

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**” or the “**Directors**”) of ISOTeam Ltd. (the “**Company**”) is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “**Group**”) to maximise the long-term shareholder value, protect the interests of stakeholders as well as promote investors’ confidence.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the requirements of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). This report outlines the main corporate governance practices and procedures adopted by the Group in the financial year ended 30 June 2024 (“**FY2024**”), with reference made to each of the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”).

The Board confirms that the Group has complied with all principles outlined in the Code and generally adhered to the provisions of the Code for FY2024. In respect of any deviation from the provisions of the Code, appropriate disclosures and explanations are provided in this report.

BOARD MATTERS

THE BOARD’S CONDUCT OF ITS AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1: Directors are fiduciaries who act objectively in the best interests of the company and hold management accountable for performance. The board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group and to protect and enhance long-term shareholder value. The Board works with the management of the Company (the “**Management**”) to achieve this and the Management remains accountable to the Board.

Besides carrying out its statutory responsibilities, the Board’s role is to:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and Company’s assets;
- review the performance of the Management;
- identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- set the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- ensure that sustainability issues that impacts the economy, environment, social and governance factors as part of its strategic formulation; and
- oversee the processes for evaluating the adequacy and effectiveness of internal control, financial reporting and compliance.

Every Director, in the course of carrying out his duties, acts in good faith and considers at all times, the interest of the Group.

Any Director facing an actual, potential or perceived conflict of interest in relation to any matter will declare such interest and will recuse himself from participating in discussions and abstain from making any decisions or voting on resolutions regarding the matter.

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Provision 1.2: Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.

In accordance with the provisions of the Catalist Rules, the Nominating Committee will ensure that any new Director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, undergoes mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

In addition to the mandatory training (if applicable), the Company has in place an orientation programme and materials to ensure that every newly appointed Director is familiar with the business and organisation structure of the Group. To get a better understanding of the Group's business, the newly appointed Director will also be given the opportunity to visit the Group's operational facilities and meet with the Management. Every newly appointed Director will also receive a formal letter of appointment setting out the duties and obligations of the Director upon appointment. Mr Jeremiah Huang WeiQuan was appointed as an Independent Director during FY2024.

Management had conducted an orientation to introduce the Group's business and its operations to the new Director. The Company had also arranged for Mr Jeremiah Huang WeiQuan, who did not have experience as a director of a public listed company in Singapore, to attend training courses organised by the Singapore Institute of Directors ("SID"). In this regard, Mr Jeremiah Huang WeiQuan has completed the mandatory prescribed courses conducted by SID under Rule 406(3)(a) and Practice Note 4D of the Catalist Rules.

When necessary, the existing Directors are provided with updates on changes to the relevant new rules and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. As part of training for the Board, the Directors are briefed either during Board and Board committee meetings or at specially convened sessions on changes to regulations and accounting standards, as well as industry-related matters. The Directors are also encouraged to keep themselves updated on changes to the financial, legal and regulatory requirements or framework and the business environment through reading relevant literature, and may attend appropriate courses, conferences and seminars conducted by bodies such as the SGX-ST and SID, at the Company's expense.

During the financial year reported on, all Directors have received updates on (i) amendments on the Catalist Rules (if any) and other relevant regulatory updates; (ii) business and strategic developments of the Group by the Management; and (iii) developments in financial reporting and governance standards (where relevant). The Directors have also attended sustainability reporting training courses organised by the SID.

Provision 1.3: The board decides on matters that require its approval and clearly communicates this to management in writing. Matters requiring board approval are disclosed in the company's annual report.

The Company has adopted internal guidelines setting forth matters that require Board's approval. The matters which specifically require the Board's approval are those involving:

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nominations of Directors for appointment or re-appointment to the Board and appointment of key management personnel;
- announcement of half year and full year results, the annual report and audited financial statements;
- material acquisition and disposal of assets;
- corporate or financial restructuring;
- share issuances and dividends; and
- all matters of strategic importance.

The Company documents the materiality threshold(s) and matters reserved for Board's approval in its policies.

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Provision 1.4: Board committees, including executive committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the board. The names of the committee members, the terms of reference, any delegation of the board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.

Board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), have been established to assist the Board in the discharge of specific responsibilities. These committees are chaired by Independent Directors and function within clearly defined terms of reference and functional procedures. The compositions, principle functions and roles of the Board committees are described in subsequent sections of this report. While these committees are delegated with certain responsibilities, the ultimate responsibility for the final decision lies with the entire Board.

Provision 1.5: Directors attend and actively participate in board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

The Board meets at least twice a year at regular intervals. Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances. Telephonic attendance at Board meetings is permitted under the Company's Constitution. The Board and Board committees may also make decisions by way of circulating resolutions in writing.

During FY2024, the number of Board meetings, Board committee meetings and general meeting held and attended by each member of the Board are as follows:

| | Board Committee | | | | | |
|---------------------------------------|-----------------|----------------|----------------|----------------|------------------------|-------------------------------|
| | Board | AC | NC | RC | General Meeting Annual | General Meeting Extraordinary |
| Number of Meetings Held | 3 | 2 | 1 | 2 | 1 | 1 |
| Number of Meetings Attended | | | | | | |
| Ng Cheng Lian | 3 [#] | 2 [*] | 1 [*] | 2 [*] | 1 | 1 |
| Koh Thong Huat | 3 | 2 [*] | 1 [*] | 2 [*] | 1 | 1 |
| Foo Joon Lye | 3 | 2 [*] | 1 [*] | 2 [*] | 1 | 1 |
| Tan Eng Ann | 3 | 2 [#] | 1 | 2 | 1 | 1 |
| Soh Chun Bin ⁽¹⁾ | 2 | 2 | 1 | 2 [#] | 1 | 1 |
| Teo Ho Pin | 3 | 2 | 1 [#] | 2 | 1 | 1 |
| Ryota Fukuda | 2 | 1 [*] | 1 [*] | 1 [*] | 1 | 1 |
| Jeremiah Huang WeiQuan ⁽²⁾ | 1 | 0 | 0 | 0 | 0 | 0 |

Notes:

Chairman

* By invitation

(1) Mr Soh Chun Bin had resigned after having served as an Independent Director, Chairman of the Remuneration Committee and member of both the Audit and Nominating Committees of the Company for more than 9 years on 31 May 2024.

