

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0147
COMPANY NAME : INNITY CORPORATION BERHAD
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board assumes full responsibility for long-term sustainability of the Group through effective stewardship and application of corporate governance best practices.</p> <p>In discharging its fiduciary duties and overall leadership functions, the Board sets the strategic direction of the Group, ensures the effective use of resources to meet its objectives while exercising oversight on management's performance.</p> <p>The Board's core responsibilities are: -</p> <ul style="list-style-type: none">a) Providing overall leadership and guidance by working with the Group's senior management in mapping out the Group's strategic direction specifically, the development and implementation of corporate strategies to achieve the Group's mission and vision;b) Monitoring and reviewing with senior management, on a regular basis, the progress and financial performance of the Group;c) Approving the Group's strategic plan, corporate announcements, material investments/divestments, mergers and acquisitions, key policies such as dividend policy for shareholders and all financial and operating budgets including financial statements for regulatory and management reporting;d) Developing alternative steps or actions should there be major departures from the principles and recommendations laid out in the Code;e) Delegating appropriate powers to key members of senior management to facilitate effective day-to-day management of the business as well as monitoring the exercise of these powers;

	<ul style="list-style-type: none"> f) Ensuring effective risk management, compliance and internal controls are competently implemented in all aspects of the business; g) Overseeing the development and implementation of a shareholder communication policy; and h) Reviewing and approving the recruitment of senior management personnel across the Group, through the Nomination Committee, to ensure efficient succession planning and continuity of the Group’s mission and vision. <p>At INNITY, the Board has reserved full decision-making powers on the following matters: -</p> <ul style="list-style-type: none"> a) Strategic plan for the Group; b) Pre-emptive changes to rectify the Group’s corporate strategy; c) Group budget; d) Changes to Board Committees, key policies and discretionary powers; e) Expenditure exceeding senior management’s discretionary limits; f) Acquisition or disposal of group companies; g) Corporate deals and exercises; h) Corporate announcements via BursaLink; i) Implementation of internal controls/mitigants to curb principal risks; j) Approval of annual and quarterly financial results; k) Development and revision of shareholder communication policy; l) Integrity and effectiveness of risk management and internal control systems; and m) Succession planning for senior management positions.
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group is headed by an Executive Chairman, Mr Phang Chee Leong, who is one of its principal founders. Renowned for his product innovation, driven vision and strategic thinking, he has steered the Group into one of the leading service providers in online advertising solutions and related services in Southeast Asia.</p> <p>Mr Phang's responsibility is leading the overall functioning of the Board so that the Board and Board Committees can perform their respective functions effectively.</p> <p>The role of the Executive Chairman involves:</p> <ul style="list-style-type: none">a) providing effective leadership of the Board;b) instilling corporate governance best practices;c) overseeing the effective discharge of the Board's supervisory role;d) facilitating the effective contribution of all directors;e) conducting the Board's function and meetings;f) briefing all the directors in relation to issues arising at meetings;g) scheduling regular and effective evaluations of the Board's performance;h) promoting constructive and respectful relations between Board members and between the Board and the Management; andi) ensuring effective communication and feedback with stakeholders. <p>A profile of Mr Phang Chee Leong can be viewed on page 8 of the Annual Report.</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.

