

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5295  
**COMPANY NAME** : InNature Berhad  
**FINANCIAL YEAR** : December 31, 2020

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of InNature ("Company") is committed to drive the overall performance of the Company and maintain high standards of corporate governance while discharging its duties and responsibilities.</p> <p>The following responsibilities are adopted by the Board to discharge its functions effectively:</p> <ul style="list-style-type: none"><li>(i) promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;</li><li>(ii) review, challenge and decide on the management's proposals for the Company, which include its annual corporate plan (comprising among others our overall corporate strategy, marketing plans, financial plans and budgets) and monitoring its implementation by management;</li><li>(iii) ensure that the strategic plan of the Company supports long-term value creation including strategies on economic, environmental and social considerations underpinning sustainability;</li><li>(iv) supervise and assess management performance to determine whether the business is being properly managed;</li><li>(v) identify and understand the principal risks of the Company's business and ensuring implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the shareholders;</li><li>(vi) ensure that senior management has the necessary skills and experience, and there are measures and appropriate policies for training, appointment and performance monitoring of management positions in place to provide for the orderly succession of Board and senior management;</li></ul>

	<p>(vii) ensure that the Company has in place policies and procedures to enable effective communication with stakeholders; and</p> <p>(viii) ensure the integrity of the Company’s financial and non-financial reporting.</p> <p>Furthermore, the Company has adopted the Code of Conduct and Business Ethics (“Code”) which outlines the standards of ethical, legal and professional behaviours required to be abide by its employees, directors and third parties. The Code is available on the Company’s website at <a href="http://www.innature.com.my">www.innature.com.my</a>.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Dato' Simon Foong Choong Heng is appointed as the Chairman of the Board and he assumes the position of Non-Executive Non-Independent Chairman.</p> <p>The responsibilities of Chairman are, amongst others, to:</p> <ol style="list-style-type: none"><li>1. provide leadership for the Board and ensure a balance composition of skills, knowledge and experience within the Board members so that the Board can perform its responsibilities effectively;</li><li>2. set the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;</li><li>3. lead Board meetings and discussions;</li><li>4. encourage active participation and allowing dissenting views to be freely expressed;</li><li>5. managing the interface and promoting constructive and respectful relations between board and management;</li><li>6. ensure appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and</li><li>7. lead the Board in establishing and monitoring good corporate governance practices in the Company.</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
------------------	---	--	--

**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The positions of the Chairman, the Managing Director and the Chief Executive Officer are held by three different individuals, with the responsibilities of these positions clearly defined in the Board Charter. The Board Charter is available on the Company's website at <a href="http://www.innature.com.my">www.innature.com.my</a> .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries of the Company, Ms Seow Fei San and Ms Loh Lai Ling are both qualified to act as company secretaries pursuant to Section 235 of the Companies Act 2016.</p> <p>The Company Secretaries assist the Board in implementing various corporate governance practices and ensure compliance with Companies Act 2016, Bursa Securities Listing Requirements, Capital Markets and Services Act 2007, Securities Commission's Guideline and the Company's Constitution. The Company Secretaries brief the Board on any development of the aforementioned regulations from time to time.</p> <p>The Secretaries ensure all deliberations during the Board of Directors' meeting, Board Committees' meeting and Annual General Meeting are documented, and action points are communicated to Management as appropriate.</p> <p>All directors have access to the advice and services of the Secretaries.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.5**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>A notice of meeting which outlines the full meeting agenda will be circulated via email to the directors at least seven (7) days prior to the meeting. Ad-hoc matters will be raised under the agenda "Any Other Matter".</p> <p>Meeting materials are circulated, as far as possible, one (1) week before the scheduled meetings to facilitate discussions during the meetings.</p> <p>The Secretaries attend all meetings to record the proceedings. Minutes of meetings are circulated in a timely manner for Directors' and Management's comments, and are confirmed in the next meeting.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## Intended Outcome

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

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

## Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board adopted Board Charter and Terms of Reference of respective Board Committees as the strategic guidance outlining the roles and responsibilities for each director and committee member to carry out their duties in the furtherance of the Company's objectives.</p> <p>In addition to matters requiring Board's approval according to the relevant statutory requirement, the Board Charter also sets out matters reserved for the Board to ensure an effective Board's oversight over management.</p> <p>The Board Charter and Terms of Reference of Board Committees will be reviewed periodically and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board and Committees' responsibilities.</p> <p>The Board Charter and Terms of Reference of Board Committees are available on the Company's website at <a href="http://www.innature.com.my">www.innature.com.my</a>.</p> <p>In accordance with Paragraph 15.08(3)(b) of the Main Market Listing Requirements of Bursa Securities, the directors had in 2020 and up to the date of Annual Report 2020, attended various external programmes which include the following:</p> <ul style="list-style-type: none"><li>✓ <b>Mandatory Accreditation Programme</b> (attended by Dato' Simon Foong Choong Heng ("Dato' Simon"), Datin Mina Cheah Kim Choo ("Datin Mina"), Molly Fong Hui Sain ("Molly Fong") and Daryl Foong Chuen Hoe);</li><li>✓ <b>Asia Pacific after COVID-19</b> (attended by Dato' Simon);</li><li>✓ <b>CIMB - The Cooler Earth Sustainability Summit 2020</b> (attended by Datin Mina and Tengku Datin Paduka Setia Zatashah Binti Sultan Sharafuddin Idris Shah ("Tengku Zatashah"));</li><li>✓ <b>Primer on Climate Governance</b> (attended by Datin Mina and Tengku Zatashah);</li><li>✓ <b>Life of Land: Conservation Efforts in Malaysia</b> (attended by Datin Mina);</li></ul>

