

ACHIEVING A SUSTAINABLE BALANCE





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SUSTAINABILITY STATEMENT FY2018

FY2018 SUSTAINABILITY HIGHLIGHTS

MARKETPLACE

Induction into the MSWG-ASEAN Corporate Governance Recognition 2017 list

of Top 100 Companies with Good Disclosures and Top 100 Companies for Overall Corporate Governance and Performance



Received the Industry Excellence Award in the category of Construction and Infrastructure at the **National Annual Corporate Report Awards ("NACRA") 2017**



IJM Land **ranked among the Top 10 – Property Developers in Malaysia** at both The Edge Malaysia Property Excellence Awards 2017 and Property Insight Prestigious Developers Awards 2017

In FY2018, the Property Division established a robust customer engagement measurement system – recorded a **Net Promoter Score of +10.2**



Received the **Gold award** for Besraya Highway

on sustainable practices at the Malaysia Green Highway Index ("MyGHI") in 2017



ENVIRONMENT

22%



of our total waste footprint was **recycled** in FY2018 as compared to 19% in FY2017

Reduced 10%



of water consumption

from 3 million m³ in FY2017 to 2.7 million m³ in FY2018

Reduced 224,200 tonnes



of CO₂ in Pre-tensioned Spun Concrete ("PSC") piles production in the last 10 years

Our Plantation Division upholds

Zero Burning Policy

for all its operations



There were **no significant spills** at our Port operations in FY2018



COMMUNITY

Contributed over

RM1.9 million

to the community



Based on the London Benchmarking Group ("LBG") Framework,

90% of our efforts are strategic community investments with the remaining 10% as charitable gifts



Flagship programme,



Give Day Out

in its 8th year since its launch in 2011

15 scholarships totaling

RM664,500

given out via the IJM Scholarship Programme



The IJM Land Half Marathon and 'Run with Me' at the Bandar Rimbayu township attracted

9,500 participants



WORKPLACE

Employs **4,611** people across all business Divisions



Malaysian workforce consists of

64% Bumiputra, 27% Chinese and 7% Indians



Women make up 1/3 of our total labour force

38% executive role and 31% non-executive role

RM2.4 million

invested on 3,420 employees

over 1,200 training sessions spread out over 90,752 hours



73 participants

of our first Leadership Accelerated Development Programme ("LEAD")

graduated in August 2017

STATEMENT OVERVIEW

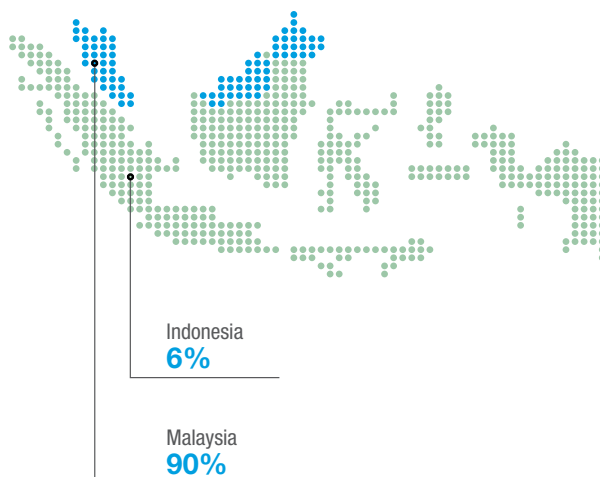
The Sustainability Statement is an on-going account of our efforts as a responsible company. We are accountable for our actions as we recognise it as fundamental to meet the high aspirations that we and our stakeholders have set for the Company.

This Sustainability Statement has been prepared in accordance to international reporting frameworks including the Global Reporting Initiative (“GRI”) Standards, in addition to meeting the requirements laid down by Bursa Malaysia Securities Berhad. The Community section adopts the LBG Framework, a recognised global standard used in GRI to measure, manage and benchmark corporate community investment.

The United Nations Sustainable Development Goals (“SDGs”) define global priorities and aspirations towards resolving economic, social and environmental challenges. We look to the SDGs as a guide to how our business can support the advancement of sustainable development, both by minimising negative impacts and maximising positive impacts on the people and the environment. The SDGs cover a wide spectrum of sustainable development topics such as poverty, health, education, climate change and environmental degradation.

This Sustainability Statement describes our governance, environment and social performance for the period 1 April 2017 to 31 March 2018. Our performance in these areas are reported throughout the four sections of this Statement: **Marketplace**, **Environment**, **Community** and **Workplace**. Data contained in this Sustainability Statement has not been verified by an independent third party.

The scope of this Statement covers only IJM Group’s business operations in Malaysia and IJM Plantations’ operations in Indonesia, which accounted for 90% and 6% of the Group’s total operating revenue in FY2018 respectively. The Statement includes data from IJM subsidiaries, but not from associates or joint ventures.



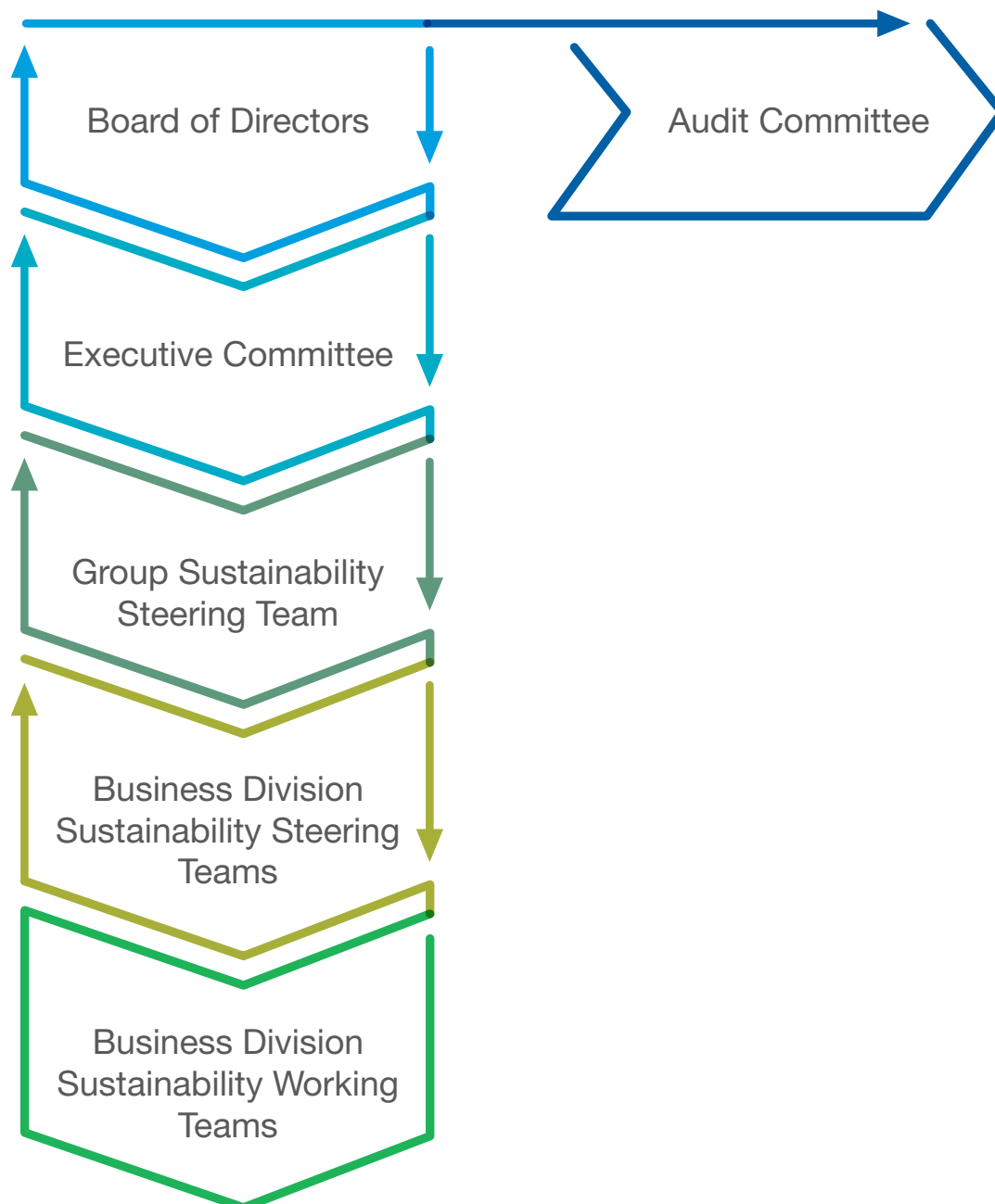
SUSTAINABILITY GOVERNANCE

Since FY2017, a Group-wide governance framework for sustainability was put in place. Our sustainability governance defines and guides us towards impact-focused targets that will drive and measure tangible impact to our business operations.

The sustainability framework is led by IJM's Board of Directors. The Board oversees the overall sustainability framework and sets policies to drive sustainable practices within the Group. The Executive Committee reviews quarterly progress to ensure that best practices are embedded across the Group and is responsible for approving investments or directions on major sustainability initiatives.

The Group Sustainability Steering Team oversees the delivery of the Group's sustainability strategy and the production of the Group's sustainability reports. The Group Sustainability Steering Team is in constant communication with the Divisional Steering Teams and Working Teams who drive and implement sustainability initiatives in line with the Group's sustainability strategy.

As an added measure, the Audit Committee is tasked with overseeing any periodic and ad-hoc audit or assurance activities with respect to sustainability management and reporting processes.

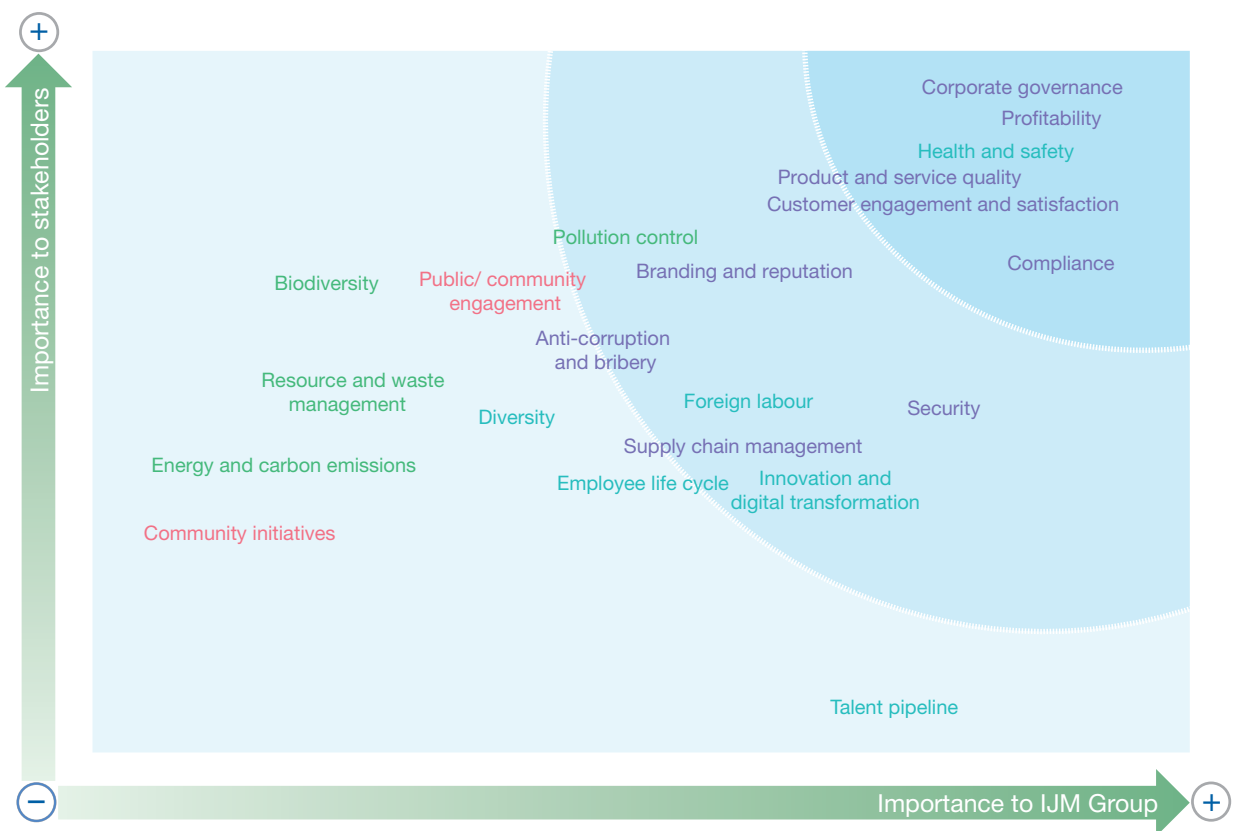


GROUP MATERIALITY MATRIX

The IJM Group matrix addresses key material topics that have been identified as important to our business and stakeholders. We considered and prioritised significant economic, environmental and social topics. These topics were positioned on the materiality matrix based on two axes – importance to IJM Group and stakeholders.