Application	:	Applied	
Explanation on application of the practice	:	<p>At INNITY, the positions of Chairman (designated as Executive Chairman) and CEO (designated as Managing Director) are held by different individuals.</p> <p>The roles and responsibilities of the Executive Chairman and Managing Director are clearly differentiated - between the strategy and policy-making process and daily management of the Group. This is to ensure clarity of responsibilities and accountability between two individuals such that no one individual has unfettered powers over decision making.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is ably supported by three (3) Company Secretaries. The Company Secretaries namely, Ms Lim Poh Yen, Ms Wong Wai Foong and Ms Tham Yin Tong are externally appointed. The Company Secretaries are well qualified Chartered Secretaries and possess the requisite knowledge, experience and all-round exposure through their role as Company Secretary for public listed companies in other sectors of the economy.</p> <p>Apart from rendering secretarial services typical of a public listed entity, their duties and responsibilities have been enlarged to include the following: -</p> <ul style="list-style-type: none">a) Advising the Board on its roles and responsibilities;b) Updating the Board on the latest security regulations with respect to corporate disclosures and compliance as set out by external regulators such as the Securities Commission and Bursa Malaysia Securities Berhad (“Bursa Securities”);c) Monitoring corporate governance developments and advising the Board to adopt a high standard of corporate governance that meets stakeholders’ expectations;d) Facilitating the orientation of new directors and assist in director training and development;e) Managing procedures such as poll voting at shareholders’ meetings;f) Serving as a focal point for stakeholders’ communications and engagement on corporate governance issues; andg) Full and unrestricted access to the source of updated information and reference acquired in providing relevant advice on compliance and regulatory issues. <p>The Board is satisfied with the service and support provided by the Company Secretaries and stands to benefit from their statutory and regulatory updates.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Management, assisted by the Company Secretary, are tasked with the supply of information, in the form of Board papers, for the Board's deliberation and decision.</p> <p>The agenda for Board meetings and a complete set of Board papers and preceding Board minutes containing information relevant to the meeting agenda, are circulated to all directors at least seven (7) calendar days prior to the meeting. Board members are therefore, given sufficient time to go through the Board papers thoroughly.</p> <p>All directors have access to all information within the Group. To facilitate discussions on operational issues, such as changes on operating procedures and human resource issues, the directors may interact directly with the management requesting for further clarification, information or updates.</p> <p>In addition, the directors may seek independent professional advice at the Group's expense, on specialised issues to enable them to discharge their duties with adequate knowledge of the issues being deliberated.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The fiduciary functions of directors and members who sit on Board Committees are guided by the Board Charter (“Charter”).</p> <p>The Charter serves as a primary source of reference to the Board in: -</p> <ul style="list-style-type: none"> a. Clarifying distinctly the respective roles and responsibilities of the Board, Board Committees, individual directors and management; and b. Detailing processes/procedures for convening of meetings, directors’ access to information and advisory on directors’ continuous training. <p>The Charter is reviewed and updated from time to time, as deemed necessary, to keep abreast of statutory revisions in corporate governance best practices to ensure its relevance and effectiveness.</p> <p>The Charter is available on the Company’s website at www.innity.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>A Business Code of Conduct ("COC") has been formalised to reflect INNITY's vision and core values of integrity, teamwork, learning and performance.</p> <p>The COC outlines the processes and procedures put in place for:</p> <ul style="list-style-type: none"> a. Managing actual or potential conflicts; b. Curbing corrupt practices such as the offering and acceptance of gifts and other form of benefits; c. Encouraging whistleblowing of questionable and unethical practices; d. Protecting and ensuring the proper use of Company assets; and e. Ensuring compliance with the law, Company rules and regulations. <p>The COC is available on the Group's website at www.innity.com.</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 board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	The Board has established the policies regarding whistleblowing which sets out the principle and grievance procedures for employees to raise genuine concerns of possible improprieties perpetrated within the Group. The whistleblowing policies is available on the Group's website at www.innity.com .
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 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board comprises nine (9) members, three (3) of whom are independent non-executive directors as follows:</p> <ul style="list-style-type: none"> a. Encik Shamsul Ariffin bin Mohd Nor b. Mr Robert Lim Choon Sin c. Encik Abdul Malik Bin A. Rahman (resigned on 1 April 2018) <p>The Nomination Committee acknowledges that the current size and composition will need to be reviewed to provide a balance mix of skills and experience to meet the core competencies and objectivity required of the Board.</p> <p>The Board is mindful of the recommendation of MCCG 2017 that the Board must comprise at least 50% of independent directors.</p> <p>The Board is putting every effort in getting suitable candidates who could meet the objective criteria, merit and with due regard for diversity in skills, experience and background to sit as independent directors on the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Nomination Committee will continuously source suitable independent directors and recommend to the Board to fulfil the recommendation of MCCG 2017.
Timeframe	:	Others The Board shall make every effort to increase the ratio to at least 50% independent directors on the Board but would not commit to a definite timeframe.

