination and Remuneration Committee is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations. In this respect, the role of the Nomination and Remuneration Committee is detailed in its Terms of Reference, which is accessible for reference on the Company's website at www.insas.net.</p> <p>In making recommendations to the Board, the Nomination and Remuneration Committee considers and assesses the suitability of a new appointment based on objective criteria, including:-</p> <ul style="list-style-type: none">• Character and integrity;• Qualification, required competencies, skills, expertise and relevant experience;• Specialist knowledge or technical skills;• Time commitment to the Company. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

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.

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|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nomination and Remuneration Committee (“NRC”) is responsible for recommending suitable candidates for directorship to the Board. In identifying candidates for appointment as Directors, the Nomination and Remuneration Committee relies on varied sources from recommendations by existing Board members, management or major shareholders as well as independent external referrals and search firms.</p> <p>During the financial year ended 30 June 2022, the NRC, through internal and external sources, have been seeking for suitable candidate i.e. Dato’ Mohamad Azmi Bin Ali to fill the vacancy for the Independent Director (“ID”) following the retirement of Mr. Oh Seong Lye, a former ID, at the close of AGM 2021.</p> <p>The NRC had assessed his experience and knowledge of the industries in which the Company and the Group operate in and the current composition of the Board, such that the Board as a whole has the requisite skills, diversity and experience to fulfil its duties. The NRC was satisfied with Dato’ Mohamad Azmi Bin Ali’s fitness and propriety and recommended the same to the Board for appointment as an ID and fill the vacancies of the respective Board Committees.</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 5.7

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 | : | <p>The profiles of Dato' Wong Gian Kui and Dato' Mohamad Azmi Bin Ali who were due for re-elections at the 60th AGM were disclosed in the Profile of Directors in the Annual Report 2022. These include their age, date of appointment, directorships in other public companies, working experience and any conflict of interest, whilst their interest in the securities of the Company are disclosed in the Statement of Directors' Interest in the Annual Report 2022.</p> <p>A statement to support the re-appointment of the aforesaid Directors and the reasons had been included in the Statement Accompanying Notice of the 60th AGM.</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 5.8

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nomination and Remuneration Committee is chaired by Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK (II), SIMP, who is an Independent Director.</p> <p>The Board is cognisant that an effective evaluation, recruitment and remuneration process of Directors is essential for a high performing Board and therefore views that Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK (II), SIMP, who is an Independent Director is suitably qualified to lead the conduct of the Nomination and Remuneration Committee in an effective and objective manner.</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 | : | Applied | |
| Explanation on application of the practice | : | <p>There are currently two female Directors on the Board of the Company, which accounts for 40% constituting more than 30% of the Board members as recommended by the MCCG.</p> <p>The Nomination and Remuneration Committee believes in providing equal opportunities to both genders based on merit against objective criteria with due regards to the individual's qualification, working experience, independence and good judgement to complement the Board's skillset to ensure the Board is able to discharge its duties effectively in the best interest of the Company and its 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

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 | : | <p>The Board is committed to ensure the appointments made to the Board and senior management are based on objective criteria and merit, and without discrimination on gender, age or cultural background. The Board recognises the importance of diversity in terms of a broad range of skills, competence, experience, background and gender to ensure its effectiveness towards the long term success of the Group.</p> <p>This is disclosed in the Corporate Governance Overview Statement and Sustainability Statement in the Company's Annual Report 2022.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Stakeholders are able to 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 Nomination and Remuneration Committee is responsible for the Board Effectiveness Evaluation (“BEE”) exercise, which is to be carried out annually, covering the Board, Board Committees and individual Directors, including Independent Directors.</p> <p>The Nomination and Remuneration Committee, upon conclusion of the BEE exercise, was satisfied that the composition of the Board and Board Committee had fulfilled the criteria required and possess a right blend of knowledge, experience and the appropriate mix of skills. In addition, there was mutual respect amongst individual Directors which contributed to a healthy environment for constructive deliberation and robust decision-making process. Independent Directors were assessed to be objective in exercising their judgement.</p> <p>The BEE for the financial year 2022 was conducted internally and facilitated by the Company Secretaries. The BEE was conducted using questionnaires that were administered by the Company Secretaries which employ a self-rating assessment model.</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 7.1