A workshop to determine the materiality matrix for FY2018 was conducted with 37 representatives from all six businesses and functional roles from Group Services. This included a review of the FY2017 Divisional matrices and incorporation of additional inputs from Group Services.

IJM CORPORATION BERHAD'S FY2018 MATERIALITY MATRIX



LEGEND:
 Marketplace Environment Community Workplace

A Group matrix of 21 priority issues were consolidated and presented to the Executive Committee for review and discussion. The top right section of the matrix outlines topics most material for IJM Group and our

stakeholders. All topics contained in the matrix are discussed in the four sections of this Statement – Marketplace, Environment, Community and Workplace.

TOP 5 MATERIAL TOPICS AND SUPPORTING SDGs

IJM welcomes the adoption of the SDGs, as they provide a universal call to action for tackling economic, social and environmental challenges in the coming years. IJM's focus on construction, property, industry, plantation and infrastructure corresponds to several of the priorities identified in the SDGs.

TOP 5 MATERIAL TOPICS	STATEMENT SECTION	SUPPORTING SDGs
Corporate governance	Contributing to a vibrant marketplace	  
Profitability	Business performance is covered throughout the Annual Report	
Health and safety	Ensuring a fair, inclusive and safe workplace	   
Product and service quality	Contributing to a vibrant marketplace	   
Customer engagement and satisfaction	Contributing to a vibrant marketplace	

PROGRESS AGAINST OUR TARGETS

We indicate below as to how we performed against our key targets for FY2018.

TARGET	FINANCIAL YEAR	PROGRESS UPDATE
Corporate		
Establish a Group sustainability roadmap	2018	<ul style="list-style-type: none"> • In progress. This target is extended to FY2020 to comprehensively address our diverse business activities
Marketplace		
Establish a robust customer engagement measurement system	2018	<ul style="list-style-type: none"> • Achieved. Established Net Promoter Score and Customer Satisfaction Score. Please refer to page 142
Environment		
Perform carbon footprint assessment	2018	<ul style="list-style-type: none"> • Achieved for Plantation and Industry factories. Please refer to IJM Plantation Annual Report 2018 and refer to pages 150 to 152 for more information on the Industry Division
Perform water footprint assessment	2018	<ul style="list-style-type: none"> • In progress. We will report on the assessment for the Industry Division in FY2019
Adopting new technologies to manage waste	2018	<ul style="list-style-type: none"> • Achieved. Concrete reclaimers have been installed to reduce concrete waste. Please refer to page 145
Community		
Develop a Group Community Investment Policy	2018	<ul style="list-style-type: none"> • Achieved. We have developed a Community Investment Policy. Please refer to page 156
Workplace		
Zero fatalities at the workplace for all business Divisions	On-going	<ul style="list-style-type: none"> • Not achieved. There were 4 fatalities in FY2018. Please refer to page 173
5% overall reduction in accidents	2018	<ul style="list-style-type: none"> • Achieved. Please refer to page 172
Review leadership competencies to enable business growth	2018	<ul style="list-style-type: none"> • Achieved. Leadership competencies have been identified. Please refer to page 169
Improvement measures following the feedback from the Employee Engagement Survey	2018 to 2020	<ul style="list-style-type: none"> • In progress. Implementation of action plans detailed on page 167

LEGEND:

• **Not achieved** • **In progress** • **Achieved**

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UPCOMING SUSTAINABILITY TARGETS

TARGET	FINANCIAL YEAR
Corporate	
Develop a Group sustainability roadmap	2020
Marketplace	
Develop a Group Supply Chain Policy	2019
Environment	
Perform a water footprint assessment on the Industry Division	2019
Community	
Redesigning the volunteerism experience at IJM	2019
Workplace	
Zero fatalities at the workplace for all business Divisions	On-going
Develop a Group Human Rights Policy	2019
Improvement measures following the feedback from the Employee Engagement Survey	2018 to 2020

CONTRIBUTING TO A VIBRANT MARKETPLACE

As an organisation with diverse business operations, IJM's drive for sustainable growth is achieved not only through shared values and synergies across the Group, but also by creating and enhancing shareholder value. We recognise that in order to succeed in today's global marketplace, embedding sustainability into our business is key to our Company's reputation and long-term success. In this section, we review IJM's approach and contribution as a responsible business Group and outline key marketplace relationships for FY2018.

OUR CODE OF ETHICS AND CONDUCT

We are committed to creating a Group corporate culture to operate our businesses in an ethical manner while upholding the highest standards of professionalism. Our business principles commit us to comply with all laws, rules and regulations of each country in which we operate. Our Code of Ethics and Conduct provides the principles and standards of business ethics and conduct of the Group. Beyond strict adherence to local laws and regulations, the code spells out the expectations of employee behaviour and conduct at work. The Code of Ethics and Conduct is made available to all employees and can be accessed from our Company website.

ANTI-CORRUPTION AND BRIBERY

At IJM, the Code of Ethics and Conduct affirms expectations on employees to understand and comply with laws, rules and regulations applicable to their position and/or work including the relevant provisions of the Malaysian Anti-Corruption Commission Act 2009 and Anti-Money Laundering and Anti-Terrorism Financing Act 2001. The Code of Ethics and Conduct states, among other things, that employees will not accept nor provide personal gifts, favours, entertainment or services, in cash or in-kind, that will or will appear to influence objective and fair business decisions.

Our Whistle Blowing Policy spells out the policy and procedure for reporting corruption and other wrongdoings. IJM Group ensures the anonymity of employees, associates or any third party who report their concerns on suspected and/or known instances of misconduct, wrongdoing, corruption, fraud, wastage and/or abuse. Whistle blowers will also be protected against reprisals and/or retaliations in response to their disclosures. IJM Group treats all disclosures as sensitive and will only reveal information on a 'need to know' basis or if required by law, court or authority. The Whistle Blowing Policy can be accessed from our Company website.

CORPORATE GOVERNANCE AND COMPLIANCE

We are guided by the Malaysian Code on Corporate Governance 2017 in ensuring the principles and best practices of good corporate governance is applied throughout the Group. IJM has been accorded awards recognising our good corporate governance practices including induction into the MSWG-ASEAN Corporate Governance Recognition 2017 list of Top 100 Companies with Good Disclosures and Top 100 Companies for Overall Corporate Governance and Performance. The Top 100 Malaysian public-listed companies listing is based on disclosures from 900 companies assessed using the ASEAN Corporate Governance Scorecard.

Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement on pages 100 to 110 of the Annual Report.

Our commitment to advocate higher standards in business and financial reporting by promoting transparency and accountability was again recognised at the National Annual Corporate Report Awards ("NACRA") 2017. IJM received the Industry Excellence Award in the category of Construction and Infrastructure.

IJM Group has established effective standard operating policies and procedures, defined levels of authority and guidelines for recruitment and human capital development in our effort to ensure compliance with internal controls, laws and regulations. These policies, procedures and guidelines are subjected to regular reviews and improvements; and have been communicated to all employees.



INTEGRITY

We act with professionalism in everything we do and with everyone we deal with, always delivering on our promise.

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VALUING NON-FINANCIAL PERFORMANCE

Mainstream investors increasingly use Environment, Social and Governance (“ESG”) factors to help them determine the long-term value of a company. On 1 March 2018, Bursa Malaysia visited our corporate

office and gave an overview of the FTSE4Good Bursa Malaysia Index framework to the Sustainability Steering Teams of IJM Group and our business Divisions. The briefing provided us a detailed understanding of the FTSE methodology and assessment on IJM as well as investors’ expectations of companies on sustainability issues.

ENGAGING STAKEHOLDERS

Proactive stakeholder engagement ensures our business activities are viable, strategic and relevant. We engage with a diverse group of stakeholders as shown in the following table.

STAKEHOLDERS	WHY WE ENGAGE	METHOD AND FREQUENCY OF ENGAGEMENT	KEY TOPICS RAISED
Shareholders, investors and lenders	Investors and lenders provide us with the financial capacity to sustain our growth. We work to ensure our investors and lenders have a strong understanding of our strategy, performance and business fundamentals.	<ul style="list-style-type: none"> • Annual general meetings • Bi-annual analyst briefings • Investor conferences and regular meetings • Company website • Annual reports • Site visits 	<ul style="list-style-type: none"> • Business strategy and impacts • Financial and operational performance • Socio-environmental practices and commitments
Clients/customers	Focusing on customers’ needs is part and parcel of our core value. We engage with our customers to understand their needs and identify opportunities to improve.	<ul style="list-style-type: none"> • Customer service platforms e.g. phone calls, email, social media • Customer satisfaction surveys • Events and site visits • Health, Safety and Environment (“HSE”) surveys 	<ul style="list-style-type: none"> • Product and service quality • Timely delivery of projects/products • Sustainability management i.e. certification, best management practices
Subcontractors and suppliers	Our broad range of subcontractors and suppliers support many aspects of our business. We encourage them to adhere to high standards of professionalism and collaborate with us to ensure we can continually improve our operations and deliver mutual benefits.	<ul style="list-style-type: none"> • Tender sessions • Subcontractor/supplier HSE performance evaluations • Site visits • Events, briefings and trainings 	<ul style="list-style-type: none"> • Product and service delivery • Payment terms and timeliness • Subcontractors/suppliers’ compliance, capabilities and commitment • Legal and HSE compliance • Human rights • Product innovation

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STAKEHOLDERS	WHY WE ENGAGE	METHOD AND FREQUENCY OF ENGAGEMENT	KEY TOPICS RAISED
Regulators and Government authorities	Regulators and the Government set the legal framework where we operate. We engage with them to ensure we comply with existing legislations.	<ul style="list-style-type: none"> • Compliance and certification exercises • Periodic site visits and audits • Company representation at initiative/technical working groups • Briefings and trainings • Annual report 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Certifications/awards • Industry best practices and updates
Media	The Media is our primary channel of communication across a wide variety of key stakeholders. They disseminate information such as our Company's financial performance and provide us with valuable feedback and insights about the sectors where we operate.	<ul style="list-style-type: none"> • Press releases and interviews • Annual reports • Company website • Events e.g. media appreciation events, project launches 	<ul style="list-style-type: none"> • Business performance and direction • Industry outlook • Company events and activities
Employees	We work to create a diverse and inclusive workplace where we support every employee to reach their full potential. Employee satisfaction is important and we continuously strive to ensure we are delivering to their expectations and supporting their wellbeing. This enables us to retain and develop the best talents.	<ul style="list-style-type: none"> • Workplace by Facebook • Intranet • Annual performance appraisals • Triennial MyVoice employee engagement surveys • Annual townhall meetings • Forums, trainings and workshops • Sports club i.e. Kelab Sukan IJM • Employee events e.g. festive celebrations, annual dinners, IJM Games 	<ul style="list-style-type: none"> • Business performance and direction • Career development • Learning and development • Employee welfare and benefits • Employee wellness • Health and safety
Local community, industry associations, academia and Non-Governmental Organisations ("NGOs")	We work in partnership with the local community, industry associations, academia and NGOs to build positive relationships and ensure that we can deliver mutual benefits.	<ul style="list-style-type: none"> • Community outreach and development programmes e.g. Give Day Out, sports programmes • Events e.g. product launches, festive celebrations • Company website and advertisements • Annual reports and social media • Educational site visits • Briefings and trainings 	<ul style="list-style-type: none"> • Company reputation and branding • Good corporate citizenship • Project development plans • Best management practices and industry-related research • Partnerships

CONTRIBUTING TO THE INDUSTRY

We actively participate in industrial association activities to learn, develop and contribute to a collective voice towards best practices for the industries where we are involved in. Below is a list of associations where our Group and Divisions are members and active partners:

GROUP/DIVISIONS	LIST OF ASSOCIATIONS
Group	Minority Shareholder Watchdog Group (“MSWG”) Malaysian Indian Business Council (“MIBC”) Malaysia South-South Association (“MASSA”) Malaysia-Japan Economic Association (“MAJECA”)
Construction	Construction Industry Development Board (“CIDB”) Master Builders Association Malaysia (“MBAM”) National Institute of Occupational Safety and Health (“NIOSH”) Royal Institution of Surveyors Malaysia (“RISM”)
Property	FIABCI Malaysia Real Estate and Housing Developers’ Association Malaysia (“REHDA”) REHDA Penang REHDA Negeri Sembilan REHDA Selangor REHDA Wilayah Persekutuan REHDA Johor Sarawak Housing and Real Estate Developer Association (“SHEDA”) Sabah Housing and Real Estate Developers Association (“SHARED”)
Industry	Federation of Malaysian Manufacturers (“FMM”) Malaysian Employers Federation (“MEF”) Malaysian Institute of Human Resource Management (“MIHRM”) Malaysian Institute of Management (“MIM”)
Plantation	Malaysian Estate Owners’ Association (“MEOA”)
Port	ASEAN Ports Association Malaysia (“MAPA”) Malaysian Employers Federation (“MEF”) Gebeng Emergency Mutual Aid (“GEMA”) Federation of Malaysian Manufacturers (“FMM”) Malaysian Oil and Gas Services Council (“MOGSC”)
Toll	Persatuan Syarikat-Syarikat Konsesi Lebuhraya Malaysia (“PSKLM”)

ADVANCING CONSTRUCTION AND PROPERTY DEVELOPMENT THROUGH COLLABORATIONS AND SITE VISITS

We work closely with the Construction Industry Development Board ("CIDB") and Master Builders Association Malaysia ("MBAM") to drive the transformation of the construction industry in Malaysia.