(2) Mr Jeremiah Huang WeiQuan was appointed as an Independent Director, Chairman of the Remuneration Committee as well as a member of both the Audit and Nominating Committees of the Company on 1 June 2024. As such, Mr Jeremiah Huang WeiQuan only attended one (1) meeting of the Board of Directors since his appointment.

Notwithstanding that some of the Directors have multiple listed company board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. The Board is of the view that the assessment of whether each Director is able to devote sufficient time to discharge his duties should not be restricted to the number of board representations. Holistically, the contributions by the Directors during the meetings and attendance at such meeting should also be taken into consideration.

The NC will continue to review from time to time the listed company board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

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Provision 1.6: Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

The Directors are furnished with timely and adequate information from the Management to enable them to discharge their duties effectively. Such information includes budgets, forecasts, quarterly, half-yearly and annual financial statements, as well as information relating to matters to be tabled at Board or Board committee meetings for approval. The Directors are entitled to request from the Management and should be provided with such additional information as needed to make informed decisions and the Management shall provide the same in a timely manner.

Provision 1.7: Directors have separate and independent access to management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the board as a whole.

The Directors are provided with the contact details of the Management and the Company Secretaries to facilitate separate and independent access.

Together with the Management, the Company Secretaries are responsible for ensuring that appropriate procedures are followed and the requirements of the Companies Act 1967 (the "Companies Act") and Catalist Rules are complied with. Either one of them is required to attend the Board and Board committee meetings. The appointment and the removal of the Company Secretaries is a matter for the approval of the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as a Director.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.1: An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

The independence of each Independent Director is reviewed annually and as and when the circumstances are required by the NC, based on the guidelines set forth in the Catalist Rules and the Code to ensure that there is strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently and the Board consists of persons who, together, will provide the core competencies necessary to meet the Company's objectives. The Independent Directors have confirmed that they and their respective associates do not have any employment relationships with the Company or any of its related corporations for the current or any of the past three financial years, and they also do not have any relationships with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company. The NC is of the view that Dr Teo Ho Pin, Mr Tan Eng Ann and Mr Soh Chun Bin are independent in character and judgement for the year FY2024, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. The Board also reviewed Mr Jeremiah Huang WeiQuan's independence based on the same set of criteria when considering his appointment as Independent and Non-Executive Director on 1 June 2024 and is of the view that he is also independent.

The independence of any Independent Director who has served on the Board beyond nine years from the date of his first appointment will be subject to particularly rigorous review. The Board is of the view that the independence of an Independent Director must be based on the substance of his professionalism, integrity and objectivity, and not merely based on form such as the number of years which he has served on the Board. Currently, Mr Tan Eng Ann has served on the Board for more than nine years from the date of his first appointment. The Board conducted a rigorous review of the independence of Mr Tan Eng Ann by examining any conflicts of interest, his review and scrutiny of matters and proposals put before the Board, his exercise of independent judgement, the effectiveness of his oversight role as a check and balance on the acts of the Executive Directors and the Management as well as his role in enhancing and safeguarding the interests of the Company and its shareholders. Upon review, the Board considers Mr Tan Eng Ann to remain independent.

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In addition, the Board and NC has also considered Rule 406(3)(d)(iv) which came into effect on 11 January 2023. Pursuant to Rule 406(3)(d)(iv) of the Catalist Rules, a director will not be considered independent if he has been a director of the issuer for an aggregate period of more than nine years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer. During this period of time Transitional Practice Note 3 of the Catalist Rules applies and Rule 406(3)(d)(iv) is to take effect for the Company's annual general meeting for the financial year ending on or after 31 December 2023. Mr Soh Chun Bin has since stepped down on 31 May 2024. Mr Tan Eng Ann, who has served more than nine years shall be stepping down from his role upon the conclusion of the forthcoming AGM for FY2024 to facilitate Board renewal. The Company and the NC have commenced searching for a suitable replacement and will be making appropriate announcement(s) to update the shareholders in due course.

Provision 2.2: Independent directors make up a majority of the board where the chairman is not independent.

The Board currently comprises seven members, three of whom are Independent Directors, as follows:

Executive Directors

Mr Ng Cheng Lian (Executive Chairman)
Mr Koh Thong Huat (CEO)
Mr Foo Joon Lye

Independent Directors

Mr Tan Eng Ann (Lead Independent Director)
Dr Teo Ho Pin
Mr Jeremiah Huang WeiQuan

Non-Executive Director

Mr Ryota Fukuda

Notwithstanding that the Independent Directors do not make up a majority of the Board where the Chairman of the Board is not independent, the Board, through the NC, has examined its size and composition and is of the view that the current Board size and composition are appropriate for the time being for the facilitation of effective decision-making on the part of the Board. The Board is of the opinion that, given the scope and nature of the Group's operations, it is neither necessary nor cost-effective to have Independent Directors making up a majority of the Board. To address the issue of independence, the Board has put in place a Lead Independent Director, who is available to shareholders where they have concerns. The Board is of the view that the Independent Directors demonstrate a strong level of independence and judgement in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual and independent viewpoints, debated issues, and objectively scrutinised and challenged the Management.

Provision 2.3: Non-executive directors make up a majority of the board.

The Board comprises seven members, four of whom are Non-Executive Directors representing a majority of the Board.

Provision 2.4: The board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.

The Board, through the NC, has examined its size and composition and is of the view that it is of an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group and the wide spectrum of skill and knowledge of the Directors. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The Board and the Board committees comprise Directors, who, as a group, provide core competencies such as accounting, finance, business, legal, management and strategic planning, which are complementary and enhance the effectiveness of the Board.