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 Board has adopted a formal and transparent Remuneration Policies and Procedures ("RPP") which is available on the Company's website at www.insas.net to attract and retain Directors. The RPP shall adhere to the following key principles:-</p> <ul style="list-style-type: none"> • The remuneration packages are linked to performance, service seniority, experience and scope of responsibilities and industry market rate; • Remuneration and incentives for Independent Directors should not conflict with their obligation to bring objectivity and independent judgement on matters discussed at Board and Committees meetings; and • Provide an appropriate level of transparency which shareholders would understand. <p>The Nomination and Remuneration Committee assists the Board in implementing the Company's remuneration practices with the aims of attracting, motivating and retaining high calibre Executive Directors and Non-Executive Directors to deliver value for shareholders.</p> <p>The Board will monitor and review the RPP periodically to ensure that it continues to remain relevant and appropriate and that the Directors are paid fairly and in line with market and industry norms.</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 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 Nomination and Remuneration Committee is responsible to ensure that the members of the Board are fairly rewarded for their individual contributions to the Company's and the Group's overall performance and the levels of remuneration should be sufficient to attract and retain talents to run the Company and the Group successfully. In this respect, the role of the Nomination and Remuneration Committee is detailed in its Terms of Reference, which is accessible for reference on the Company's website at www.insas.net . |
| 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 | : | <p>The Nomination and Remuneration Committee aims to set remuneration at levels which is sufficient to attract and retain the Directors needed to run the Group successfully, taking into consideration the function, workload and responsibilities involved, after giving due consideration to the compensation levels for comparable positions among other listed issuers. The remuneration of the Independent Non-Executive Directors is approved by the shareholders at the Annual General Meeting of the Company.</p> <p>The detailed disclosure on named basis for the remuneration of the Directors of the Company for the financial year ended 30 June 2022 is as follows:-</p> |

| 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 | Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK (II), SIMP | Independent Director | 72 | - | - | - | 24 | - | 96 | 72 | 57 | - | - | 24 | - | 153 |
| 2 | Dato' Wong Gian Kui | Executive Director | - | - | 420 | 70 | 16 | 59 | 565 | - | 127 | 568 | 911 | 16 | 219 | 1,841 |
| 3 | Dato' Dr. Tan Seng Chuan | Executive Director | - | - | - | - | - | - | - | - | 6 | 601 | 1,135 | - | 296 | 2,038 |
| 4 | Ms. Soon Li Yen | Non-Executive Non-Independent Director | - | - | - | - | - | - | - | - | 123 | 372 | 180 | - | 66 | 741 |
| 5 | Dato' Mohamad Azmi Bin Ali (appointed on 24 February 2022) | Independent Director | 24 | - | - | - | - | - | 24 | 24 | - | - | - | - | - | 24 |
| 6 | Mr. Oh Seong Lye (retired on 2 December 2021) | Independent Director | 24 | - | - | - | - | - | 24 | 24 | - | - | - | - | - | 24 |
| 7 | N/A | 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 |
| 8 | N/A | 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 | N/A | 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 |

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 | : | The Board acknowledges that disclosure of remuneration of the senior management on a named basis provides transparency and enable the stakeholders to assess whether the remuneration commensurate with their individual performance, taking into consideration of the Company's and the Group's performances. However, the Board also views that such disclosure may yield unintended outcome among the employees. For this reason, the Board has not adopted disclosure of such employees' remuneration. | |
| | | The Board will ensure that the remuneration of the senior management of the Company and the Group commensurate with their level of duties and responsibilities and against the Company's and the Group's performance. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | The Board will ensure that the remuneration of senior management commensurate with the performance of the Company and the Group, with due consideration given to ensure the remuneration is fair and justifiable for the responsibilities and workload undertaken and performance yield by the senior management to lead and run the Group successfully. The disclosure of the remuneration of the key management personnel of the Group is disclosed under Note 48(d) to the financial statements for the financial year ended 30 June 2022. | |
| Timeframe | : | Others | This will be reviewed on an annual basis towards the application of Practice 8.2 |