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>As at the date of this Statement, there are three (3) independent directors who had served a cumulative term limit exceeding nine (9) years on the Board.</p> <p>Shareholders' approval has been sought at the Annual General Meeting (AGM) to retain the 3 independent. The first shareholders' approval was obtained at the last AGM held on 1 June 2017.</p> <p>Independent directors seeking re-election are supported by disclosures as to why the Board endorsed their re-appointments. The disclosures are verbally explained to shareholders at the Company's AGM prior to formal voting.</p> <p>Before seeking re-election, the Nomination Committee is mandated by the Board to conduct an assessment on their respective skills, experience and contributions and whether they are able to discharge their duties with impartiality and unbiased judgement.</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 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of diversity in terms of skills, experiences, age, cultural background as well as gender in leading the Board and Board Committees.</p> <p>The Nominating Committee is responsible for assessing and recommending suitable candidates to the Board and Board Committees. The responsibilities of the Nominating Committee in this regard are outlined in its terms of reference.</p> <p>In evaluating potential candidates, the Nominating Committee has adopted a guide to identify, evaluate, select and recommend to the Board to fill vacancies on the Board and its various committees. It considers, amongst others, the following criteria:</p> <ul style="list-style-type: none"> a. The achievements of the candidate in his/her personal career; b. Integrity; c. Wisdom; d. Independence of the candidate; e. Ability to make analytical enquiries; f. Ability to work as a team to support the Board; g. Skills, qualification, expertise and gender diversity; h. Understanding of the business environment; and i. Willingness to devote personal time and commitment. <p>The appointment of new board members will not solely be guided by gender but rather the skills, knowledge and experience of the newly-appointed director.</p> <p>Similarly, the Group does not have a diversity policy for its workforce in terms of gender, ethnicity and age. Nevertheless, the Group is an equal opportunity employer and all appointments and employments are based strictly on merit and are not driven by any racial, age or gender bias.</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

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board take cognizance of the importance of having women representation on Board and is taking steps to identify women who meet the qualifications, qualities and standards that commensurate with the Group's requirements.	
		The Board views that the appointment of new board members will not solely be guided by gender but rather the skills, knowledge and experience of the newly-appointed director.	
		Similarly, the Group does not have a diversity policy for its workforce in terms of gender, ethnicity and age.	
		The Group is an equal opportunity employer and all appointments and recruitments are based strictly on merit and are not driven by any racial, age or gender bias.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Others	The Board shall make every effort to increase female representation on the Board but would not commit to a definite timeframe to achieve the 30% target.

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is tasked with making suitable recommendations to fill vacancies on the Board and its various Committees. This ensures that the appointed directors bring to the Board, a mix of skills and expertise necessary to meet the requirements of corporate stewardship.</p> <p>To alleviate the perception of bias in the selection of candidates, the Nomination Committee is open to recommendations or suggestions from external sources such as professional associations and executive search agencies.</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