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The Board recognises the benefits of having a diverse Board to help bring in new ways of thinking, insights and different perspectives to the Board, which will result in productivity and quality of Board deliberations. The Board has taken the following steps to maintain or enhance its balance and diversity, which include assessing the existing attributes and core competencies of the Board which are complementary for enhancing the efficacy of the Board, and evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise which may be lacking by the Board. The Board has, at the recommendation of the NC, approved and adopted a Board Diversity Policy to formalise the Company's approach towards achieving diversity on its Board. Under the Board Diversity Policy, it is noted that while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the Board is of the view that the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a top priority. Having regard to the guidelines in the Board Diversity Policy, the NC will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, take into account the above factors. This will enable the Management to benefit from a diverse perspective in reviewing the issues that are brought before the Board and enable it to make decisions in the best interests of the Company, as well as assist the NC in identifying and nominating suitable candidates for appointment to the Board. Whilst the Company does not set any specific target for gender, age and ethnic diversity, it will take such factors into consideration where the opportunity arises.

Provision 2.5: Non-executive directors and/or independent directors, led by the independent chairman or other independent director as appropriate, meet regularly without the presence of management. The chairman of such meetings provides feedback to the board and/or chairman as appropriate.

The Independent Directors confer regularly with the Executive Directors and the Management to develop strategies for the Group, review the Management's performance, assess remuneration and discuss corporate governance matters. Where warranted, the Independent Directors, led by the Lead Independent Director, discuss or meet amongst themselves on the Group's affairs without the presence of the Executive Directors and the Management. The Lead Independent Director will also provide feedback to the Executive Chairman after such discussions or meetings.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1: The chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the board for independent decision-making.

The Company adopts a dual leadership structure whereby the roles of Chairman and CEO are distinct, each having their own areas of responsibilities and functions, thus ensuring an appropriate balance of power and authority, and allowing for increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the CEO are thus separate persons and the Chairman is not related to the CEO.

Provision 3.2: The board establishes and sets out in writing the division of responsibilities between the chairman and the CEO.

The Executive Chairman, Mr Ng Cheng Lian, plays a key role in promoting high standards of corporate governance. The Executive Chairman, with the assistance of the Company Secretaries, sets the agenda for Board meetings and ensures that adequate time is available for discussion of all agenda items. He promotes an open environment for debate, and ensures that Independent Directors are able to speak freely and contribute effectively. He also ensures that the Board receives complete, adequate and timely information. In addition, he plays a pivotal role in ensuring effective communication with shareholders at general meetings of the Company, and encouraging constructive relations within the Board and between the Board and the Management.

The CEO, Mr Koh Thong Huat, formulates and implements the Group's expansion plans and the overall corporate and strategic development of the Group, and ensures conformance by the Management to such plans. The CEO also reports to and is a member of the Board of Directors, and has the ultimate responsibility for the management of the Group's economic, environmental, social and governance topics.

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Provision 3.3: The board has a lead independent director to provide leadership in situations where the chairman is conflicted, and especially when the chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the chairman or management are inappropriate or inadequate.

In view that the Chairman of the Board is not an Independent Director, Mr Tan Eng Ann who is the Chairman of the AC, has been appointed as the Lead Independent Director of the Company. Mr Tan Eng Ann is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman of the Board, the CEO or the Chief Financial Officer (“CFO”) has failed to resolve or is inappropriate. No request or query on any matter which requires the Lead Independent Director’s attention has been received from shareholders in FY2024.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1: The board establishes a NC to make recommendations to the board on relevant matters relating to:

- (a) the review of succession plans for directors, in particular the appointment and/or replacement of the chairman, the CEO and key management personnel;**
- (b) the process and criteria for evaluation of the performance of the board, its board committees and directors;**
- (c) the review of training and professional development programmes for the board and its directors; and**
- (d) the appointment and re-appointment of directors (including alternate directors, if any).**

The NC has written terms of reference that describe the responsibilities of its members. The principal functions of the NC are as follows:

- (a) to review and recommend to the Board, all Board appointments and re-appointments;
- (b) to determine, on an annual basis, whether a Director is independent, guided by the independent guidelines contained in the Catalyst Rules and the Code;
- (c) to decide whether a Director is able to and has been adequately carrying out his duties as a Director, particularly when the Director has multiple board representations;
- (d) to assess the effectiveness of the Board as a whole and the Board committees, and the contribution of each Director to the effectiveness of the Board;
- (e) to make plans for succession, in particular for the Chairman of the Board and CEO;
- (f) to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary; and
- (g) to recommend to the Board comprehensive induction training programmes for new Directors and review the training and professional development programmes for the Board.

Provision 4.2: The NC comprises at least three directors, the majority of whom, including the NC chairman, are independent. The lead independent director, if any, is a member of the NC.

The NC comprises three Independent Directors, namely Dr Teo Ho Pin, Mr Tan Eng Ann and Mr Jeremiah Huang WeiQuan. The Chairman of the NC is Dr Teo Ho Pin.

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Provision 4.3: The company discloses the process for the selection, appointment and re-appointment of directors to the board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.

In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as new Directors through the business network of the Board. The NC will generally assess suitable candidates for appointment to the Board based on the requisite qualification, expertise and experience. If the NC decides that the candidate is suitable, the NC then recommends its choice to the Board. Meetings with such candidates may be arranged to facilitate open discussion and NC's assessment of the candidates.

The Company's Constitution provides that one-third of the Directors shall retire from office by rotation at each AGM, and all Directors shall retire from office at least once every three years. A retiring Director is eligible for re-election by the shareholders at the AGM. The Company's Constitution also provides that any new Director appointed by the Board shall hold office only until the next AGM and is eligible for re-election by the shareholders at the AGM.

The NC will assess and recommend to the Board whether retiring Directors are suitable for re-election. In considering the re-election of a Director, the NC will evaluate such Director's contributions in terms of experience, business perspective, attendance at meetings of the Board and/or Board committees and pro-activeness of participation in meetings. Each member of the NC shall abstain from recommending his own re-election. The NC has recommended the re-election of three retiring Directors, namely Mr Koh Thong Huat, and Dr Teo Ho Pin and Mr Jeremiah Huang WeiQuan at the forthcoming AGM. The Board has accepted the NC's recommendation that Mr Koh Thong Huat, Dr Teo Ho Pin and Mr Jeremiah Huang WeiQuan, who have each given their consent for re-election at the forthcoming AGM, be put forth for re-election.