| No | Name | Position | Company | | | | | |
|----|------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | | | Salary | Allowance | Bonus | Benefits | Other emoluments | Total |
| 1 | N/A | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 2 | N/A | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 3 | N/A | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 4 | N/A | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 5 | N/A | 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 | N/A | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 2 | N/A | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 3 | N/A | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 4 | N/A | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 5 | N/A | 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 Audit Committee is chaired by Dato' Mohamad Azmi Bin Ali, an Independent Non-Executive Director, who is not the Chairman of the Board.</p> <p>The Chairperson of the Board is Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK (II), SIMP.</p> <p>As such, the Chairman of the Audit Committee is distinct from the Chairman of the Board and by having the two Chairperson's position helmed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.</p> <p>Dato' Mohamad Azmi Bin Ali is a member of CPA (Australia) and Malaysian Institute of Accountants and he possesses adequate financial understanding suitable to helm the position of Chairman of the Audit Committee and to lead discussions and deliberations under 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 9.2

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 | : | None of the members of the Audit Committee were former key audit partners of the Group's external auditors. The Terms of Reference of the Audit Committee states the requirement that a former key audit partner of the Group's external auditors must observe a cooling-off period of at least three years before he can be considered to be appointed as a member of the Audit Committee, to be in line with the MCCG. | |
| 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>The Audit Committee is responsible for assessing the capabilities and independence of the external auditors and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditors on an annual basis.</p> <p>The Board has in place an External Auditor Assessment Policy for use and reference by the Audit Committee to review the external auditor's performance on the suitability and independence of the external auditors based on the following areas:-</p> <ul style="list-style-type: none">• Communication with the management;• Independence, objectivity and professionalism;• Adequacy of resources; and• Quality of work and service. <p>The Audit Committee had monitored and reviewed the performance and independence of Grant Thornton Malaysia PLT and is satisfied that the external auditor has been independent throughout the conduct of the audit process and that the audit services rendered have met the quality expected by the Audit Committee. The Audit Committee has made its recommendation to the Board on the re-appointment of Grant Thornton Malaysia PLT as the external auditor of the Company for the ensuing year which is subject to shareholders' approval at the forthcoming Annual General Meeting.</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 9.4 - 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>The members of the Audit Committee collectively have the necessary skills and knowledge to meet their responsibilities and to discharge their duties. Both Dato' Mohamad Azmi Bin Ali (the Chairman of the Audit Committee) and Ms. Soon Li Yen (member of the Audit Committee) are qualified accountants and are members of the Malaysian Institute of Accountants whilst Y.A.M. Tengku Aishah has a formal background in business administration.</p> <p>The annual review of the composition and performance of the Audit Committee, including members' tenure, accountability and effectiveness were duly assessed via the annual assessment carried out by the Nomination and Remuneration Committee.</p> <p>All Directors including members of the Audit Committee, are encouraged to attend training programmes to update themselves on new developments in the industry as well as new rules and regulations and changes in laws and regulatory requirements.</p> <p>The seminars, conferences and training programmes attended by the Board and members of the Audit Committee during the financial year ended 30 June 2022 are included in the Corporate Governance Overview Statement in the Annual Report 2022.</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 | : | <p>The Board affirms its overall responsibility for the Group's risk management and system of internal control and to oversee the establishment of appropriate control environment as well as review the adequacy, effectiveness and integrity of the Group's internal control, risk management practices and management information system.</p> <p>The Group's system of internal control involves all management and employees of the Group from all businesses as well as functional units. The Board is responsible for determining key strategies and policies for significant risks and control issues, whilst the management team and functional key employees of the Group's operating units are responsible to implement the Board's policies effectively by designing, executing, monitoring and managing the risk management and internal control processes.</p> <p>The Board is also assisted by the Risk Management Committee in overseeing the Group's risk management framework and policies as well as to oversee the processes used to identify, evaluate and manage risk and make recommendations to the Board, including recommendation of the Group's risk appetite.</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 10.2