Representatives from IJM are part of working groups to advance sustainability rating tools in areas of environmental management and green technology. We participate in CIDB's Malaysian Carbon Reduction and Environmental Sustainability Tool ("MyCREST"), in partnership with the Real Estate and Housing Developers' Association Malaysia ("REHDA"), to promote low-carbon and sustainable practices among developers and construction industry players in Malaysia. IJM also shares knowledge by collaborating with these associations on key issues such as affordable housing and the adoption of the Industrialised Building System ("IBS").

Our Construction Division has regular engagements with the Department of Occupational Safety and Health ("DOSH") to understand and comply with national and industry benchmarks. In conjunction with IJM HSE Day on 27 July 2017, DOSH Putrajaya visited our corporate office to brief us on the Guidelines of Occupational Safety and Health in the Construction Industry (Management) 2017. The session provided details on the latest operational compliance requirements by the authority and management of safety, health and welfare.

We hosted DOSH Putrajaya and State DOSH (Perak and Selangor) on a site visit to the West Coast Expressway Project. During this visit, we showcased HSE management and mitigation measures implemented at the site. We also collaborated with DOSH in the Third Country HSE Training Programme, where IJM hosted 28 delegates from Cambodia, Laos and Myanmar at Menara Prudential, our on-going construction project in Kuala Lumpur, on 26 September 2017.



Our Construction Division regularly engage with the Department of Occupational Safety and Health ("DOSH") to understand and comply with national and industry benchmarks



Our Industry Division was invited by CIDB Negeri Sembilan to conduct introductory training on the Spun Pile process on 2 October 2017

PROMOTING AND PROTECTING PALM OIL INTERESTS THROUGH FORUMS

Our Plantation Division is an active member of the Malaysian Estate Owners' Association ("MEOA"). We contribute operational knowledge and expertise to the industry fraternity consisting of other small and medium plantation companies, independent estate owners, researchers and investment analysts. One such platform is via an annual oil palm seminar which addresses topics ranging from best management practices to oil palm nutritional requirements, physiology and yield components.

We also have exchanges at various national forums on topics such as industry trends and competitiveness, plantation inputs and sustainable initiatives. These efforts are aimed at raising the industry standard and managing challenges and opportunities impacting the plantation industry.



Dato' Soam Heng Choon, in his capacity as REHDA Deputy President at the World Urban Forum on 8 February 2018

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INCREASE HIGHWAY PROFESSIONALISM THROUGH STAKEHOLDER COORDINATION

Our toll highways entities are members of the Association of Highway Concessionaires Malaysia (“PSKLM”), a mediating platform between concessionaires, authorities and the public to address issues on highway operations in Malaysia. This platform provides a conducive environment to discuss about increasing the professionalism amongst highway operators as well as promoting standardisation of facilities and services at the highways. Feedback from road users obtained through the Highway Customer Satisfaction Index were shared with PSKLM and the Malaysian Highway Authority (“MHA”) to help them strategise policies and organise community engagement activities, plan and coordinate future projects.



PSKLM Annual General Meeting on 28 March 2018

COMMITMENT TO QUALITY

Our business strategy addresses the quality of our products and services, including our processes and people.

Our Construction, Property and Industry Divisions have transitioned to the latest ISO 9001:2015 whilst our Port and Toll operations are in the midst of securing compliance. The latest ISO 9001:2015 combines the process approach with a new core concept of risk-based thinking to prioritise processes, employs the Plan-Do-Check-Act (“PDCA”) cycle in the organisation to manage the processes and system as a whole, and drive improvements.

As the quality of construction work and materials used are amongst the main concerns of property buyers, CIDB established a system called Quality Assessment System in Construction (“QLASSIC”) in 2001. It measures and evaluates the workmanship quality of a building construction based on the Construction Industry Standard, through a scoring system. This financial year, the Property Division attained a QLASSIC score of over 80% for a number of its developments, namely, The Light Collection III, Seri Riana Residence, De'Bunga Residensi, Saujana Duta and the Fairway Golf Villas at Seban Cove. The De'Bunga Residensi was awarded the highest accolade achievable for quality in the form of Best QLASSIC Achievement Awards 2017 for the small (less than RM20 million) residential category.



Dato' Hoo Kim See receiving the Best QLASSIC Achievement Awards on 21 August 2017

Our Plantation Division's focus on quality and sustainability is substantiated by national and international certification standards such as International Sustainability and Carbon Certification (“ISCC”), Malaysian Sustainable Palm Oil (“MSPO”) and Indonesia Sustainable Palm Oil (“ISPO”).

ENSURING CUSTOMER SATISFACTION

At IJM, ‘Customer Focus’ is one of our core values and is reflected in how we do business with the overarching goals of fulfilling and improving customer experience. This year, customer engagement and satisfaction remained a material topic across all our Divisions. We are focused on understanding and responding to the different and constantly evolving needs of our customers via customer satisfaction surveys, market surveys and brand audits.

In our efforts to connect with customers, we are mindful of our responsibility to protect individual privacy and personal data. IJM Group has a formal Privacy Policy, in English and Bahasa Malaysia, and is compliant with the requirements of the Personal Data Protection Act 2010. The policy can be accessed from the Company's website.



Enhancing IJM Land's Customer Experience at all touch points

As part of our continuous efforts to enhance customer experience, IJM Land launched the VIP Principles in May 2016, thereby establishing a guide for all IJM Land employees across functions to treat all our stakeholders with warmth, respect, dedication and care.



We recognise that each stakeholder has different needs; it is our duty to offer knowledgeable opinions and solutions. In doing so, we keep to our promises and are timely in our responses, actions and deliverables. These principles are aimed at delivering a consistent customer experience across various touch points – our sales galleries, sales administration, property management and maintenance.

In FY2018, robust measurement systems were introduced throughout our Malaysian operations, namely Net Promoter Score ("NPS") and Customer Satisfaction Score. Measurement benchmarks were set during the year from the results of surveys conducted with our recent purchasers. The Division recorded an NPS of +10.2, indicating that IJM Land retains a positive level of customer loyalty that generates word-of-mouth referrals. This was corroborated through our Customer Satisfaction Score where the average satisfaction level among all homebuyers was at 80%, with 95% of them likely to recommend our properties to their family and friends.

Our Property Division launched the Mystery Shopper Programme in November 2017 to gauge our service standards. The results were satisfactory and the programme also enabled us to identify areas for improvement to maintain high service standards at various customer touchpoints.

The Division's sales galleries, amenities and facilities are designed to provide homebuyers with an authentic experience of their prospective purchases. Some of our galleries are equipped with cutting edge technologies such as guided virtual tours. Online interactive tours are available to potential homebuyers to experience a Google Street view of the actual property development, surrounding areas, access roads and environmental features.

Client survey conducted by Construction and Industry

Our Construction Division conducts annual customer satisfaction surveys with an aim to achieve an overall rating of at least 75% for all projects. The surveys focus on the Division demonstrating our ability for on time delivery, project management, technical competency, effective problem solving and risk mitigation. In this reporting period, the Division was rated with an average score of 78%.

In FY2018, Industrial Concrete Products Sdn Bhd ("ICP") achieved an average customer satisfaction score of 94.5% as compared to 95.9% achieved in FY2017, still exceeding their target of 80%. The annual customer feedback exercise focuses on product quality and performance, communication, product delivery and after sales service.

Improving highway user experience

Our Toll operations received 205 complaints in FY2018 (FY2017: 111 complaints), all of which have since been resolved. The most common complaints were regarding collisions with the Automatic Lane Barriers ("ALB") at toll booths which damaged the road users' cars. As a preventive measure, we are looking into installing safety sensors and optical barriers at the tolls.

In the Highway Users Satisfaction Survey, our highways continued to exceed the service rating of 82% set by the Malaysian Highway Authority. The survey evaluates performances on various criteria including highway and toll plaza management, patrol services as well as rest and service areas.

BRANDING AND REPUTATION

At IJM, we are committed to building a positive reputation with stakeholders across our footprint. Our tagline 'We Deliver' is an integral part of the IJM brand, representing our commitment towards delivery, performance, efficiency and quality.

Our stakeholders recognise IJM's track record of consistently creating value over the long-term. We are known for our deep industry knowledge, excellence in product and service delivery, integrity and professionalism across the industries we operate in. The IJM brand and reputation are important aspects that our business partners and new talents consider.

We are enhancing our brand equity through the implementation of a comprehensive branding programme which is supported by positioning our brand strategy, messaging and identity across all communication channels. Initiated in September 2017, this branding programme aims to drive a unified and consistent identity across all operations, while strengthening the awareness and perception of the IJM brand.

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RECOGNITION FOR BEST PRACTICES IN CONSTRUCTION

Our Construction Division was recognised at the launch of the International Construction Week 2018 for achieving the 5-star CIDB Competitive Rating for Enhancement Programme ("SCORE"). The SCORE assessment is based on business and financial performance, technical capabilities, project and procurement management as well as best practices.

We also received the National Council for Occupational Safety and Health ("NCOSH") award 2017 for the Puteri Cove Residences construction project in Johor. The award is the highest level of recognition for Occupational Safety and Health ("OSH") excellence at the workplace in Malaysia, giving national acclaim to employers, media and organisations from various industries for their commitment towards OSH at workplaces. This marks the third time our Construction Division has received this prestigious accolade.

EXCELLENCE IN PROPERTY DEVELOPMENT

In FY2018, IJM Land was again ranked among the Top 10 – Property Developers in Malaysia at both The Edge Malaysia Property Excellence Awards and Property Insight Prestigious Developers Awards. At the Starproperty.my Awards 2018, we were awarded the All-Star Award for Top Ranked Developer of the Year. The Excellence Winner for the Poseidon Award (Best Waterfront Development) was accorded to The Light Waterfront Penang.

Our Bandar Rimbau township won 'World Gold' in the Master Plan category at the FIABCI Prix d'Excellence Awards 2017. The international competition for real estate developers showcases excellence in all aspects of development. IJM Land was also voted as one of Malaysia's well-loved brands in the 'Property Development' category of the Putra Brand Awards 2017.



The Edge Malaysia Property Excellence Awards



Awarded the All-Star Award for Top Ranked Developer of the Year at the Starproperty.my Awards 2018

PROMOTING GREEN HIGHWAY

Apart from implementing the Environmental Management System for proper management of disposed items, the installation of nature-friendly LED lamps at our highways have shown durability, increased energy efficiency and cost savings. In recognition of this, our Besraya Highway was awarded the Gold Award at the Malaysia Green Highway Index ("MyGHI") Awards. The award was given upon assessing five core areas; sustainable design and construction activities, energy efficiency, environmental and water management, material and technology as well as social and safety.



Besraya received the Gold Award at the MyGreen Highway Index Awards on 24 October 2017

SUPPLY CHAIN MANAGEMENT

We are committed to supporting business opportunities and capacity building in relation to the local and diverse suppliers in our operations and supply chain. Our commitment to our core values of 'Integrity, Teamwork, Innovation and Customer Focus' extends beyond our own activities. It is essential that our suppliers are aligned to these values to ensure operational excellence. To achieve this, we are currently working on a Group Supply Chain Policy that we aim to communicate to our suppliers and subcontractors in FY2019. The policy intends to supplement our contracts with suppliers and subcontractors by communicating our expectations in these areas: compliance with laws; integrity; labour and human rights; workplace health, safety and environment; as well as quality assurance and management.

REDUCING ENVIRONMENTAL IMPACT

Climate change, environmental pollution, resource scarcity and increased urbanisation can contribute to significant and indelible changes to the communities and environment. In all of our business operations, we strive to lower the amount of pollution and waste we generate, conserve and protect water supplies, protect biodiversity, curb unnecessary energy usage and reduce carbon emissions. In this section, we report on our environmental performance and actions taken in this reporting period.