Information, as set out in Appendix 7F of the Catalist Rules, relating to the Retiring Directors who are retiring and offering themselves for re-election at the upcoming AGM can be found in the "Disclosure of Information on Directors Seeking Re-Election" on pages 71 to 76 of the Annual Report.

In addition, Board renewal is a continuous process. The Board recognises that Independent Directors may over time develop significant insights in the Group's business and operations and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. Accordingly, the NC will seek to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

Provision 4.4: The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the board. If the board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.

The NC determines, on an annual basis, the independence of each Independent Director, taking into consideration the circumstances set forth in the Catalist Rules and the Code. For FY2024, the NC has assessed and affirmed that the Independent Directors are independent (within the meaning of the Catalist Rules and the Code).

The Independent Directors have confirmed that they and their respective associates do not have any relationships with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

Provision 4.5: The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

In accordance with the provisions of the Catalist Rules, the NC will ensure that newly appointed Directors who do not have prior experience as a director of an issuer listed on the SGX-ST, attend mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

All Directors declare their listed company board representations as and when practicable. The NC has reviewed and is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Company to adequately perform their duties as Directors of the Company.

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The dates of initial appointment and re-election of the Directors as well as the directorships of the Directors in other listed companies are set out below:

| Name of Director | Date of Initial Appointment | Date of Last Re-election | Directorships in Other Listed Companies | |
|------------------------|-----------------------------|--------------------------|--|---|
| | | | Present | Past (Last Five Years) |
| Ng Cheng Lian | 12 December 2012 | 24 October 2023 | Nil | Nil |
| Koh Thong Huat | 12 December 2012 | 27 October 2021 | Nil | Nil |
| Foo Joon Lye | 12 December 2012 | 25 October 2022 | Nil | Nil |
| Tan Eng Ann | 7 June 2013 | 24 October 2023 | <ul style="list-style-type: none"> Yongmao Holdings Limited | <ul style="list-style-type: none"> AM Group Holdings Limited[#] |
| Teo Ho Pin | 1 March 2021 | 27 October 2021 | <ul style="list-style-type: none"> Broadway Industrial Group Limited Enviro-Hub Holdings Ltd. King Wan Corporation Limited Tiong Seng Holdings Limited | Nil |
| Ryota Fukuda | 18 February 2020 | 25 October 2022 | <ul style="list-style-type: none"> Searifico Corp.[~] | Nil |
| Jeremiah Huang WeiQuan | 1 June 2024 | Nil | Nil | Nil |

Notes:

[#] Listed on the Mainboard of the Stock Exchange of Hong Kong Limited

[~] Listed on the Ho Chi Minh Stock Exchange

Board Performance

Principle 5: The board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1: The NC recommends for the board's approval the objective performance criteria and process for the evaluation of the effectiveness of the board as a whole, and of each board committee separately, as well as the contribution by the chairman and each individual director to the board.

Provision 5.2: The company discloses in its annual report how the assessments of the board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.

The NC decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long-term shareholder value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the Board committees, and for assessing the contribution from the Chairman of the Board and each individual Director to the effectiveness of the Board. The performance criteria do not change from year to year.

Assessment checklists which include evaluation factors such as Board composition and structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, training and recruitment, compensation, financial reporting and communicating with shareholders, are disseminated to each Director for completion and the assessment results are discussed at the NC meeting. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

No external facilitator was engaged by the Company for assessing the effectiveness of the Board in FY2024.

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REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1: *The board establishes a RC to review and make recommendations to the board on:*

- (a) a framework of remuneration for the board and key management personnel; and*
- (b) the specific remuneration packages for each director as well as for the key management personnel.*

The RC has written terms of reference that describe the responsibilities of its members.

The principal functions of the RC are as follows:

- (a) to review and recommend to the Board a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment (where applicable) for each Director, key management personnel and employees related to the Directors and substantial shareholders of the Company;
- (b) to function as the committee referred to in the ISOTeam Performance Share Plan (the "ISOTeam PSP") and shall have all the powers as set out in the ISOTeam PSP; and
- (c) to review all aspects of remuneration, including but not limited to the Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

Provision 6.2: *The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC chairman, are independent.*

The RC comprises three Independent Directors, namely Mr Jeremiah Huang WeiQuan, Mr Tan Eng Ann and Dr Teo Ho Pin. The Chairman of the RC is Mr Jeremiah Huang WeiQuan.

Provision 6.3: *The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.*

The RC reviews all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

The RC also reviews the Company's obligations arising from termination clauses and termination processes in relation to the Executive Directors and key management personnel's contracts of service to ensure that such clauses and processes are fair and reasonable.

Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration and the remuneration of employees related to him.

Provision 6.4: *The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.*

The RC did not seek any external professional advice on remuneration of the Directors in FY2024.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1: A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

The Company has its own designated remuneration policy for the Executive Directors and key management personnel which comprises a fixed component and a variable component. The fixed component is in the form of a base salary and allowance while the variable component is the annual bonus, based on the performance of the Group and the individual Director or key management personnel, as well as the market rates. The performance-related elements of remuneration are designed to align the Executive Directors and key management personnel's interests with those of the shareholders and link rewards to corporate and individual performance. In structuring the compensation framework, the Company also takes into account its risk policies, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Provision 7.2: The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The Independent Directors and the Non-Executive Director do not have service agreements with the Company. The Independent Directors are paid fixed Directors' fees, which are recommended by the RC and determined by the Board, appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of each Independent Director. The Directors' fees are subject to approval by shareholders at the AGM. To align with shareholders' interests, it is also intended for Independent Directors and Non-Executive Directors to be eligible to receive award shares pursuant to the ISOTeam PSP to be amended at the forthcoming AGM, subject to shareholders' approval. More details are set out in the Appendix to the Annual Report. Save as otherwise set out, the Independent Directors do not receive any other remuneration from the Company and the Non-Executive Director is not paid fixed Directors' fees, but is reimbursed in accordance with the administrative and travel expenses incurred in the course of his contributions to the Company.

Provision 7.3: Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

The Board ensures that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholder value.