	<ul style="list-style-type: none"> <li>✓ <b>How The US-China Trade War Will Move Forward</b> (attended by Dato' Maznah Binti Abdul Jalil ("Dato' Maznah"));</li> <li>✓ <b>Crisis Management - Readiness, Response &amp; Recovery</b> (attended by Tengku Zatashah);</li> <li>✓ <b>In Times of Crisis: Stakeholders Take Centre Stage</b> (attended by Tengku Zatashah);</li> <li>✓ <b>Crisis Management: Leading Through Crisis and Uncertainty: Harnessing Mental Health and Resilience to Navigate Storms of Change</b> (attended by Tengku Zatashah);</li> <li>✓ <b>Navigating through COVID-19: now, next and beyond</b> (attended by Tengku Zatashah);</li> <li>✓ <b>APEC CEO Dialogues 2020 Malaysia</b> (attended by Tengku Zatashah);</li> <li>✓ <b>Smart Retail – Powering the Nation's Digital Economy</b> (attended by Dato' Maznah and Datin Mina)</li> </ul>
<b>Explanation for departure</b> :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted the Code of Conduct and Business Ethics ("Code") for the Company to guide the conduct of its businesses and operations through an ethical, responsible and transparent manner. The Code was reviewed and updated by the Board in February 2020.</p> <p>The Code has outlined the policies and procedures which includes, among others, the following:</p> <ul style="list-style-type: none"><li>- Conflict of interest;</li><li>- Bribery and corruption;</li><li>- Accepting / providing gifts, benefits and courtesies;</li><li>- Confidential and proprietary information;</li><li>- Money laundering; and</li><li>- Equal opportunity and non-discrimination at workplace.</li></ul> <p>The Code is available at the Company's website at <a href="http://www.innature.com.my">www.innature.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to enforce all policies and procedures established as well as to comply with the relevant laws at all time. In this regard, the Code of Conduct and Business Ethics (“Code”) provides for the establishment of the Company’s whistle blowing platform known as “Speak Out Channels” for any person to report an unacceptable behaviour and/or non-compliance issue under the Code.</p> <p>According to the Code, a person who has concern or would want to report an issue may:</p> <ul style="list-style-type: none"><li>i) Speak to his/her manager; and/or</li><li>ii) Speak to his/her Human Resource representative; and/or</li><li>iii) Report the issue through <a href="mailto:speakout@innature.com.my">speakout@innature.com.my</a>.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board consists of five (5) Directors with two (2) of whom being the independent directors, namely:</p> <ul style="list-style-type: none"><li>- <b>Dato' Maznah Binti Abdul Jalil</b> <i>Senior Independent Non-Executive Director</i></li><li>- <b>Tengku Datin Paduka Setia Zatashah Binti Sultan Sharafuddin Idris Shah</b> <i>Independent Non-Executive Director</i></li></ul> <p>The profile of all the Directors are set out in Directors' Profile in the Annual Report 2020.</p> <p>The Body Shop International ("TBSI" or "Franchisor") has made it a term of the Franchise Framework Agreement that the Board must include Dato' Simon Foong Choong Heng ("Dato' Simon"), Datin Mina Cheah Kim Choo ("Datin Mina"), with Daryl Foong Chuen Hoe as Alternate Director to Dato' Simon. The executive directors shall be nominated and appointed by Dato' Simon and Datin Mina ("Selected Directors"), which the aforementioned Selected Directors must comprise a majority of the Board ("Board Condition"). The Company therefore will not be able to adopt this principle unless this Board Condition is waived by the Franchisor.</p> <p>The Board, however, has complied with Paragraph 15.02 of the Listing Requirements which requires a listed issuer to ensure that at least 2 Directors or 1/3 of the Board are independent directors. In addition, the Company has appointed Dato' Maznah Binti Abdul Jalil ("Dato' Maznah") as the Senior Independent Non-Executive Director to monitor and strengthen the governance of the Company. Dato' Maznah is an experienced director who has sat on multiple listed company boards for over 2 decades.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