Our Construction and Industry Divisions comply with the latest environmental management system ISO 14001:2015. The Property Division is also in the midst of obtaining ISO 14001:2015. The new format for ISO 14001:2015 addresses the importance of senior leadership commitment to business management and risk-based thinking.

05 Sustainability Statement

PREVENTING POLLUTION

We are committed to controlling and preventing environmental pollution in our operations to preserve a healthy ecosystem. All Divisions adhere to the Environmental Pollution Control Guidelines on air and noise pollution control in line with the objectives of our HSE Policy.

Our Construction Division regularly monitors air and noise quality to comply with the Environmental Quality Act 1974. Controls put in place include periodic monitoring of air quality, noise and vibration levels at project sites; dampening sites and access routes with water to contain dust; using press-in piling methods during foundation works and noise curtains to prevent noise pollution; as well as prohibiting open burning to prevent emission of smoke, particles and toxic gases.



The road sweeper and road water jetter during a routine road cleaning activity at the Port



Ambient air monitoring

The Plantation Division upholds the Zero Burning Policy for all operations. In view of possible fire occurrences in spite of the strict policy implementation, the Division has in place fire emergency response teams at each operating unit.

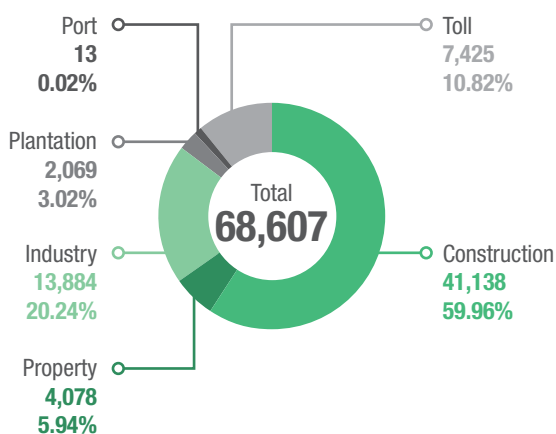
The Industry Division monitors air, water and noise quality issues. At our quarries, apart from the sprinkler system applied at our production areas, dust pollution is minimised by using road spraying exercises with collected rainwater. Fugitive dust are also controlled by limiting vehicle speeds at 15km per hour at operating areas. Similarly, power sweepers, water jets and road spraying exercises are used to ensure the cleanliness of Kuantan Port's operations area. Nine-metre high airborne mitigation panels are erected in the port area to prevent dust from polluting the surrounding areas.

REDUCING AND MANAGING WASTE

In FY2018, resource and waste management was identified as an important matter for all of our business Divisions and stakeholders. As a Group, we generated over 68,600 tonnes of waste during the reporting period. The highest volume of waste generated in FY2018 were from the Construction Division (41,138 tonnes), Industry Division (13,884 tonnes) and Toll operations (7,425 tonnes) which mainly comprised of waste concrete, cement, timber, rebar as well as highway pavement waste and milling waste. These operations are continuing their recycling efforts to divert more wastes from landfills. Around 22% of our total waste footprint was recycled in FY2018.

Our Construction Division is committed to protecting the environment and incorporates a more sustainable approach by applying a lifecycle perspective in their projects from the design and planning stage to the end product and disposal stage to reduce waste generation. This approach helps us identify the gaps and gives rise to opportunities to maximise positive environmental impacts where we operate.

Total scheduled and non-scheduled waste generated (MT)



The Division has adopted the principle of waste hierarchy in our operations to minimise waste in landfills. To achieve this, we adopted methods of work that produce less waste such as the Industrialised Building System (“IBS”) for building projects and the use of steel moulds and formwork systems instead of conventional construction methods. Efforts have been made to reduce waste generation by recycling the residue from concrete pumps to make concrete blocks as vehicle barriers at project sites.

CONCRETE RECLAMATION

Our Industry Division continues to reclaim concrete waste generated from operations since January 2016. The concrete reclaimer is used to segregate sand, aggregates and slurry effluent from unused concrete resulting in cost savings and effective waste management. A new concrete reclaimer was installed at the ready mix concrete batching plant in Nusajaya in this reporting period.

In FY2018, the system reclaimed 858 tonnes of sand and 841 tonnes of aggregates for production use instead of landfilling. The recovered sand and aggregates are mixed into the stockpile and reused in production. Slurry effluent from the concrete reclaimer flows into the tank and allows suspended particles to settle out of water as it flows slowly through the tank, thereby providing recycled water. Water separated by this method, totaling 3,919 m³, is reused for concrete batching, truck washing, sprinkler system and cleaning purposes.



The recovered aggregates and sand are mixed into the stockpile and reused in production

MONITORING OUR WATER FOOTPRINT

Water availability is crucial for the continuity of our business operations. Our use, diversion and discharge of water into the environment impacts people and natural ecosystems. Understanding the way we use our water in our business operations is a step to determining potential issues not only for our operational use, but also the community and natural ecosystem who rely on surface water such as rivers, lakes, reservoirs and groundwater resources.

As a Group, we reduced our water consumption by 10% from 3 million m³ in FY2017 to 2.7 million m³ in FY2018. Our Plantation Division and Port operations were the largest consumers, accounting for 69% of our total water footprint.

REDUCING ENVIRONMENTAL IMPACT

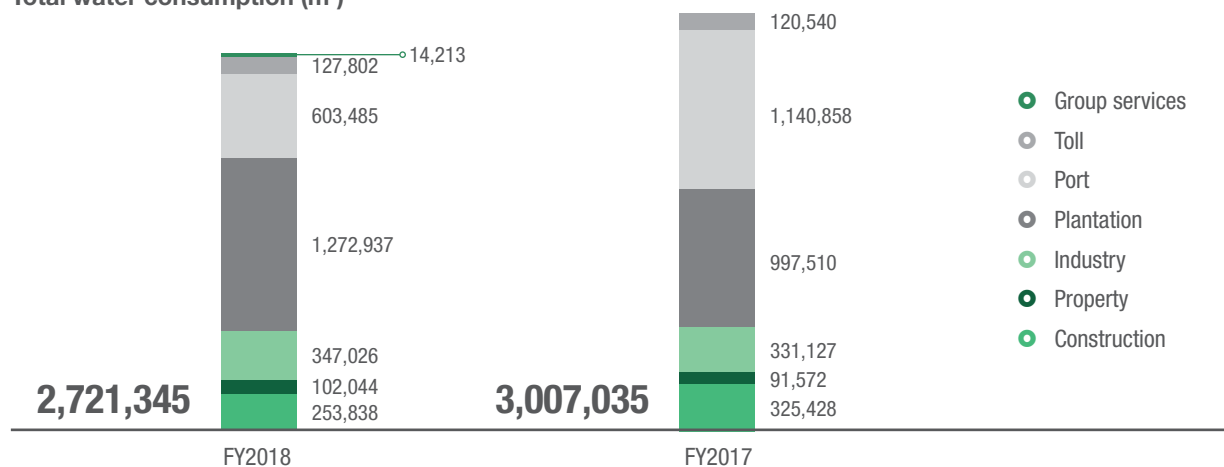
Our Plantation Division used over 1.2 million m³ in this reporting period, with 725,684 m³ and 547,253 m³ from the Malaysian and Indonesian operations respectively. The processed water sourced from catchment ponds is largely used for the processing of fresh fruit bunches (“FFB”) in our mills.

Our Port operations halved its amount of water consumption in FY2018 as compared to the last reporting period with total water consumption of

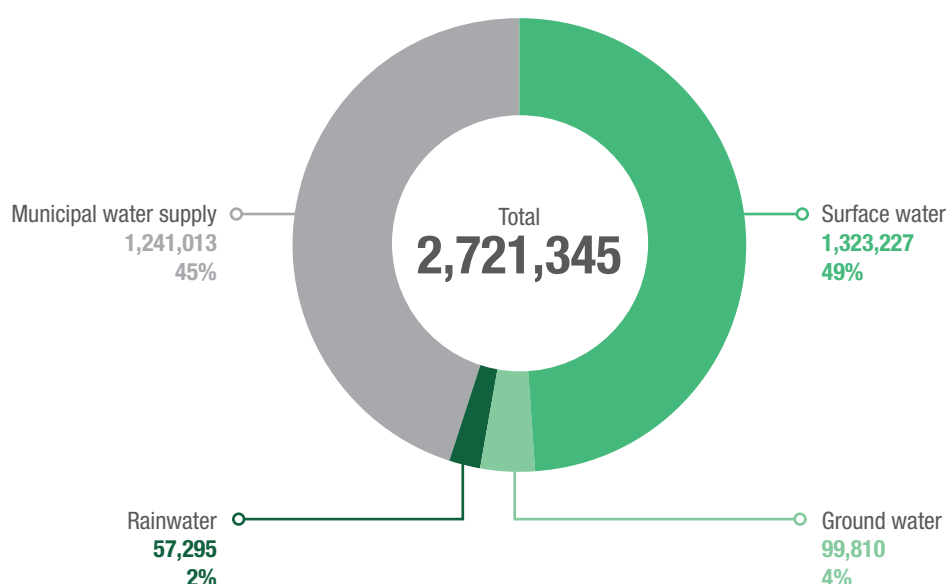
603,485 m³. This included 50,290 m³ of surface water, 50,290 m³ of rainwater and 502,905 m³ of water from municipal sources that was largely used for domestic purposes and cleaning exercises at the operation areas.

Our Industry Division consumed 13% of the IJM Group’s total water consumption, with 259,441 m³ from municipal sources, 80,585 m³ of ground water and 7,000 m³ of rainwater.

Total water consumption (m³)



Total water consumption by source (m³)



Note: Water consumption data for FY2018 does not include that of external subcontractors for Construction Division

WATER MANAGEMENT, RECYCLING AND REUSING

In line with SDG Goal 6 to ensure the availability and sustainable management of water, we are making efforts to increase water-use efficiency across our businesses. Through the Environment Quality Monitoring Programme (“EQMP”), we also assess the quality of the environment surrounding our operations and ensure water sources are not affected by our business activities.



Wastewater treatment system implemented at the construction site to ensure water quality complies with the stipulated limits

Monitoring of water quality

Our Plantation Division has in place a water management plan at all its sites, including stringent periodic audits to ensure the adherence of the environmental management plans and policies. The Division continues to monitor the Palm Oil Mill Effluent (“POME”), wastewater generated from palm oil milling activities, and agrochemical use. POME requires

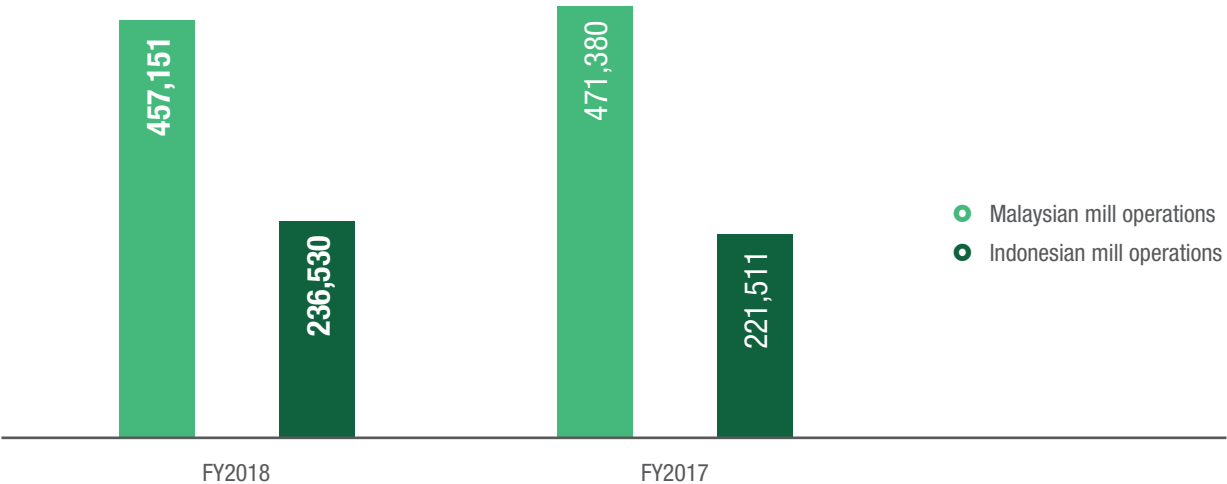
effective wastewater treatment via ponding systems and tertiary treatments to achieve the discharge quality as stipulated by local regulators. In FY2018, total POME generated from our Plantation Division’s Indonesian mill operations increased by 7% due to an additional mill operation and an increase in production. Rich in nutrients, treated POME is discharged to the fields for irrigation. A zero waste discharge policy is adopted at the mills.