The Company has adopted the ISOTeam PSP in October 2023. The 2023 PSP was approved by shareholders at an Extraordinary General Meeting held on 24 October 2023. The Company will also be seeking shareholders' approval to amend the 2023 PSP at the AGM. During FY2024, the PSP was administered by the RC. Please refer to the "Directors' Statement" section of this annual report for more information on the 2023 PSP.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1: The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and***
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel.***

CORPORATE GOVERNANCE REPORT

Provision 8.3: The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.

The Company has its own designated remuneration policy for the Executive Directors and key management personnel which comprises a fixed component and a variable component. The fixed component is in the form of a base salary and allowance while the variable component is the annual bonus, based on the performance of the Group and the individual Director or key management personnel, as well as the market rates. The performance-related elements of remuneration are designed to align the Executive Directors and key management personnel's interests with those of the shareholders and link rewards to corporate and individual performance. In structuring the compensation framework, the Company also takes into account its risk policies, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

There were no termination, retirement and post-employment benefits that may be granted to the Directors, CEO and key management personnel of the Group.

The Company has adopted the ISOTeam PSP in October 2023. The Company will also be seeking shareholders' approval for the amendment of the 2023 PSP at the forthcoming AGM. The ISOTeam PSP was administered by the RC. Please refer to the "Directors' Statement" section of this annual report for more information on the 2023 PSP.

A breakdown, showing the level and mix of each Director's remuneration for FY2024 is set out below:

| Remuneration Band and Name of Director | Fee % | Salary [#] % | Bonus % | Allowance % | Total % |
|--|----------|--------------------------|------------|----------------|------------|
| Below \$750,000 | | | | | |
| Koh Thong Huat | 1 | 85 | 14 | – | 100 |
| Ng Cheng Lian | – | 82 | 11 | 7 | 100 |
| Foo Joon Lye | 4 | 76 | 9 | 11 | 100 |
| Below \$250,000 | | | | | |
| Tan Eng Ann | 100 | – | – | – | 100 |
| Soh Chun Bin ⁽¹⁾ | 100 | – | – | – | 100 |
| Teo Ho Pin | 100 | – | – | – | 100 |
| Ryota Fukuda | – | – | – | – | – |
| Jeremiah Huang WeiQuan ⁽²⁾ | 100 | – | – | – | 100 |

Notes:

(1) Mr Soh Chun Bin had resigned as an Independent Director of the Company on 31 May 2024.

(2) Mr Jeremiah Huang WeiQuan was appointed as an Independent Director, Chairman of the Remuneration Committee as well as a member of both the Audit and Nominating Committees of the Company on 1 June 2024.

A breakdown, showing the level and mix of each key management personnel's remuneration for FY2024 is set out below:

| Remuneration Band and Name of Key Management Personnel | Fee % | Salary [#] % | Bonus % | Allowance % | Total % |
|--|----------|--------------------------|------------|----------------|------------|
| Below \$250,000 | | | | | |
| Teoh Kok Ann | 1 | 83 | 7 | 9 | 100 |
| Lim Kim Hock | 1 | 80 | 3 | 16 | 100 |
| Chan Chung Khang | 2 | 91 | 6 | 1 | 100 |
| Teo Teck Sing | – | 82 | 6 | 12 | 100 |
| Teng Ann Boon | 1 | 79 | 6 | 14 | 100 |

Note:

These amounts are inclusive of employee's CPF contribution

The Group operates in a highly competitive human resources environment where the detailed disclosure of the remuneration packages of each Director and key management personnel will be detrimental to the best interest of the Company and the Group, given the confidential and commercial sensitivities associated with remuneration matters. However, the Company adopts the disclosure of remuneration in bands of \$250,000 which would provide a good overview and is informative of the remuneration of each Director and key management personnel.

The aggregate remuneration paid to the above key management personnel amounted to \$1,020,000 for FY2024.

CORPORATE GOVERNANCE REPORT

Provision 8.2: The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds \$100,000 during the year, in bands no wider than \$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.

There was no employee of the Group who is an immediate family member of the Directors, CEO or substantial shareholders of the Company in FY2024.

Further to the above, the Company confirms that in FY2024 there were no termination, retirement and post-employment benefits granted to the Directors and key management personnel.

Notwithstanding this, certain employees were issued shares under the ISOTeam Performance Share Plan adopted by the Company in June 2013 ("PSP 2013") as a recognition of their performances as well as for the purposes of retaining their services. The PSP 2013 has since lapsed in June 2023. The shares had been awarded prior to June 2023 and issued and allotted in FY2024. In this regard, none of the key management personnel that received shares under the PSP 2013 received 5% or more of the total number of shares available under the PSP 2013.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1: The board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The board sets up a board risk committee to specifically address this, if appropriate.

The Company does not have a risk management committee. However, the Board is responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. The Board consults the external auditor and internal auditor to determine the risk tolerance level and corresponding risk policies. The Board also oversees the Management in implementing and monitoring the risk management and internal control systems. The Management regularly reviews and improves the Group's business and operational activities to identify areas of significant business and operational risks and implements appropriate measures to control and mitigate such risks. The Management also reviews significant control policies and procedures and highlights significant matters to the Board and the AC.

To enhance the Group's system of internal controls, the Board has appointed an external professional firm, namely CLA Global TS Risk Advisory Pte Ltd ("CLA"), to review, recommend and have subsequent rectifications follow-up on the Group's internal control system, and to expand and enhance its policies and procedures manual on an annual basis.

Provision 9.2: The board requires and discloses in the company's annual report that it has received assurance from:

- (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and**
- (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.**

The Board has received assurance from the CEO and the CFO that (a) the financial records have been properly maintained and the financial statements for FY2024 give a true and fair view of the Group's operations and finances; and (b) the Group has put in place and will continue to maintain reasonably adequate and effective risk management and internal control systems.

In addition, the Board has received assurance from the Executive Directors and key management personnel who are responsible that the Group has put in place and will continue to maintain reasonably adequate and effective risk management and internal control systems in respect of their respective areas of responsibilities.