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 | : | <p>Risk management in the Group involves an on-going process for identifying, evaluating and managing significant risks faced by the businesses in the Group. The risk management process involves all businesses and functional units of the Group in identifying the significant risk affecting the achievement of business objectives and effectiveness of controls in place to manage them.</p> <p>The senior management and the Chief Executive Officer uphold the role to assess the key risks inherent in the businesses and the system of internal control that are in place to manage these risks, on behalf of the Board. The Group Internal Audit functions provide further independent assurance on the adequacy and effectiveness of the risk management and system of internal control and all significant exceptional reporting on the risk management and system of internal control processes are brought to the attention of the Board through the Audit Committee and Risk Management Committee.</p> <p>Further details on the management and reporting of risks as well as the controls in place to mitigate and manage those risks are provided under the Statement on Risk Management and Internal Control in the Annual Report 2022.</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 10.3 - 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 | : | Adopted |
| Explanation on adoption of the practice | : | The Company's Risk Management Committee consists of a majority of Independent Directors and is chaired by an Executive Director with the objective to :- a) oversee the Group's risk management framework and policies; b) assist the Board to approve and oversee the processes used to identify, evaluate and manage risk; and c) make recommendations to the Board on the Group's risk appetite. |

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 Audit Committee obtains reasonable assurance on the effectiveness of the system of internal control via the Group Internal Audit (“GIA”) function, which shall be responsible for the regular review and appraisal of the effectiveness of the risk management, system of internal control and governance processes within the Group.</p> <p>The GIA function is performed by the in-house internal audit department set up in the financial year ended 30 June 2009.</p> <p>During the financial year ended 30 June 2022, the Audit Committee reviewed the Annual Audit Plan for Year 2022, the revised Group Internal Audit Policies & Procedures, the internal audit reports as well as audit findings and recommendations by the GIA to improve weaknesses and/or non-compliance and the management’s responses thereto. The Audit Committee also reviewed on an ongoing basis, the adequacy of resources and the competencies of the staff within the GIA function to ensure the GIA function has the capabilities to carry out the audit scope and audit programs in execution of the Audit Plan approved by the Audit Committee.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 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 Group Internal Audit (“GIA”) function is performed in-house and undertaken by the GIA Department. The GIA Department is led by the GIA Manager, Mr. Desmond Chew, who is an associate member of the Institute of Internal Auditors Malaysia. He has 10 years of experience in internal control systems for the local commercial banking industry and another 10 years of working experience in internal auditing and compliance checks for retail operations in Malaysia, Singapore and Hong Kong.</p> <p>The GIA Manager and 2 of his staffs have no relationship or conflict of interest with the Group which could impair their objectivity and independence.</p> <p>The GIA reports directly to the Audit Committee, whose authority is sufficient to ensure a broad range of audit coverage and adequate consideration of effective action on internal audit findings and recommendations. The GIA aims to provide the Audit Committee with independent and objective advices on the effectiveness of the system of internal control within the Group’s businesses and operations. The Annual Audit Plan, established primarily on a risk-based approach, is reviewed and approved by 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 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.

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|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance of maintaining effective communication with shareholders, stakeholders and the public on all material business matters affecting the Company and the Group. In addition to the announcements on the quarterly results and other corporate news, announcements for public dissemination are made periodically to capture any significant corporate event that would be of interest to investors and members of the public. The Board places emphasis on timely and equitable dissemination of information to the shareholders and investors to keep them informed of the Company's and the Group's performance, corporate strategy and major developments.</p> <p>Announcements to Bursa Malaysia Securities Berhad on corporate proposals, quarterly results, annual reports and other public announcements are accessible to shareholders and the public through Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com or the Company's website at www.insas.net.</p> <p>Shareholders are presented a review of the Group's financial performance for the financial year at the Annual General Meetings ("AGM") of the Company. The Company's AGM has always been well attended and is the principal forum for dialogue and interaction with the shareholders. It has always been the practice for the Chairperson to invite the shareholders to raise any questions that they may have in relation to the Company's and the Group's activities, financial performance and prospects and the shareholders' comments and suggestion will be noted by the Board for consideration.</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.