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>In compliance with the Code, the Nomination Committee comprises exclusively of independent non-executive directors headed by Mr Robert Lim Choon Sin, a Senior Independent Non-Executive Director, as Chairman.</p> <p>The Committee's composition allows it to deliberate and act independently of the Board on such matters as:</p> <ul style="list-style-type: none"> a. The annual review of the Board's effectiveness; b. Assess each director's performance and training needs; and c. Spearhead succession planning and appointment of board members.
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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is responsible for the evaluation of the effectiveness of the Board, Board Committees and individual directors. A formal and objective evaluation of each individual director, based on Self and Peer assessment, is conducted annually.</p> <p>The evaluation of the Board's effectiveness was conducted internally, facilitated by the Company Secretary. The evaluation process was carried out using questionnaires that were modelled on Self and Peer rating assessment. The evaluation was administered by the Company Secretary.</p> <p>Each director furnishes to the Board a self-assessment of his performance during the course of the financial year. An objective assessment by each director on the performance of each of his peers is also submitted to the Board for adjudication and levelling.</p> <p>The assessment included whether each director, when addressing various issues, was able to exercise independent judgement, when challenged on his point of view, while still acting in the Company's best interest.</p> <p>The Board is satisfied with the time commitment and level of effective participation given by the directors as espoused in the Code, towards fulfilling their roles and responsibilities.</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 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>An appropriate remuneration policy is critical to attract, retain and motivate individuals of high calibre to drive the long-term success of the Group. The policy is structured to link rewards to individual and corporate performance.</p> <p>At INNITY, the development of this policy framework is the purview of the Remuneration Committee. This framework is shaped by the following underlying principles:</p> <ul style="list-style-type: none"> a. Consistency with Group's strategy and business objectives; b. Competitive with remuneration policies of competing companies; and c. Compliance with Company values.
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 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board has established a Remuneration Committee ("RC") to make recommendations to the Board on all elements of remuneration for the Board members and the top management. The terms of reference of the RC can be viewed on the Company's website at www.innity.com . The said terms of reference include RC to review the terms and conditions of employment, reward structure, allowances, bonuses and fringe benefits.
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 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	Details of the directors' remuneration (including benefits-in-kind) for each director during FY2017 are disclosed in the Company's Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has disclosed the top 5 senior management's remunerations, into bands of RM50,000, on named basis in the Company's Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	At INNITY, the Board has established a Committee of the Board to be known as the Audit and Risk Management Committee(“ARMC”). The Chairman of the ARMC, Encik Shamsul Ariffin Bin Mohd Nor, is not the Chairman of the Board.	
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 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has not adopted this practice as none of the ARMC members were former key audit partners. However, the Board would adopt this practice in future and will observe the cooling-off period before appointing former key audit partner as ARMC member, if any.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Others	Not applicable.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC assessed the suitability, objectivity and independence of the external auditor according to the established criteria. The criteria cover the assessment of independence, quality of work, audit fees, adequacy of resources and the external auditor’s global presence in the Group’s existing business units.</p> <p>During the financial year, at least 2 meetings were held between the ARMC and management to discuss the audit plan, audit findings and the Group’s financial statements.</p> <p>The ARMC also meets annually with the external auditor without the presence of the Board and management upon request from the external auditor.</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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	INNITY's ARMC comprises solely of independent directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application :	Applied
Explanation on application of the practice :	<p>There is an appropriate level of skills and knowledge in reviewing and understanding financial statements amongst ARMC members thus, allowing them to actively participate and contribute to the effective functioning of the ARMC.</p> <p>The Chairman of the ARMC, Encik Shamsul Ariffin Bin Mohd Nor, holds a Master degree in Business Administration. He has served in various capacities in the public service and currently holds directorship in several private companies.</p> <p>The Board is satisfied with the performance of the ARMC and effective leadership of its Chairman. He is able to lead and actively participate in discussions, offer suggestions and opinions and exercise independent judgement.</p> <p>All ARMC members are mindful of the need for continuous professional development. They regularly keep themselves updated on recent developments in accounting and auditing practices and standards.</p> <p>During the year, the ARMC attended various training programmes, details of which are disclosed in the Corporate Governance Overview Statement.</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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established an Enterprise Risk Management and Internal Control Framework which assists all operational levels in achieving the Company’s strategic objectives by adopting a systematic approach to evaluating and improving the effectiveness of risk management and control.	
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 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The key features of the Group's risk management and internal control framework to facilitate the proper conduct of the Group's businesses are described below:</p> <p><u>Risk Management Framework</u></p> <p>The Group Risk Management Committee("GRMC"), established by the Board, has oversight of the risk management process. The GRMC oversees the successful implementation of the framework by setting, where appropriate, objective performance targets and policies to the Management Risk Committee("MRC") to manage and mitigate the principal risks identified.</p> <p>The MRC comprises a Senior Manager, as the Risk Management Officer/Coordinator, and key personnel from companies in the Group. Representatives from the respective divisions/business units within the Group are tasked with reporting key risks to the Risk Management Officer/Coordinator for the attention of the MRC.</p> <p>The Risk Management framework entails identifying and reviewing existing and potential key risk factors afflicting or may likely affect the Group's businesses. These identified risks are managed and mitigated through an action plan developed by the MRC and sanctioned by the GRMC with the Board's endorsement.</p> <p>Key business risks are identified and categorised to highlight the sources of risk, the severity of the risk and its effect on the Company or Group's performance and the likelihood of its occurrence. The risk assessment takes into account all aspects of the businesses and its internal control framework, the control environment and control activities, information, communication and monitoring procedures. Periodic reviews are conducted to identify new risks and a thorough assessment of the risks previously identified remains relevant.</p> <p>As the Group is principally involved in the online advertising business, some of the identified risks and measures to mitigate these risks are outlined as follows: -</p>