CORPORATE GOVERNANCE REPORT

Based on the internal controls established and maintained by the Group, work performed by the internal auditor, and reviews performed by the Management, the Board and its committees, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems maintained by the Group, addressing the financial, operational, compliance and information technology risks of the Group are adequate and effective as at 30 June 2024. The Board and the AC note that all internal control systems contain inherent limitations and no system of risk management and internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Company's internal control system.

Audit Committee

Principle 10: The board has an AC which discharges its duties objectively.

Provision 10.1: The duties of the AC include:

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;**
- (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;**
- (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;**
- (d) making recommendations to the board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;**
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and**
- (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.**

The AC has written terms of reference that describe the responsibilities of its members.

The AC will meet periodically to perform, *inter alia*, the following functions:

- (a) to review with the external auditor the audit plan, the audit report, the management letter and the management's response;
- (b) to review with the internal auditor the internal audit plan and their evaluation of the adequacy of the internal controls and risk management system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report;
- (c) to review the financial statements and the external auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with the Financial Reporting Standards in Singapore, and concerns and issues arising from the audit including any matters which the external auditor may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- (d) to review and discuss with the external auditor and internal auditor, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (e) to review the co-operation given by the Management to the external auditor and internal auditor;
- (f) to consider the appointment or re-appointment, and remuneration and terms of engagement of the external auditor and matters relating to the resignation or dismissal of the external auditor;
- (g) to review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;
- (h) to review any potential conflicts of interests (if any);

CORPORATE GOVERNANCE REPORT

- (i) to review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;
- (j) to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (k) to undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

In addition, the AC has explicit authority to investigate any matter within its terms of reference, full access to and the co-operation of the Management and full discretion to invite any Executive Director or key management personnel to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

The aggregate amount of fees paid or payable to the external auditor for the audit services for FY2024 is reflected in Note 6 to the audited financial statements of the Group for FY2024. There were no non-audit services provided by the external auditor in FY2024.

The AC is of the view that external auditor, Baker Tilly TFW LLP, is suitable for re-appointment and it has accordingly recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as auditor of the Company at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the audit firm for the Group.

The Company has in place a whistle-blowing policy, endorsed by the AC, which provides an accessible channel for employees of the Group to raise concerns to the AC about possible corporate improprieties or possible fraudulent activities in matters of financial reporting, misconduct or wrongdoing relating to the Group and its officers or other matters. Details of the whistle-blowing policies and arrangements have been made available to all employees. It has a well-defined process which ensures independent investigation of issues or concerns raised and appropriate follow-up action, and provides assurance to the whistle-blowers that the identity of the whistle-blowers will be kept confidential and the whistle-blowers will be protected from reprisal within the limits of the law for whistle-blowing in good faith. The whistle-blowing policy and procedures are reviewed by the AC from time to time to ensure that they remain relevant. There were no whistle-blowing reports received in FY2024.

Provision 10.2: The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC chairman, are independent. At least two members, including the AC chairman, have recent and relevant accounting or related financial management expertise or experience.

The AC comprises three Independent Directors, namely Mr Tan Eng Ann, Mr Jeremiah Huang WeiQuan and Dr Teo Ho Pin. The Chairman of the AC is Mr Tan Eng Ann. Mr Tan Eng Ann has over 25 years of experience in finance and accounting and is well-qualified to chair the AC. Notwithstanding that the AC does not comprise at least two members with recent and relevant accounting or related financial management expertise and experience, the Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or financial management expertise and experience to discharge the duties and responsibilities of the AC.

Provision 10.3: The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

None of the AC members was a previous partner or director or has any financial interest in the Company's existing auditing firm.

Provision 10.4: The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. The Group has therefore appointed CLA to undertake the functions of an internal auditor for the Group. CLA is a member of the Institute of Internal Auditors. The internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

CORPORATE GOVERNANCE REPORT

The AC approves the hiring, removal, evaluation and compensation of the internal auditor. The internal auditor reports directly to the AC and, administratively to the Executive Directors, and has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. The role of the internal auditor is to assist the AC in ensuring that the Group's controls are adequate, effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas.

The AC has reviewed and is satisfied that the Group's internal audit function, led by Ms Pamela Chen of CLA who has more than 15 years of relevant experience, is independent, effective and adequately resourced, staffed by suitably qualified and experienced professionals with the relevant experience, and has an appropriate standing within the Company. Such review is carried out on an annual basis.

Provision 10.5: The AC meets with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually.

The AC had met with the internal and external auditors, without the presence of the Management to review the adequacy of audit arrangements for FY2024, with emphasis on the scope and quality of their audits, and the independence, objectivity and observations of the internal and external auditors.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct Of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1: The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

All shareholders will receive the Company's annual report and notice of AGM or general meetings and are entitled to attend the general meetings of the Company. They are afforded the opportunity to participate effectively at such meetings and are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, will be clearly explained by the scrutineers at such general meetings.

The Company's forthcoming AGM for FY2024 will be in a wholly physical format. Therefore, shareholders will be able to attend the AGM in person. Physical copies of the notice of AGM, proxy form and letter to shareholders dated 10 October 2024 will be sent to shareholders. The notice of AGM, proxy form and letter to shareholders dated 10 October 2024 will also be published on the Company's website and on SGXNET.

Provision 11.2: The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.

The Company has separate resolutions at general meetings on each substantially separate issue. This is to ensure that shareholders are given the right to express their views and exercise their voting rights on each resolution separately. Where the resolutions are "bundled", the reasons and material implications for doing so will be provided in the annual report and related documents, including the notice of general meeting.

Provision 11.3: All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.

All Directors are required to attend general meetings. The external auditor will also be present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. Please refer to Provision 1.5 for details on the Directors' attendance at general meetings held during FY2024.

CORPORATE GOVERNANCE REPORT

Provision 11.4: The company's constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

The Company's Constitution allows any shareholder of the Company, if he is unable to attend any general meetings, to appoint not more than two proxies to attend and vote on his behalf at the meetings through proxy forms sent in advance. Corporate shareholders of the Company who provide nominee or custodial services are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

Voting in absentia, which is currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web are not compromised.

Provision 11.5: The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the board and management.