### Intended Outcome

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

### Practice 4.2

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

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

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board Charter has set out the following policy to preserve the independence of the Independent Non-Executive Directors:</p> <p>The tenure of Independent Non-Executive Director shall not exceed a cumulative term limit of nine (9) years. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, the Board should provide justification and seek for annual shareholders' approval. If any of the Independent Non-Executive Director is to be retained after the twelfth (12) year, the Board shall seek annual shareholders' approval through the two-tier voting process.</p> <p>Nevertheless, no independent director has served a cumulative term limit of nine (9) years as of the date of Annual Report 2020.</p>



**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Nominating and Remuneration Committee (“NRC”) assists the Board in assessing the suitability of the candidate of a directorship based on criteria which includes, among others, competency, experience, commitment, diversity and professionalism, in accordance with the Director Nomination Policy.</p> <p>In addition, the director who is subject to re-election and/or re-appointment at the next AGM shall be assessed by the NRC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.5**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has delegated the power to the Nominating and Remuneration Committee through its Terms of Reference to recommend to the Board the appropriate balance (including gender diversity) and size of non-executive participation.</p> <p>In addition, the Board Charter outlines the Company’s commitment to have 50% women participation at the Board level.</p> <p>As at the date of this report, the Board comprises 80% women directors, which exceeds MCCG’s recommendation of at least 30% women directors for large companies.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.6**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has put in place Director Nomination Policy to guide the assessment of a candidate's suitability based on a set of selection criteria. The Director Nomination Policy is available on the Company's website at <a href="http://www.innature.com.my">www.innature.com.my</a> .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nominating and Remuneration Committee of the Company is chaired by Dato' Maznah Binti Abdul Jalil, who is the Senior Independent Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Director Nomination Policy sets out the process on annual assessment for Board and Committee members. The Nominating and Remuneration Committee (“NRC”) had conducted the first assessment on the effectiveness of the Board and Board Committees, performance of Board Committees’ members and individual directors, as well as evaluation on independence of independent directors for financial year 2020 (“Assessment”).</p> <p>The questionnaires of this Assessment were developed based on Bursa Malaysia’s Corporate Governance Guide (3<sup>rd</sup> Edition), and were endorsed by the NRC and the Board. The Company Secretary reported the results of the Assessment to the Board, with summary as below:</p> <ul style="list-style-type: none"><li>- The Board as a whole and its Board Committees were effective.</li><li>- Each and every director had contributed to the effective functioning of the Board and Board Committees.</li><li>- The current composition of Board and Board Committees was balanced, having considered the experience, skills and qualities of the Board members.</li><li>- All independent directors met the definition of ‘independent directors’ as set out in the Listing Requirements.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has put in place Director Remuneration Policy to attract and retain high calibre directors to drive the Group towards strategical and operational success. The Director Remuneration Policy is available on the Company's website at <a href="http://www.innature.com.my">www.innature.com.my</a>.</p> <p>The remuneration of Executive Directors is linked to company and individual performance.</p> <p>For Non-Executive Directors, their remuneration commensurate with the experience and level of responsibilities of each director.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board established the Nominating and Remuneration Committee ("NRC") to deal with matters relating to the remuneration of the directors. The composition of NRC is as follows:</p> <ul style="list-style-type: none"><li>- Dato' Maznah Binti Abdul Jalil / Chairperson</li><li>- Dato' Simon Foong Choong Heng / Member</li><li>- Tengku Datin Paduka Setia Zatashah Binti Sultan Sharafuddin Idris Shah / Member</li></ul> <p>The NRC is guided by its Terms of Reference which outlines its authority and duties. The Terms of Reference of NRC is available at the Company's website at <a href="http://www.innature.com.my">www.innature.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 7.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Remuneration breakdown of individual directors are disclosed in page 47 of the Company's Annual Report 2020.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Remuneration of the Group's key senior management in bands of RM50,000 was disclosed on a named basis in page 48 of the Company's Annual Report 2020.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairperson of the Audit and Risk Management ("ARMC") is not the Chairman of the Board. Dato' Simon Foong Choong Heng is the Chairman of the Board, whereas Dato' Maznah Binti Abdul Jalil is the Chairperson of ARMC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Audit and Risk Management Committee's Terms of Reference has established that a former audit partner is required to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit and Risk Management Committee.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee and Risk Management Committee has evaluated the suitability and performance of the external auditor based on the criteria set out in the Company's External Auditor Assessment Policy, which included adequacy of the audit firm's resources, quality of service and competency of staff assigned to the audit, independence of external auditor, and costing.</p> <p>The External Auditor Assessment Policy is available at the Company's website at <a href="http://www.innature.com.my">www.innature.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit and Risk Management Committee ("ARMC") comprises members from various background as disclosed in the Directors' Profile from page 12 to page 17 of the Company's Annual Report 2020.</p> <p>Dato' Maznah Binti Abdul Jalil, the Chairperson of ARMC, has over 2 decades of experience in the field of finance and accounting.</p> <p>All ARMC members are financially literate. In addition, ARMC members undertake continuous professional development to keep themselves abreast of development in various aspects, including development in accounting and auditing standards, practices and rules.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