Our Port operations abides to all local and international regulations, including the Marine Oil Pollution Convention (MARPOL 73/78 Convention) and the International Safety Guide for Oil Tankers and Terminals (“ISGOTT”). All oil tankers docking at our Port must adhere to the ship-shore safety checklist. Our Port conducts oil spill drills and the Oil Spill Emergency Response Team is always on standby for emergencies. No significant spills were reported in this reporting period.



Environmental monitoring

Total POME generated from Plantation’s mill operations (m³)



Rainwater harvesting

Several Divisions have implemented rainwater harvesting systems to reduce our consumption of water.

DIVISION	EXAMPLES OF HARVESTED WATER USAGE
Property	Landscaping at The Light Waterfront, Penang and The Arc at Bandar Rimbayu, Selangor
Industry	Road cleaning at all quarries and factories
Plantation	Mill processing, nursery irrigation and domestic use
Port	Washing bays
Toll	Landscaping and road cleaning at Loke Yew and Eco Majestic Toll Plaza

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05 Sustainability Statement

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PROTECTING LAND AND BIODIVERSITY

Our business operations can affect local natural habitats and the communities that depend on them. Where our operations have affected biodiversity and the communities who rely on biodiversity for their livelihoods, we apply stringent standards and take measures to protect habitats or ecosystems.

Our Construction Division, through its Erosion and Sedimentation Control Plan, enhances project aesthetics and eliminates damage to natural resources. Best management practices, include usage of sand bunds for land reclamation works along the seaside to prevent sea pollution, control of surface water run-off by constructing temporary drainage systems to prevent flooding and use of temporary measures such as groundcover, turfing, vegetation and hydroseeding to prevent slope erosions.

We have found ways to incorporate biodiversity into our property projects. A prominent feature of The Light Collection project in Penang is the waterways teeming with marine life. As opposed to having courtyards, the 1.5 acres salt-water waterways weaving around the clusters of residential buildings conserves corals and fish species such as baby sharks, blue tang, angelfish, clownfish, pomfret, stingray and threadfin. Marine aquatic experts are engaged to ensure that the water flowing in from the sea is suitable for the marine life. We have recently handed over the development and surrounding waterways to The Light Joint Management Body ("JMB") who will collaborate with the relevant authorities to maintain the marine ecosystem.

Our Plantation Division is committed to no deforestation of High Conservation Value ("HCV") areas. HCV areas have critical and outstanding importance due to their high ecological and social value. About 4,255 hectares

or 7% of the total planted land bank in our Malaysian and Indonesian operations have been set aside for conservation, biodiversity enhancement, research and education. When rare and endangered species are found through biodiversity surveying means, the habitats are conserved as HCV areas. To prevent illegal poaching, measures such as putting up appropriate signages on prohibiting wildlife hunting and patrolling are carried out in areas bordering forest reserves.

We have been working with smallholders through the Rurality programme, an initiative of The Forest Trust ("TFT"), an NGO aimed at driving innovation at the small farmer level. Previously, smallholders in Ulu Muanad village in Beluran, Sabah who supply to the Plantation Division's Desa Talisai Palm Oil Mill faced elephant encroachment issues at their oil palm estates. Through the Division's facilitation of human-elephant conflict dialogues, the stakeholders in the vicinities have grouped together and formed a patrolling team in handling the human-elephant conflict issues. As a result of this constant smallholder engagement, trust is established and efforts are collaboratively put in by the Division and TFT to support and develop these smallholders in raising their working knowledge, productivity and living conditions.



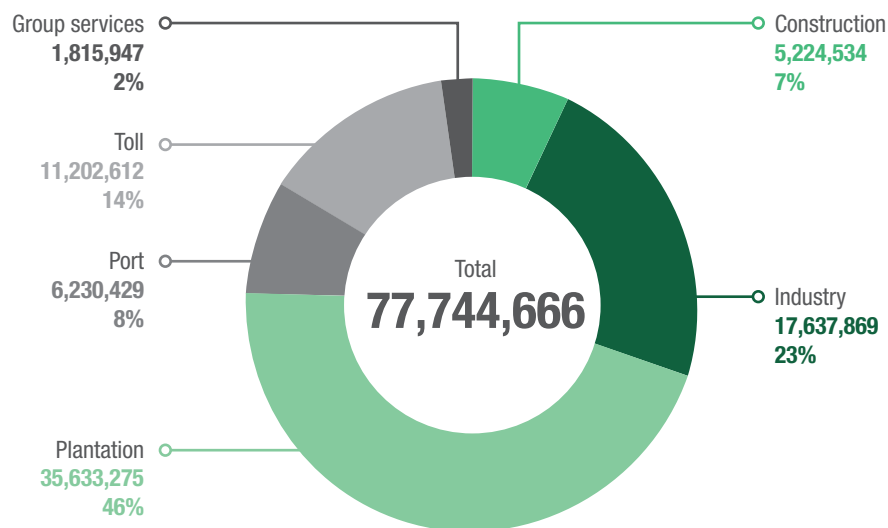
Waterways at The Light Waterfront, Penang

ENERGY AND CLIMATE CHANGE

We consume a significant amount of energy in our business operations. The use of energy can create negative environmental impact in the form of greenhouse gas emissions, whether direct or indirect, which contributes to global warming and air quality deterioration.

As a Group, we used over 77.7 million kWh of electricity in the reporting period. The biggest consumption of electricity was by our Plantation Division (35.6 million kWh), Industry Division (17.6 million kWh) and Toll operations (11.2 million kWh). Each Division has its own specific guidelines on strategic initiatives, performance standards and specific requirements relating to energy efficiency and climate change mitigation measures.

Total energy consumption by business (kWh)

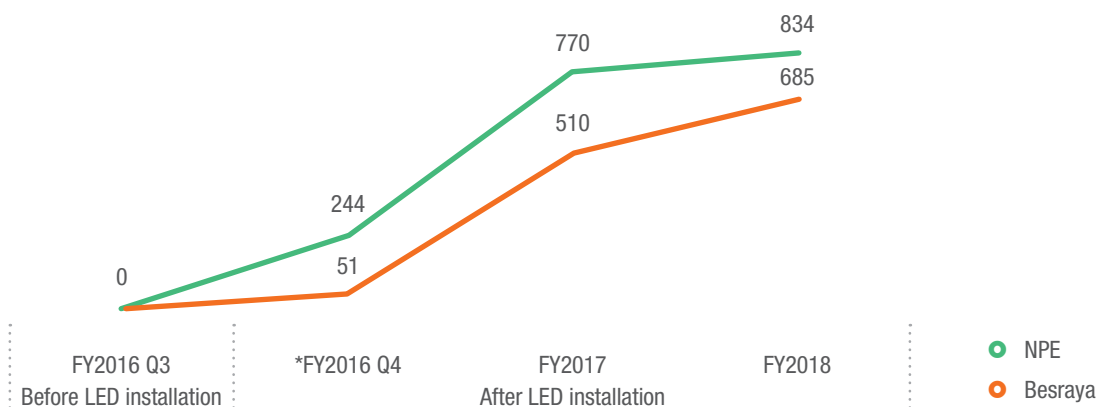


Lighting up our Tollways for a greener future

Our Toll operations began implementing energy saving efforts since 2015 by installing light emitting diode ("LED") lamps to replace high-pressure sodium vapour ("HPSV") lamps at the toll highways. Typically, LEDs are energy efficient, last longer and contain no mercury. Since installation, we have seen consistent

financial and energy savings. In FY2018, we saw 51% and 39% cost savings for Besraya and New Pantai Expressway ("NPE") respectively as compared to when HPSV lamps were used. This resulted in a cumulative reduction of 1,247 tonnes of CO₂ and 1,848 tonnes of CO₂ for Besraya and NPE respectively since installation of LEDs.

Annual CO₂ emission reduction following installation of LED lighting



Note: *Besraya and NPE LED savings were for two and three months in FY2016 respectively.

CASE STUDY: REDUCING CARBON EMISSIONS IN PRE-TENSIONED SPUN CONCRETE ("PSC") PILES PRODUCTION

Since FY2009, our Industry Division has been making conscious efforts to reduce carbon emissions in our 10 factories in Peninsular Malaysia. In this reporting period, the factories produced 1.8 million tonnes of piles.

We report our greenhouse gas ("GHG") emissions of these manufacturing plants in line with the recommendations of the Intergovernmental Panel On Climate Change ("IPCC"). In the last 10 years, our Industry Division has shown a cumulative reduction of 224,200 tonnes of GHG emissions collectively from Scope 1, 2 and 3 by using additives to cure concrete in replacement of autoclaves and installing rooftop solar photovoltaic ("PV") systems at our factories.

Based on the GHG Protocol, our GHG emissions are categorised into:

- Scope 1 – Direct CO₂ emissions that are emitted from sources owned or controlled by our organisation such as from stationary combustion of light fuel oil, diesel and natural gas to produce steam
- Scope 2 – Indirect CO₂ emissions that are consumed by our organisation such as purchased electricity for factory use, that may be offset by using renewable energy such as solar PV systems

- Scope 3 – Other CO₂ emissions related activities not owned or controlled by our organisation such as cement purchased for our consumption

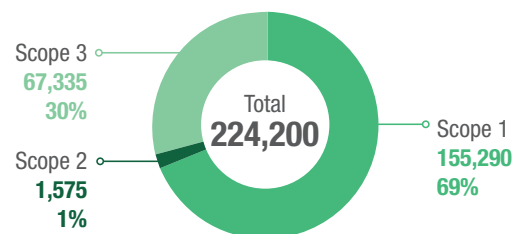
We have determined FY2008 as the base year of comparison since the introduction of additives in replacement of autoclaves began in FY2009.

In 2008, we discovered the use of Polycarboxylic Ether ("PCE") additives in the manufacturing process of piles, thereby eliminating the need for autoclaves that consume large amount of fuel.

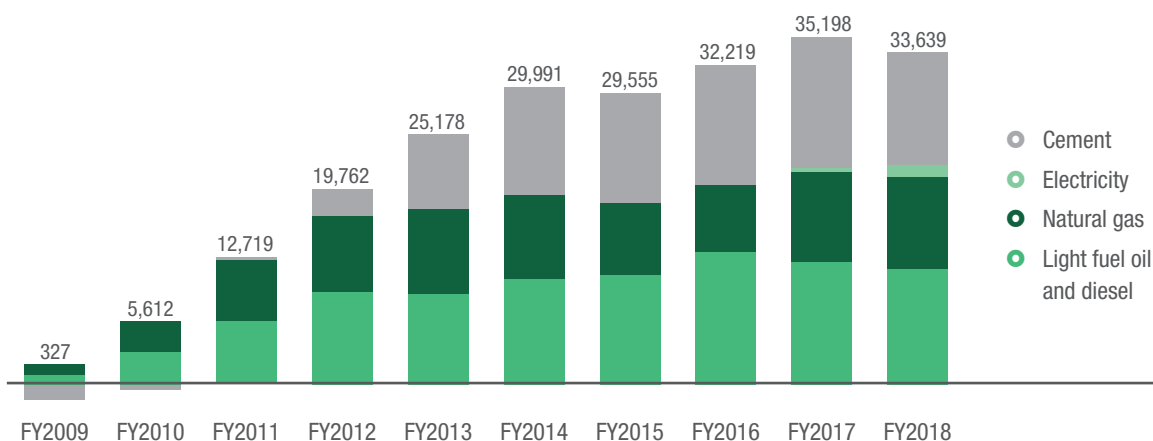
The Jawi, Klang and Kapar factories started using PCE additives in FY2009. By September 2012, all our factories utilise PCE additives in the concrete mix, contributing to a reduction in fuel consumption and an increase in productivity due to the faster curing time.

Since FY2009, our biggest reduction was seen in Scope 1 at 69% and Scope 3 at 30%.