The Company prepares minutes of general meetings which incorporate substantial and relevant comments and queries from shareholders and responses from the Board and the Management. These minutes will be published on the SGXNET and the Company's website.

Provision 11.6: The company has a dividend policy and communicates it to shareholders.

The Company has adopted a dividend policy whereby the Company shall recommend the distribution of at least 25% of the Company's consolidated profit after tax and minority interests, excluding non-recurring, one-off and exceptional items, to its shareholders, in respect of financial year ending 30 June 2024 and up to 30% of the Group's consolidated net profit after tax, excluding non-recurring, one-off and exceptional items in respect of financial year ending 30 June 2025 respectively to its shareholders. Further details of the updated dividend policy is set out in the Company's announcement dated 9 October 2023.

For FY2024, the Board has proposed a final dividend of 0.08 Singapore cents per ordinary share for shareholders' approval at the forthcoming AGM.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1: The company provides avenues for communication between the board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules, it is the Board's policy to ensure that all shareholders are informed on a timely basis of every significant development that has an impact on the Group via announcements and/or press releases published on the SGXNET.

The Company does not practise selective disclosure. Trade or price-sensitive information is first publicly released before the Company meets with any group of investors or analysts. The Company's results and annual report are announced or issued within the mandatory period.

Shareholders will be given the opportunity and time to voice their views and ask Directors or the Management questions regarding the Company at such general meetings. For the forthcoming AGM, shareholders may also submit their questions relating to the resolutions set out in the notice of the AGM in advance. The detailed information on the submission of questions has been specified in the notice of AGM.

CORPORATE GOVERNANCE REPORT

Provision 12.2: The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

The Company conducts its investor relations on the following principles:

- (a) Information deemed to be trade or price-sensitive is disseminated without delay via announcements and/or press releases on the SGXNET;
- (b) Discuss only publicly-available and publicly known information during dialogues with investors and analysts, principally following announcements of financial results;
- (c) Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions; and
- (d) Operate an open policy with regard to shareholders or investors' enquiries, such as through encouraging the active participation of shareholders during AGMs or any other general meetings of the Company.

Regular media and analyst briefings are organised to enable a better appreciation of the Group's performance and developments. The Company holds investor briefings, inviting the media and analysts, after the release of its half year and full year financial results.

Provision 12.3: The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.

The Company has engaged August Consulting to address any queries that the investors, analysts, press or public might have on the Company's affairs. The investor relations team can be reached at ir@iso-team.com.

MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1: The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company recognises the importance of close collaboration with its key stakeholders such as employees, investors and media, suppliers and service providers, and customers, in order to achieve sustainable business goals. The Company has in place a process to identify its various stakeholders and understand their viewpoints as well as actively communicate with them to align the Company's expectation and goals. Both Executive and Independent Directors meet or speak with shareholders at general meetings to gather their views and address concerns.

Provision 13.2: The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

The Group engages with the key stakeholders through various platforms. Details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholder, including frequency of engagement by type and by stakeholder group and key feedback or issues that have been raised through stakeholder engagement, can be found in the Company's Sustainability Report 2024.

Provision 13.3: The company maintains a current corporate website to communicate and engage with stakeholders.

The Company maintains its corporate website (<https://isoteam.com.sg/>) providing information about the Company such as the Board of Directors and Management, products or services, as well as all disclosures and announcements of the Company submitted via the SGXNET. Stakeholders can also contact the Company through phone or via the contact form, details of which can be found on the Company's website.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION

Dealing in Securities

The Company has adopted policies in line with the requirements of Rule 1204(19) of the Catalist Rules on dealings in the Company's securities.

The Company and its officers are prohibited from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished trade or price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing one month before the date of the announcement of the Company's half year and full year results, and ending on the date of the announcement of the relevant results.

In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

All interested person transactions will be documented and submitted periodically to the AC for its review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders.

There were no interested person transactions entered into by the Company during the financial year.

Non-Sponsor Fees

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid or payable to the Company's sponsor, Hong Leong Finance Limited, for FY2024.

Material Contracts and Loans

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except as disclosed in the "Directors' Statement" section of this annual report and the audited financial statements of the Group for FY2024, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

Use of Proceeds

As announced in the Company's half-year financial statements for FY2024, the Net Proceeds from the Rights Issue which had taken place on 22 August 2023 has been utilised as follows:

| | Amount allocated \$'000 | Amount utilised \$'000 | Balance \$'000 |
|---|----------------------------|---------------------------|-------------------|
| General working capital requirements of the Group | 7,180 | 7,180* | – |
| Repayment of banking facilities | 3,080 | 3,080 | – |
| Total | 10,260 | 10,260 | – |

* Utilised for settlement of trade payables

CORPORATE GOVERNANCE REPORT

Information on Directors Seeking Re-Election

Mr Koh Thong Huat ("Mr Koh"), Dr Teo Ho Pin ("Dr Teo") and Mr Jeremiah Huang WeiQuan ("Mr Huang") are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 25 October 2024 ("AGM").

Pursuant to Rule 720(5) of the Catalyst Rules, the information relating to Mr Koh, Dr Teo and Mr Huang in accordance with Appendix 7F of the Catalyst Rules is set out below:

| | KOH THONG HUAT | TEO HO PIN | JEREMIAH HUANG WEIQUAN |
|---|---|---|---|
| Date of appointment | 12 December 2012 | 1 March 2021 | 1 June 2024 |
| Date of last re-appointment (if applicable) | 27 October 2021 | 27 October 2021 | – |
| Age | 58 | 64 | 37 |
| Country of principal residence | Singapore | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board, having considered the recommendation of the NC and assessed Mr Koh's overall contributions and performance, is of the view that he is suitable for re-appointment as an Executive Director of the Company. | The Board, having considered the recommendation of the NC and assessed Dr Teo's overall contributions and performance, is of the view that he is suitable for re-appointment as an Independent Director of the Company. | The Board, having considered the recommendations of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Huang, is of the view that he is suitable for re-appointment as an Independent Director of the Company. |
| Whether appointment is executive, and if so, the area of responsibility | Executive. As set out in Mr Koh's profile write-up in the "Board of Directors" section of this annual report. | Non-Executive | Non-Executive |
| Job title (e.g. Lead ID, AC Chairman, AC Member etc.) | Executive Director and CEO | Independent Director, Chairman of the NC and member of the AC and RC | Independent Director, Chairman of the RC and member of the AC and NC |