a. Competition in the Online Advertising Market

The online advertising market in Malaysia is an open market, consisting of local and foreign online advertising companies and local publishers whose deliverables are directly channelled to media buying agencies. The growing competition, especially from multinational online advertising companies, will spur INNITY's increased focus on technological development and R&D. Our enviable track record to provide one-stop solutions, as well as our strong network of online publishers and customer base will enable the Group to remain as a major player in the online advertising market.

b. Expansion into New Regional Markets

Like any other foreign investment, our Group's presence in most ASEAN countries and in China/Hong Kong and South Korea would be subjected to the political, economic and business conditions and investment policies in these countries. There is no assurance that our Group's expansion effort in these markets will contribute positively to the Group over the long term. However, before venturing into these markets, the Group has conducted thorough and in-depth feasibility studies and due diligence to determine the viability of such investment.

c. Foreign Exchange Fluctuations

Because of our overseas presence, it is in the normal course of business that most transactions would be denominated in foreign currencies. These transactions include purchase of online publishers' sites, sales to advertisers and/or media agencies and inter-group billings. As business volume increases, the Group is exposed to a larger risk of foreign exchange fluctuations.

Our Group has a natural hedge system wherein all foreign subsidiary companies, while maintaining a local currency bank account, are required to open a United States Dollar(USD) bank account to facilitate payments and collections in USD. Also, the lion's share of transactions is denominated in USD, hence minimising the effect of foreign exchange risk.

d. Security and System Disruption

Operating in a high technology environment, the Group is susceptible to various security cybercrimes such as hacking, fraud, malware, computer viruses and unauthorised system disruptions or failures. There is then a strong possibility of a complete system shutdown.

Our Advenue Platform technology resides on computer systems housed at various locations. These data back-up and disaster recovery systems are critical to our continuing and uninterrupted performance.

e. Larger Funding for Growing Business Volume

There is inevitably a mismatch in collection from clients and payments to publishers. With rising business volumes, the Group is exposed to the risk of depleting internal funds.

The Group has implemented stricter credit control procedures coupled with prompt payment incentives to clients with the objective of expediting collections. Occasionally, banking facilities have been utilised to bridge the short-term deficiency in working capital.