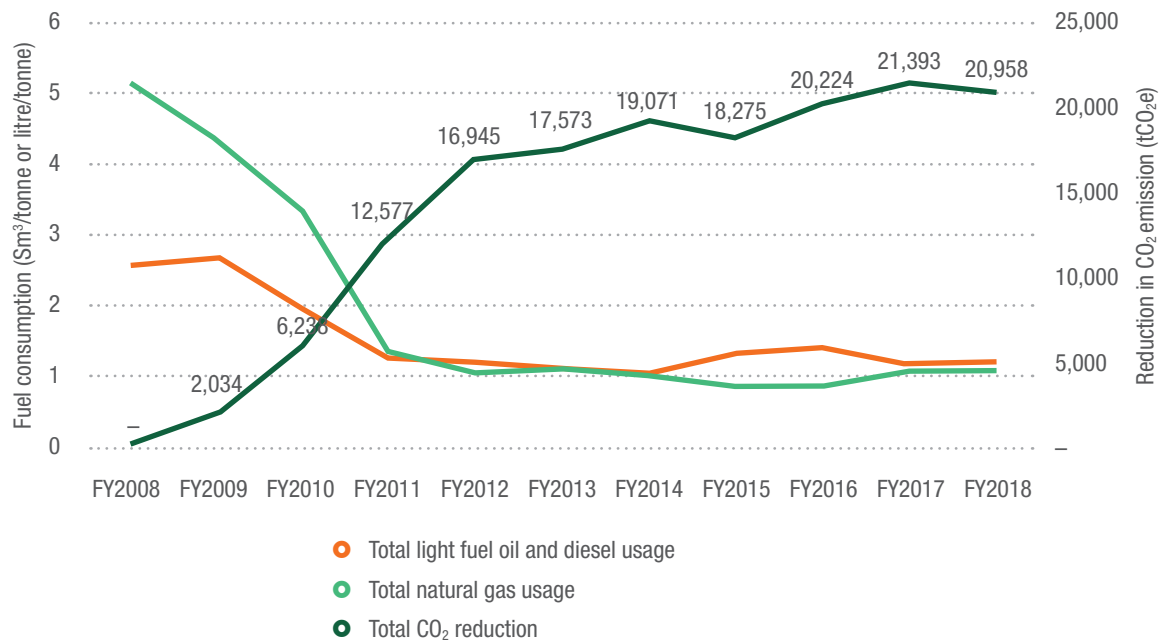
Total CO₂ reduction from FY2009 to FY2018 (tCO₂e)



Total CO₂ reduction by source and year (tCO₂e)



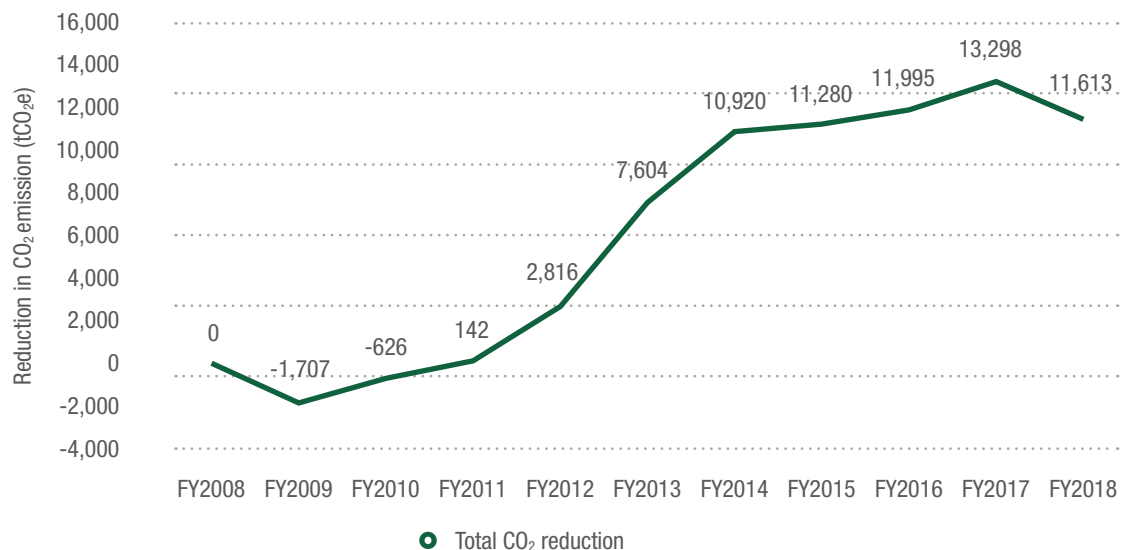
Fuel consumption vs CO₂ reduction



There was a slight increase in light fuel oil usage in FY2014 due to an additional manufacturing plant at Ulu Choh, Johor.

The use of PCE additives also resulted in a reduction of cement consumption, which is a major raw material.

CO₂ reduction from lower cement content per m³ of concrete



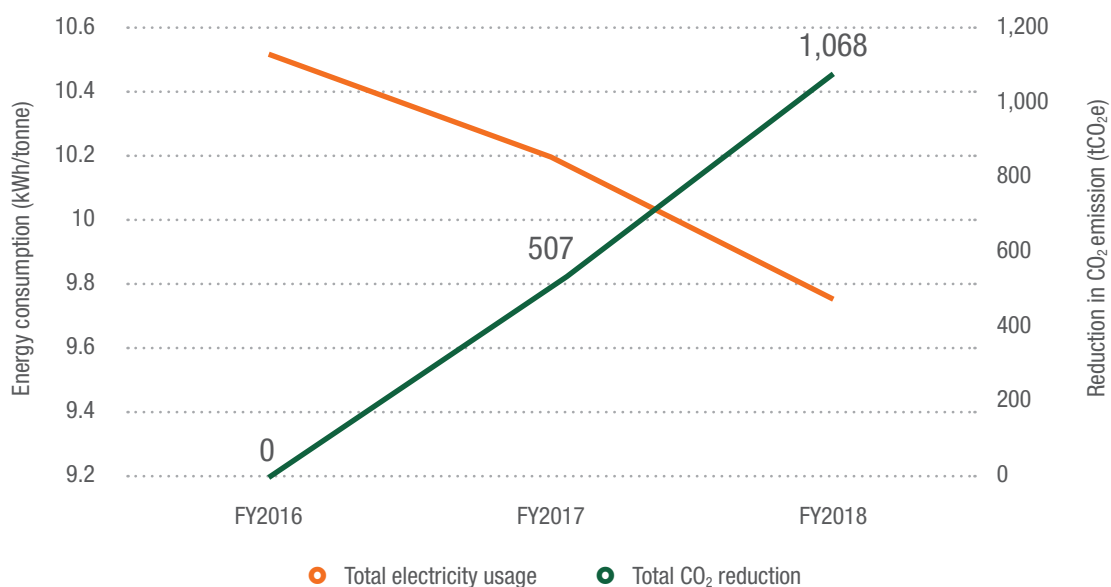
REDUCING ENVIRONMENTAL IMPACT

We installed rooftop solar PV systems at our Kapar factory in July 2016 and Jawi factory in October 2016. Having seen a reduction in CO₂ emissions by 506.7 tonnes, we expanded this effort to another three manufacturing plants – Senai,

Ulu Choh and Lumut factories in October 2017, January 2018 and February 2018 respectively. About 1,575 tonnes of CO₂ emission was avoided in the last two years due to the usage of renewable energy.

ICP factories	Kapar	Jawi	Senai	Ulu Choh	Lumut
Solar capacity (kWp)	445	700	666	900	776
Total solar energy generated (kWh)	476,397	780,611	299,731	172,833	112,354

Energy consumption vs CO₂ reduction



Rooftop solar PV system at Lumut factory

PROMOTING GREEN BUILDINGS

In support of SDG's Goal 9 on building resilient infrastructure, promoting sustainable industrialisation and fostering innovation; we are working to meet the demands of the changing global climate and customers.

Our clients are demanding for green buildings, a label that recognises the best in class buildings and practices that are environmentally responsible and resource efficient. Green building certifications give recognition to buildings that reduce negative impacts and create positive impacts on our climate and natural environment.

Our project portfolios with green building certifications are:

PROJECT	LOCATION	TYPE	GROSS TOTAL DEVELOPMENT AREA	CERTIFICATION TARGET	CERTIFICATION STATUS
The Light Linear	Penang	Residential	44,927 m ²	Green Building Index ("GBI")	Obtained
The Light Point	Penang	Residential	18,895 m ²	Green Building Index ("GBI")	Obtained
The Light Collection I	Penang	Residential	27,275 m ²	Green Building Index ("GBI")	Obtained
The Light Collection II	Penang	Residential	34,376 m ²	Green Building Index ("GBI")	Obtained
The Light Collection III	Penang	Residential	53,870 m ²	Green Building Index ("GBI")	Obtained
The Light Collection IV	Penang	Residential	39,507 m ²	Green Building Index ("GBI")	Obtained
The Address	Penang	Residential	21,867 m ²	Green Building Index ("GBI")	Obtained
Bandar Rimbayu	Selangor	Township	1,879 acres	Green Building Index ("GBI")	Obtained
Kondominium Altitude 236	Kuala Lumpur	Residential	28,773 m ²	Green Building Index ("GBI")	Obtained
Pantai Sentral Park (Parcel 2)	Kuala Lumpur	Residential	14,050 m ²	Green RE – Gold	In progress
Menara Prudential	Kuala Lumpur	Commercial	52,038 m ²	LEED Core and Shell	In progress



The Light City

CASE STUDY: BRIDGING ENVIRONMENT AND THE COMMUNITY AT THE ARC, BANDAR RIMBAYU

At the heart of our Property Division's 1,879-acre township of Bandar Rimbayu is an award winning building, The ARC, which was named after its curved shape. The ARC functions as a focal point for the community and the township. Designed with green open spaces, the self-sustaining building incorporates many features such as a giant canopy, elevated green roof deck, rainwater harvesting systems and photovoltaic ("PV") cells.

Green aesthetics and energy-saving features

The green canopy is designed to respond to the environment, in particular, the way it addresses and diffuses the effects of sunlight, heat, humidity and rain in our tropical climate. The canopy acts as a covered walkway to shelter intended community activities. The green roof keeps itself and the space below cool by sustainable means using soil and greenery as insulation. In doing so, the roof effectively replaces the original greenery on ground level with a new ecosystem on an elevated deck that not only provides an open space for recreation but offers higher vantage points for visitors and the community to enjoy the views of Bandar Rimbayu.

The orientation of the building was also optimised for energy saving. The ARC faces north-south with the western and eastern façade of the pavilion shaded by a green feature wall. This wall filters the sunlight and cuts down the heat transmission into the building. PV solar panels have also been installed on the metal deck roof of the current sales gallery building. The metal deck roof faces west to harness the energy of the sun and converts it into electricity. The energy generated is harvested for the maintenance and management of the building.



Elevated green roof with shade-providing curtain creepers

Sole reliance on groundwater and rainwater for landscaping

The ARC is water neutral as it relies solely on groundwater and rainwater. The elevated green roof deck insulates and filters collected rainwater before discharging it into the canal waterways. It is channeled by means of dripping through columns covered with shade-providing curtain creepers such as the *Vernonia Elaeagnifolia* before ending up in the perimeter creeks and retention waterways. Here, water evaporates and acts as a cooling system. The creek system functions as a rainwater collection vessel, utilising gravity to induce a perpetual flow, reducing the need for pumps or other forms that requires energy. The water quality, flow rate and retention volume collectively function as a rainwater harvesting system, where water is harvested for landscape irrigation purposes.

Much thought was also given when constructing the man-made lake. The entire 20,000 m² lake was constructed with Ethylene Propylene Diene Monomer ("EDPM") membranes as pond liners that can be maneuvered easily to the shape of the designed creek and lake. The EDPM is easy and flexible to install allowing for faster construction of the lake without engaging too much equipment and heavy machineries, thus reducing the impact on the environment.

Recycling and reusing waste materials

The inside of the sales gallery building is decorated with furniture and light fittings made from materials like recycled paper tubes, crushed aluminum cans and recycled Tetra Paks. Burned stained brick flooring, a vertical landscape and wall decorations made from recycled materials are part of the interior design. Excavated oil palms during the construction phase has been replanted to line the streets of the township.



PV solar panels installed on the sales gallery building roof



The ARC, Bandar Rimbayu

Engaging with the neighbouring communities

Besides running environmental impact studies on prospective project locations, our Property Division also engages with local authorities and the communities. The Orang Asli community, squatters and farmers living in this area including the local authorities were engaged in dialogues to understand concerns they might otherwise have. As a result, the community of about 200 families willingly relocated to a permanent housing of 159 bungalow units and 34 terrace houses provided by the Property Division.

Crime prevention through environmental design at Bandar Rimbayu

Understanding that safety and security are essential to our communities, Bandar Rimbayu incorporates elements of crime prevention through environmental design in the development of the area. The pedestrian walkways are separated from motorised lanes by a buffer to deter snatch thieves. To ensure quieter and safer neighbourhoods, we introduced cul-de-sac layouts, bright street lighting, speed bumps and other traffic calming devices to discourage speeding and pass through traffic.

INCIDENTS OF NON-COMPLIANCE

Our Construction Division received a fine of RM12,000 in FY2018 due to a mosquito breeding site that was found at one of the projects. This fine was issued for non-compliance with the Destruction of Disease-

Bearing Insects Act 1975 under the purview of the Environmental Health Law and Regulations. To prevent future occurrences of such incidences, we have reviewed our processes and standard operating procedures to ensure compliance at all of our construction sites.