CORPORATE GOVERNANCE REPORT

| | KOH THONG HUAT | TEO HO PIN | JEREMIAH HUANG WEIQUAN |
|---|---|--|--|
| Professional qualifications | <ol style="list-style-type: none"> Diploma in Building, Singapore Polytechnic Diploma in Marketing Management, Ngee Ann Polytechnic | <ol style="list-style-type: none"> PhD in Building (Heriot-Watt University, UK) MSc in Project Management (Distinction) (Heriot-Watt University, UK) BSc in Building (Honours) (National University of Singapore) | <ol style="list-style-type: none"> Bachelor of Laws, Monash University Advocate and Solicitor of the Supreme Court of Singapore Accredited Director, Singapore Institute of Directors Associate, Chartered Governance Institute (ACG, CGI) Associate, Chartered Secretaries Institute of Singapore (ACS, CSIS) Certified Information Privacy Professional (Asia) (CIPP/A) and Manager (CIPM), The International Associate of Privacy Professionals (IAPP) Practitioner Certificate in Personal Data Protection, Personal Data Protection Commission, Singapore Accredited Mediator (Singapore Mediation Centre, Singapore International Mediation Institute and International Mediation Institute) Certificate in International Business Mandarin (Comprehensive) (Advanced), Singapore Chinese Chamber Institute of Business |
| Working experience and occupation(s) during the past 10 years | As set out in Mr Koh's profile write-up in the "Board of Directors" section of this annual report. | As set out in Dr Teo's profile write-up in the "Board of Directors" section of this annual report. | As set out in Mr Huang's profile write-up in the "Board of Directors" section of this annual report. |
| Shareholding interest in the listed issuer and its subsidiaries | Deemed interest: 156,272,812 ordinary shares | Nil | Nil |
| Any relationship (including immediate family relationships) with any existing director, executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Nil | Nil | Mr Huang is a director and shareholder of Icon Law LLC, which provides legal services to the Company from time to time. However, he is not otherwise involved with the relevant team or the provision thereof. |

CORPORATE GOVERNANCE REPORT

| | KOH THONG HUAT | TEO HO PIN | JEREMIAH HUANG WEIQUAN |
|---|---|--|---|
| Conflict of interest (including any competing business) | Nil | Nil | Mr Huang does not have any conflict of interest with the Company. He was/is not involved in the appointment of Icon Law LLC or its provision of legal services to the Company. |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes |
| Other Principal Commitments* Including Directorships# | Past (for the last five years) | Past (for the last five years) | Past (for the last five years) |
| * "Principal Commitments" has the same meaning as defined in the Code. | Directorships: 1. ADD Group Pte. Ltd. (Struck off) 2. FP (SIN) Pte. Ltd. 3. IGS Green Solutions Pte. Ltd. (Winding Up) 4. ISO-HomeCare Pte. Ltd. (Struck off) 5. ISO-Seal Engineering Pte Ltd (Struck off) 6. ISO-Seal Waterproofing Pte. Ltd. 7. ISO-Team Corporation Pte Ltd 8. ISOTeam AET Pte. Ltd. 9. ISOTeam C&P Pte. Ltd. 10. ISOTeam Homecare Pte. Ltd. 11. ISOTeam Renewable Solutions Pte. Ltd. 12. Pure Group (Singapore) Pte. Ltd. 13. Pure Projects Sea Pte. Ltd. 14. Raymond Construction Pte Ltd 15. R S M&E Pte. Ltd. (Winding Up) 16. SG Bike Pte. Ltd. 17. TMG Projects Pte. Ltd. (Winding Up) 18. TMS Alliances Pte. Ltd. Other Principal Commitments: Nil | Directorships: 1. Haru Imports International Pte Ltd 2. Resilient Crisis Management Solutions Pte. Ltd. (Struck off) Other Principal Commitments: As set out in Dr Teo's profile write-up in the "Board of Directors" section of this annual report. <u>Present</u> Directorships: 1. Tiong Seng Holdings Limited 2. King Wan Corporation Limited 3. Broadway Industrial Group Limited 4. Enviro-Hub Holdings Ltd. Other Principal Commitments: As set out in Dr Teo's profile write-up in the "Board of Directors" section of this annual report. | Directorships: 1. RHTLaw Asia LLP 2. Insights Law LLC/ZICO Insights Law LLC Other Principal Commitments: Legal Advisor, Association of Listed Companies, Singapore <u>Present</u> Directorships: 1. Icon Law LLC 2. Icon CorpServ Pte. Ltd. Other Principal Commitments: Legal Advisor, Australian Alumni Singapore Legal Advisor, Kazakhstan-Singapore Business Council Member, Law Society of Singapore Corporate Practice Committee, Equity Capital Markets Committee and International Relations Committee |
| # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8). | | | |
| Past (for the last 5 years) | | | |
| Present | | | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No | No |

CORPORATE GOVERNANCE REPORT

| | KOH THONG HUAT | TEO HO PIN | JEREMIAH HUANG WEIQUAN |
|---|----------------|------------|------------------------|
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No | No |
| (c) Whether there is any unsatisfied judgement against him? | No | No | No |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No | No |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No | No |

CORPORATE GOVERNANCE REPORT

| | KOH THONG HUAT | TEO HO PIN | JEREMIAH HUANG WEIQUAN |
|---|----------------|------------|------------------------|
| (f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No | No |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No | No |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No | No |
| (i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No | No |

CORPORATE GOVERNANCE REPORT

| | KOH THONG HUAT | TEO HO PIN | JEREMIAH HUANG WEIQUAN |
|---|--|------------|------------------------|
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, to the affairs of:— | | No | No |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | The Group had, in the course of its business, been fined by regulatory and statutory bodies such as the Ministry of Manpower and National Environmental Agency for infringement of certain environmental and safety rules and regulations from time to time. | | |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | | |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | | |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | | |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No | No |