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

**Practice 9.1**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has yet to formalise its risk management and internal control framework in FY2020. Please refer to the Statement of Risk Management and Internal Control in the Annual Report 2020 for the current state of the Company’s risk management and internal control system.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Notwithstanding that the Company has yet to formalise its risk management and internal control framework as at the date of this Annual Report 2020, the Company does have existing internal control mechanism in place to provide the required level of assurance that the business is being operated in an orderly manner, and risks are being managed to an acceptable level.	
		Further details pertaining to the Company's risk management and internal control are provided in the Statement of Risk Management and Internal Control available from page 53 to page 56 of the Annual Report 2020.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 9.3 - Step Up

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board established the Audit and Risk Management Committee, which comprises a majority of independent directors, to oversee the Company's risk management processes. The composition of ARMC is as follows:</p> <ul style="list-style-type: none"><li>- <b>Dato' Maznah Binti Abdul Jalil</b> / Senior Independent Non-Executive Director</li><li>- <b>Dato' Simon Foong Choong Heng</b> / Non-Independent Non-Executive Chairman</li><li>- <b>Tengku Datin Paduka Setia Zatashah Binti Sultan Sharafuddin Idris Shah</b> / Independent Non-Executive Director</li></ul>

### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit and Risk Management Committee (“ARMC”) had on 17 August 2020 recommended the appointment of Tricor Axcelasia Sdn Bhd as the Company’s internal auditors (“IA”) to the Board. The Board concurred with the recommendation.</p> <p>The IA presented the annual Internal Audit Plan to the ARMC on 20 November 2020. The identified key audit areas include supply chain – procurement, information technology general control focusing on security, management control over foreign subsidiaries, and the Group’s Environment, Social and Governance compliance.</p> <p>The first IA engagement was carried out in December 2020, with audit findings and recommendations reported to the ARMC on 22 February 2021. The IA engagement covers the effectiveness of control for the supply chain function of a subsidiary in Malaysia. Overall, the IA did not report any significant control deficiency in the supply chain function. Nevertheless, the IA recommended several improvement points to further enhance the existing controls of the supply chain function. These improvement points had been worked on by the management.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Tricor Axcelasia Sdn Bhd was appointed as the Group’s Internal Auditors (“IA”) on 17 August 2020. The IA is led by Mr Chang Ming Chew, the Executive Director of Tricor Axcelasia who has over 19 years of relevant experience and possess various professional qualifications. He is a member of Association of Chartered Certified Accountants, a Chartered Accountant and member of the Malaysian Institute of Accountants, a professional member of the Institute of Internal Auditors Malaysia, a Certified Internal Auditor (USA) and he holds the Certification in Risk Management Assurance (USA).</p> <p>In carrying out the IA engagement, Mr Chang is assisted by Ms Chew Wei Foong, an Associate Director of Tricor Axcelasia, and other team members as appropriate. The internal audit personnel assigned by Tricor Axcelasia are free from any relationships or conflicts on interest, which could impair their objectivity and independence pursuant to the written declaration made by them.</p> <p>The conduct of IA function is guided by the International Professional Practices Framework issued by the Institute of Internal Auditors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>InNature endeavours to ensure that its communication with shareholders and various stakeholders is transparent, timely and with quality disclosure. In this regard, the Board adopted the Corporate Disclosure Policy in 2020 to provide guidance on the dissemination of material information. The Corporate Disclosure Policy is accessible at the Company's website.</p> <p>The Company engages its stakeholders through various platforms, including the announcements via Bursa Malaysia, disclosures on its website, and engagements through the investor relations function. The Company's investor relations function is handled by the Chief Financial Officer through corporate communication team. The contact information of the corporate communication team can be found at the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 11.2**

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

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

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The notice of the Company's 25 <sup>th</sup> AGM was issued on 29 May 2020, which was more than 28 days before the AGM date on 19 August 2020.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All directors attended the 25 <sup>th</sup> AGM of the Company on 19 August 2020, either physically or remotely via Remote Participation and Voting facilities.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.3**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company conducted its fully virtual 25th AGM at 12th Floor, Menara Symphony, Jalan Prof. Khoo Kay Kim, 46200 Petaling Jaya, Selangor Darul Ehsan (Broadcast Venue) on 19 August 2020 by leveraging technology. Save for the few essential individuals, attendance to the 25th AGM was all done remotely via Remote Participation and Voting facilities.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO 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.*

Click or tap here to enter text.