NURTURING AND EMPOWERING COMMUNITIES

IJM Group and many of our colleagues voluntarily contribute to help communities address their development priorities. These engagements positively impact both the society and our business. In this section, we review the highlights for FY2018.

In early 2018, 23 representatives from all 6 businesses, including functional roles from Group Services, attended an internal community investment workshop. The workshop showcased analysis on previous community efforts based on the LBG Framework, the global standard for measuring corporate community investment and philanthropy. Besides learning about the LBG Framework, we discussed and worked towards a Group Community Investment Policy that would be relevant to all businesses and their communities.

The newly drafted Community Investment Policy helps direct our efforts toward a more focused and impactful contribution with measurable targets in the community. We focus our contributions across three pillars – Community Development, Sports and Education. The policy defines how we will contribute to the community, in partnership with our stakeholders and employees, to achieve the following objectives:

- Promote positive and sustainable impact in the communities where we operate
- Address community priorities that align with our business objectives to create mutually beneficial partnerships
- Create partnerships with external stakeholders and engage in dialogues with communities in order to address local social needs. IJM integrates community investment considerations into our decision-making and business practices

- Attract and retain like-minded employees who are motivated to make a difference in the community. We encourage our employees to support our community programmes as volunteers

Focusing on the three pillars with measurable targets will enable us to support the Sustainable Development Goals.

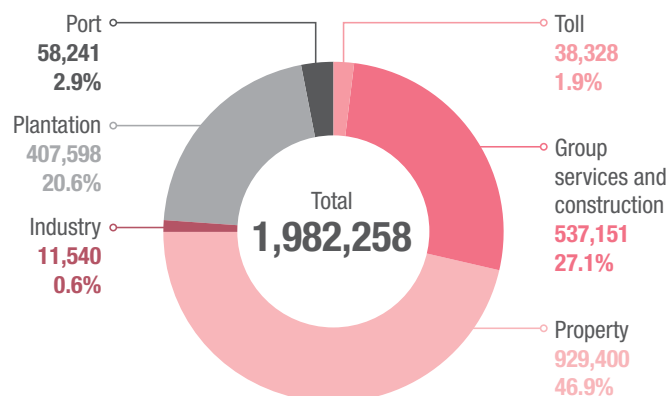
COMMUNITY INVESTMENT HIGHLIGHTS FOR FY2018

We regard community investment efforts as our voluntary engagement with charitable notions that extends beyond our core business activities. During the reporting period, IJM Group contributed over RM1.9 million to the community, amounting to 0.3% of our pre-tax profits.

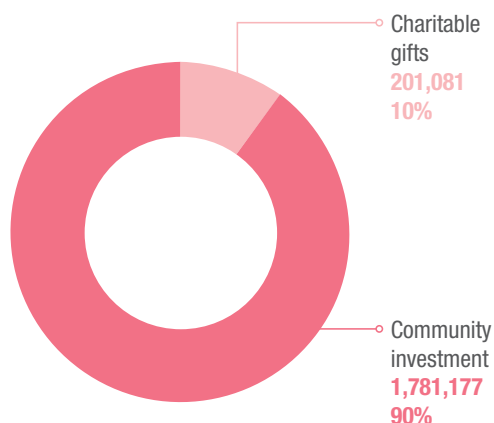
Our motivations matter too – 90% of our efforts are strategic community investments where we consciously invest resources to bring about social and environmental change where we operate; with the remaining 10% invested as charitable gifts which is often regarded as a response to short-term events.

Our biggest contributions are in developing communities and non-mainstream sports. We hope to develop our efforts on community investment, mapping out and measuring the consequent output and impacts from our initiatives.

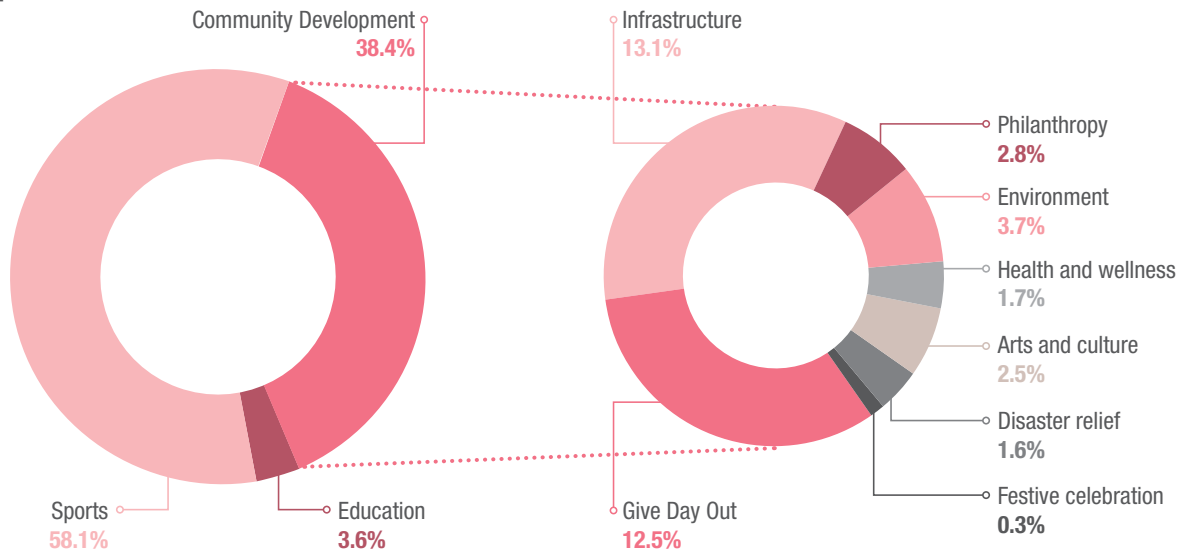
Expenditure by division (RM)



Motive for contribution (RM)



Supported causes



SUPPORTING COMMUNITY GROWTH AND WELLNESS

GIVE DAY OUT

Our flagship programme, Give Day Out (“GDO”), is now in its eighth year since it was launched on 3 December 2011. The programme was aimed at building relationships with the community and promoting a healthier environment, making good business sense as well as motivating and bringing our employees together.

In FY2018, the programme themed ‘Fun with Nature’ brought together close to 2,000 employees to improve the nature trails across the country. Some of these trails were at Bukit Kerinchi Recreational Forest in Kuala Lumpur, Kota Damansara Community Forest in Selangor, Seremban 2 Trail in Negeri Sembilan, Bukit Pelindung Eco Recreational Forest in Pahang, Elopura Forest Reserves in Sabah and Kuching Wetlands National Park in Sarawak.

The GDO has taken different forms over the years and is now being reviewed for group alignment, effectiveness and impact against our Community Investment Policy.



Give Day Out ‘Fun with Nature’ programme at Taman Bukit Kerinchi in May 2017

HOME REHABILITATION PROGRAMME

Now in its seventh year, our Property Division continues to enhance the lives of the underprivileged by restoring and rehabilitating homes for families around Malaysia, thus far in Penang, Johor, Negeri Sembilan and Sabah. With the help and support of our contractors and suppliers, the programme entails essential repair works and improvements, cleaning of the surrounding areas

and fresh coats of paint along with sponsorship of household items and products.

In the reporting period, the Division adopted and revamped two homes in Seremban, Negeri Sembilan and Padang Besar, Perlis. This programme is undertaken in close collaboration with the State Social Welfare Department to identify old, unsafe and dilapidated homes belonging to the less fortunate members of the community.



House condition before the Home Rehabilitation Programme



House condition after the Home Rehabilitation Programme

CARING FOR OUR COMMUNITIES AND IMPROVING LOCAL INFRASTRUCTURE

Our Plantation Division has long adopted a practice of helping develop neighbouring communities. In this reporting period, we invested around RM140,000 in road repairs to improve the accessibility for the locals in the Indonesian villages of Binai, Antutan and Susuk.

The Plantation Division, in collaboration with The Forest Trust ("TFT"), have identified potential income diversification opportunities for the villagers. We initiated the Social Entrepreneurship Project with the Women's Group in Kampung Ulu Muanad, Sabah under the Rurality Programme and assisted in the marketing of the products made by these women.



Initiated Social Entrepreneurship Project with the Kampung Ulu Muanad Women's Group



Road maintenance for better accessibility for neighbouring communities in Lampung estate, Indonesia

Our Property Division collaborated with the Nilai municipality to organise a gotong-royong session. The event saw the participation of Seremban 2 Heights residents' association cleaning up the surrounding environment.

During the year, we provided disaster relief to affected communities near our project sites. Our Construction Division responded to the aid of the residents of Taman Rashna, Selangor when they were affected by floods following a heavy downpour in November 2017. Our employees distributed food and drinks to approximately 1,000 residents from 150 flood-affected homes over the course of 3 days.

A massive flood also occurred in Penang in November 2017. Volunteers from our Industry Division based in Penang responded immediately to assist with the arduous clean-up work in affected areas. We sent

machineries and lorries including backhoes, mobile cranes and trucks to remove fallen trees, and to ferry debris and waste while our employees helped residents with the general clean-up efforts.



Flood relief by our employees in Penang in November 2017

CONTRIBUTING TO ARTS AND CULTURE

On 4 March 2018, our Property Division launched the Women's Mosaic Wall in conjunction with the International Women's Day 2018. The first-of-its-kind mosaic wall is located at Karpal Singh Drive in

Penang, displaying 74 distinctive pieces of special art in this public space. This event engaged more than 200 people, raising awareness of women's contribution to society. In a separate event, the Division supported the Butterworth Fringe Festival featuring arts, culture and heritage activities in our bid to support local talents.



Women's Mosaic Wall located at Karpal Singh Drive, Penang

PROMOTING HEALTH AWARENESS

Our Plantation Division works at grassroots level to elevate breast health awareness in rural schools in Sabah. In collaboration with the Sandakan Pink Ribbon, a support association for breast cancer prevention and treatment, the Division organised a breast health awareness outreach programme in Sekolah Menengah Kebangsaan Elopura 2. The Division also supported the Sandakan Pink Ribbon through their fundraising dinner and employee-led Zumba charity movement.

Our Toll operations contributed RM10,000 to the Malaysia Lysosomal Diseases Association and provided a platform to create awareness on lysosomal storage diseases, a rare genetic disorder that results from defects in the lysosomal function, during the Division's sporting event. Funds raised at the event provide life-prolonging treatment to patients suffering from this condition.



Breast health awareness grassroots outreach programme at SMK Elopura 2, Sabah



Move2Give fundraising Zumba charity event

BUILDING EDUCATIONAL CAPACITY

IJM recognises that access to education is one of the key enablers in eradicating poverty. The Education pillar aims to provide access to basic education and support the education needs of deserving individuals across our business operations.

PROVIDING GREATER ACCESS TO EDUCATION

The IJM Scholarship Programme was launched in 1994 and has empowered and nurtured deserving students; many of whom have since joined the Company as project and contract managers, accountants and engineers. In FY2018, a total of 15 scholarships totaling RM664,500 were granted.

We also give recognition to the children of our employees for achieving outstanding results in their SPM, STPM and A-Level examinations. A total of 50 students received the IJM Academic Excellence Awards in this reporting period. Apart from encouraging and rewarding students for their outstanding efforts, the award also recognises the role of parental involvement in children's education.

With the inclusion of one new learning centre this year, IJM Plantations, in collaboration with Humana Child Aid Society Sabah ("HCASS") has set up four Humana Learning Centres in Sabah that provide basic education for guest workers' children between the ages of 5 to 12 years. In addition, the Community Learning Centre ("CLC") conducts educational programmes for Indonesian guest workers' children aged between 13 to 15 years. The Division also provides transportation for the children to travel to local schools and learning centres.



IJM employees interacting with scholarship holders

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IJM Scholarship Programme and Academic Excellence Awards held on 18 August 2017

HOSTING SITE VISITS FOR STUDENTS AND INDUSTRY ASSOCIATIONS

The Industry Division organises educational visits for civil engineering students, sharing real life experiences such as managing project sites, manufacturing spun piles and the day-to-day factory activities. In April 2017, a visit to ICP Ulu Choh factory in Johor was organised for Universiti Teknologi Malaysia students, introducing the technologies and innovations practiced along with best practices on health, safety and environment, and thus inspiring the younger generation through practical exposure and knowledge.



Industry Division hosted local university students at their Ulu Choh factory

SUPPORTING CREATIVE TALENTS

IJM seeks to inspire and share our core value of 'Innovation' amongst the younger generation. In our fourth year of partnership with Nippon Paint Malaysia on the Asia Young Designer Award ("AYDA"), the competition sets out to develop and nurture young creative talents in architecture and interior designing in Malaysia and bridge the links between design education and the industry. This year's theme on 'You for Tomorrow: Future Living as Envisioned Today', attracted 1,109 entries from 44 participating design institutions in Malaysia. All AYDA gold and silver winners in the architecture and interior design categories were offered internships by our Property Division.