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

Intended Outcome

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Notice of the 60th AGM is dated 27 October 2022, which is more than 28 days prior to the Company's AGM to be held on 25 November 2022. It allows shareholders ample time to consider the resolutions and make informed decision in exercising their voting rights at the AGM. The Explanatory Notes to the Notice of the 60th AGM dated 27 October 2022 had provided detailed explanations for each resolution proposed, to enable the shareholders to make informed decisions in exercising their voting rights.</p> <p>In addition to being dispatched to shareholders and announced on the website of Bursa Malaysia Securities Berhad, the notice of AGM was published in a nationally circulated newspaper.</p> <p>The upcoming AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting facilities.</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 13.2

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | All members of the Board attended the last Annual General Meeting in 2021. Members of the Board, the Board Committees, the senior management and the External Auditors were in attendance to respond to the shareholders' enquiries. A summary of key matters discussed during the previous Annual General Meetings has been made available on the Company's website in accordance with paragraph 9.21(2)(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad together with the Company's responses to questions raised by the Minority Shareholders Watch 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

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 | : | <p>As with the Company's 59th AGM held on 2 December 2021, in view of the Covid-19 health concern, the Company will continue to leverage on technology to conduct the upcoming 60th AGM virtually through live streaming and online remote voting via the remote participation and voting facilities.</p> <p>Electronic voting will be adopted to ensure accurate recording of votes and all resolutions will be put to vote by poll. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") as the poll administrator for the AGM to facilitate the remote participation and voting facilities via TIIH Online website at https://tiih.online. TIIH has implemented an IT policy and Information Security policy, endpoint controls, data classification for cyber hygiene practices for the staffs. Stress test and penetration testing have been performed on TIIH online in May 2021 to test its resiliency. TIIH Online is hosted in a secure platform and the data center is ISO270001 certified.</p> <p>Shareholders who are unable to attend the AGM in person are granted the right to appoint proxies to vote in their place. Shareholders can appoint any persons as their proxies, who in turn allowed to participate, vote and post their enquiries (if any) in their capacity during the virtual general meetings.</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 13.4

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.

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| <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 | : Prior to the 59 th AGM held on 2 December 2021, shareholders were given the opportunity to submit questions to the Board in advance via electronic submission through Tricor Investor & Issuing House Services Sdn Bhd's TIH Online website at https://tiah.online The Q&A session was kept open throughout the virtual Annual General Meeting allowing members/proxies the opportunity to pose questions during the general meeting via query box facility. All questions submitted before Annual General Meeting were published and discussed via slides presentation; while questions raised during the virtual Annual General Meeting were addressed by the Board verbally during the meeting. |
| 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.

| | |
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| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i> | |
| Application | : Departure |
| Explanation on application of the practice | : |
| Explanation for departure | : <p>Prior to the 59th AGM held on 2 December 2021, shareholders were given the opportunity to submit questions to the Board in advance via electronic submission through Tricor Investor & Issuing House Services Sdn Bhd’s TIH Online website at https://tjih.online</p> <p>The Q&A session was kept open throughout the virtual Annual General Meeting allowing members/proxies the opportunity to pose questions during the general meeting via query box facility.</p> <p>All questions submitted before Annual General Meeting were published and discussed via slides presentation. The questions posed by shareholders/proxies during the 59th Annual General Meeting were verbally discussed without being made visible to all meeting participants during the meeting.</p> <p>Due to high volume and repetitive questions posed by shareholders/proxies during the meeting, the Board and Senior Management had grouped the questions into key areas and responded to all key questions verbally. This is to ensure that the Annual General Meeting is conducted in a smooth and meaningful manner.</p> |
| <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

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.

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| <i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i> | |
| Application | : Departure |
| Explanation on application of the practice | : |
| Explanation for departure | : Outcome of 59 th Annual General Meeting was published and announced to Bursa Malaysia Securities Berhad on 2 December 2021 and the summary of key matters discussed at 59 th Annual General Meeting was published on to the Company's website at www.insas.net . The Board is of the view that publishing the outcome and the summary of key matters discussed during Annual General Meeting had met the intended outcome of Practice 13.6 which is to inform shareholders on the voting decisions at General meetings. The Board acknowledges the recommendation under this Practice, and will endeavour to publish the minutes of the general meeting on the Company's website not later than 30 business days after the general meeting. |
| <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. |

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

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

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|------------------------------|
| Not applicable to the Group. |
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