Internal Control Framework

a. Organisation Structure & Authorisation Procedures

The Group maintains a formal organisational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures to enhance the internal control system of the Group's various business units.

b. Periodical and/or Annual Budget

An annual budget is prepared by management and tabled to the Board for approval. Periodic monitoring is carried out to measure the actual performance against budget to identify significant variances and devise remedial action plans.

c. Group Policies and Procedures

Documented policies and procedures are in place and are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

d. Information and Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and senior management's attention are highlighted for review, deliberation and decision on a timely basis.

e. Monitoring and Review

Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performance and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Board, via the ARMC, for

	<p>their review, consideration and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.</p> <p>f. Business Strategic Plan</p> <p>Yearly business plan and Key Performance Indicators (KPI) were drawn up and presented to the Board during the year. The business plan was revised based on changing market conditions to meet the Group's business objectives.</p> <p>g. Human Resource policies and procedures</p> <p>The employees' handbook containing the Company's scheme of service and code of business conduct is accessible to all employees in the intranet. All employees are required to acknowledge the acceptance of the policies.</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 make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The ARMC comprises solely independent directors to oversee the risk management and its policies.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In establishing the annual internal audit plan, the Internal Auditor, Axcelasia Columbus Sdn Bhd (“ACSB”), formerly known as AUDEX, held meetings with the Director of Corporate Strategies for the Group who is actively involved in managing its business operations and is conversant with the key risks faced by the Group. Based on his proposals and ACSB’s experience in the industry, ACSB will develop the internal audit plan identifying the entities and business processes to be reviewed.</p> <p>The proposed annual internal audit plan is presented to the ARMC at one of its scheduled meetings during the financial year. The ARMC members deliberated the proposed annual internal audit plan to ensure adequacy of coverage and approved the plan for execution by the internal auditor.</p> <p>During the quarterly ARMC meetings, during which the internal audit findings are presented, the ARMC may highlight areas of weaknesses or deficiencies or identify emerging risks (if any) and instruct ACSB to carry out an internal audit review of the corresponding business processes thereby ensuring that the internal audit function carried out are aligned to the risks faced by the Group. Hence, a risk-based approach is adopted in identifying entities and related business processes for internal audit reviews.</p> <p>The composition, summary of activities and terms of reference of the ARMC are found in the Audit and Risk Management Committee Report.</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 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Corporate Governance Overview Statement disclosed that, to the best of its knowledge, ACSB’s internal audit personnel do not have any personal ties nor relationships or conflicts of interest with INNITY’s Board members or management staff which could impair its objectivity and independence.</p> <p>During the financial year under review, the number of ACSB staff assigned for the internal audit review ranged from 3 to 4 per visit. This included ACSB’s engagement partner, Mr Mah Siew Hoong.</p> <p>Mr Mah Siew Hoong has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr Mah is also a Certified Internal Auditor (United States) and has a Certification in Risk Management Assurance (United States).</p> <p>The internal audit function has been conducted using a risk-based approach and was guided by the International Professional Practices Framework (“IPPF”), the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).</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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board values transparency and accountability to its shareholders, media personnel and investors.</p> <p>The Company reaches out to these stakeholders through timely disclosures via various public announcements, through organising investor, analyst and media briefings and issuance of the Annual Report. Furthermore, stakeholders are able to access relevant business and general information on the Company and Group via the Bursa Malaysia website.</p> <p>Updates on the Company's financial performance are also provided through quarterly financial reports announced via Bursa Link.</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 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is supportive of the benefits of integrated reporting. However, at the moment, the Company is not a Large Company as defined by the MCCG 2017.	
		The Company will consider adopting integrated reporting if the Directors opined that benefits of the adoption outweigh the costs.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Others	Not applicable.

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	Sufficient notice is given to INNITY shareholders for this purpose. For instance, INNITY's last AGM was held on 1 June 2017 while notice was given on 28 April 2017, more than 30 days prior to the AGM.	
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 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	All directors were in attendance at the AGM held on 1 June 2017. Full attendance of directors is considered common courtesy as the Chairman and respective heads of the various Board Committees do have an obligation to interact with shareholders and provide meaningful response to questions addressed to them.	
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 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's AGM was held in the same venue since 2010. The venue was easily accessible and familiar to most shareholders of the Company as previous AGMs and the forthcoming AGM are held at the same venue.</p> <p>Shareholder of the Company can vote in person or appoint a proxy, proxies or corporate representative(s) to vote on his/her behalf.</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	:	

**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.

Click here to enter text.