SPORTS FOR DEVELOPMENT

Our contribution to non-mainstream sports and sports development at the grassroots level constituted the largest portion of our community investment expenditure in this reporting period. Our involvement in sports is with the knowledge that it contributes to a range of positive outcomes on psychological, physical and social health; on top of creating a culture of respect, tolerance, togetherness and a sense of belonging.

CHAMPIONING NON-MAINSTREAM SPORTS

In our continued support to promote and develop rugby in Malaysia, IJM contributed to the 47th COBRA 10s 2017 Rugby Tournament that saw the participation of 10 teams with 220 participants, including 3,000 student spectators from all over Malaysia who were invited to witness these top-level competitions first hand at the stadium. IJM Plantations also supported the Eagles Rugby Club, Sandakan in their Rugby Development Programme for local schools as well as the Borneo 7s 2018 Rugby Tournament.



IJM Men's Club Volleyball Championship 2017



Rugby 10s Sabah school level competition that attracted the participation of 43 teams of different age groups



Supporting softball development at Sekolah Kebangsaan Tok Muda, Kapar



Contributing to the development of rugby

Besides rugby, IJM also supports volleyball as a long-term grassroots initiative. In addition to collaborating with the Malaysia Volleyball Association (“MAVA”) and Majlis Bandaraya Shah Alam (“MBSA”), IJM also sponsored the IJM Men’s Club Volleyball Championship 2017 that provided the opportunity for participants to enhance their skill and gain tournament exposure to prepare them for the 29th South East Asia (“SEA”) Games 2017.

In support of non-mainstream sports, the Industry Division contributed to the Sekolah Kebangsaan Tok Muda, Kapar Softball Team Development Programme. The school won second place in the district-level Klang Softball competition in 2017. The Division has been supporting the school since 2016 in the development of youth sports activities, encouraging their participation and discovering talents.



IJM was invited to draw lots for the 29th SEA Games Kuala Lumpur 2017

COMMUNITY-BASED SPORTS

In FY2018, we invested in community-based sports events encouraging healthy urban lifestyles that took place at the Group’s townships and toll highways.

Our Property Division organised the IJM Land Half Marathon held at the Seremban 2 township on 13 August 2017 and a fun ‘Run with Me’ at the Bandar Rimbayu township on 9 July 2017, attracting close to 9,500 participants collectively. IJM Land Half Marathon provides an additional platform for the community to contribute to charity, raising RM20,000 each for Pertubuhan Hospice Seremban and the Malaysia Lysosomal Diseases Association.

In separate events, IJM sponsored and organised the IJM-Allianz Duo Highway Challenge, connecting potential customers, community and employees through a shared passion for running. The event attracted more than 15,000 runners, with 5,700 runners at the Besraya Highway Challenge on 30 July 2017 and 9,400 runners at the NPE Highway Challenge on 10 September 2017. On 15 April 2017, our LEKAS highway hosted the RHB-Shimano Highway Ride and attracted more than 4,000 cyclists. These events were organised with the aim of promoting healthy urban lifestyles through running and cycling, as well as providing a safe and well-organised venue for sports enthusiasts.



IJM Allianz Duo Highway Challenge at Besraya on 30 July 2017



The press conference launching Malaysia’s first Duo Highway Challenge run

ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

Our business success depends on our employees, who are our catalysts for excellence and innovation. We strive to provide our employees a safe, inclusive and conducive work environment that allows for personal and professional growth. In this section we review the progress we have made in our workplace in FY2018.

DRIVING A DIVERSE AND BALANCED WORKFORCE

IJM Group employed 4,611 people across our business divisions as at 31 March 2018. Our biggest employers are the Construction, Plantation and Industry Divisions that collectively employ 57% of our total workforce. Permanent full-time employees make up about 86% of the workforce. We believe that our reputation as a responsible employer and our emphasis on the wellbeing of our employees are enablers to a conducive and productive workplace environment.

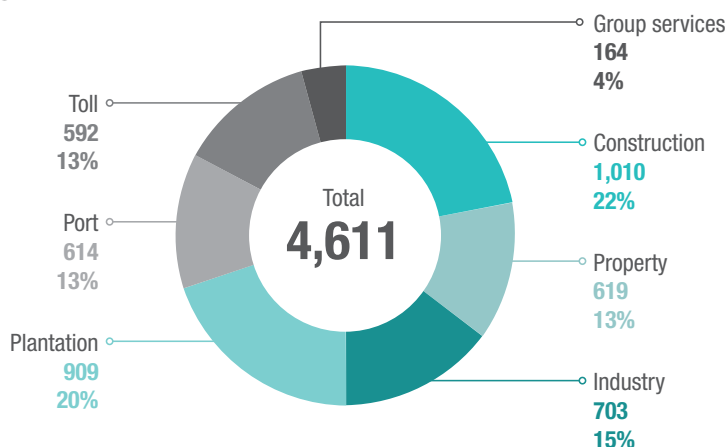
At IJM, we embrace a philosophy of openness in acknowledging differences of opinions, cultures and contributions among all team members, treating all with respect. Our Diversity and Inclusion Policy acknowledges the benefits of a diverse workforce in generating creative solutions and ensuring IJM Group maintains competitiveness in the ever-challenging and global business environment. Our hiring decisions

are made without regard to gender, marital status, nationality, ethnicity or age. At all times, we treat our employees with mutual trust and respect, including our direct and indirect employees.

As at 31 March 2018, 64% of our total Malaysian workforce were Bumiputra (Malays and indigenous populations), 27% Chinese and 7% Indian. Non-Malaysian nationals constitute less than 1% of the workforce in all Divisions except for IJM Plantations. Our Plantation Division employs 48% of non-Malaysians in Sabah, East Malaysia and its Indonesian operations.

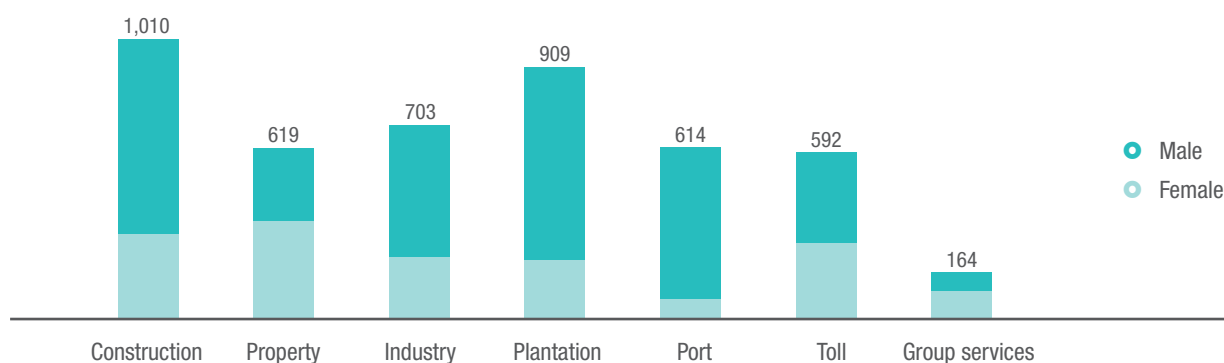
More than half of our workforce have been with IJM for more than five years. IJM's employee turnover rate remains lower than the market average of 12%, except for our Toll operations which has a higher turnover rate of contract workers.

Employees by business



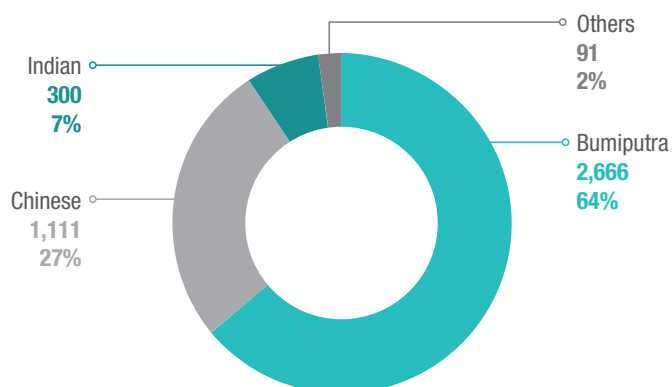
Note: Figures for IJM employees by business do not include workers employed by subcontractors and plantation workers

Employees by gender

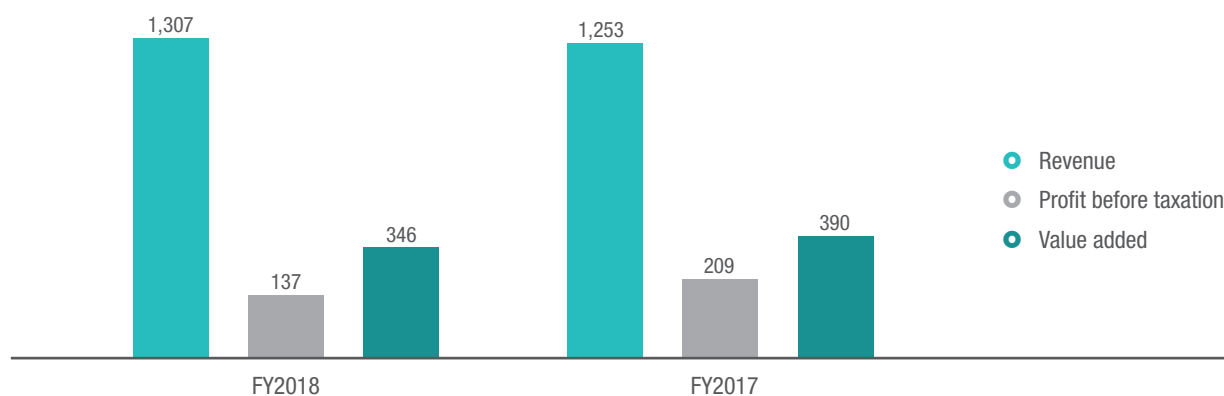


ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

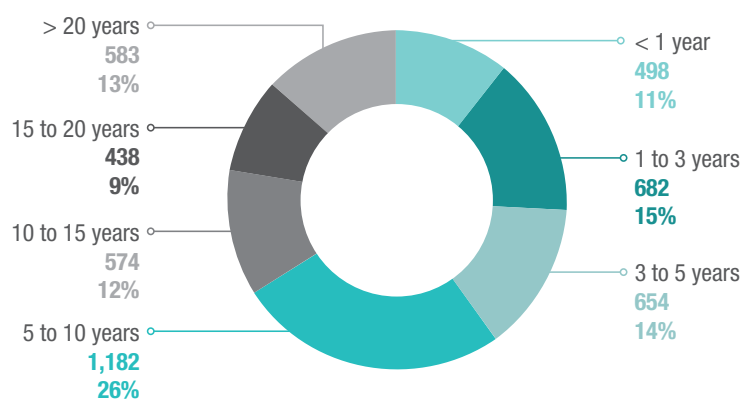
Malaysian employees by race



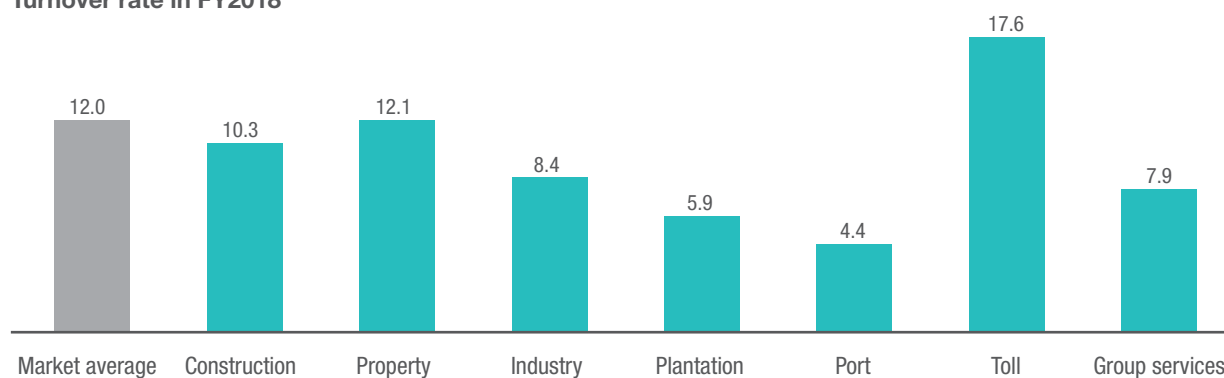
Productivity per employee (RM)



Workforce by length of service



Turnover rate in FY2018



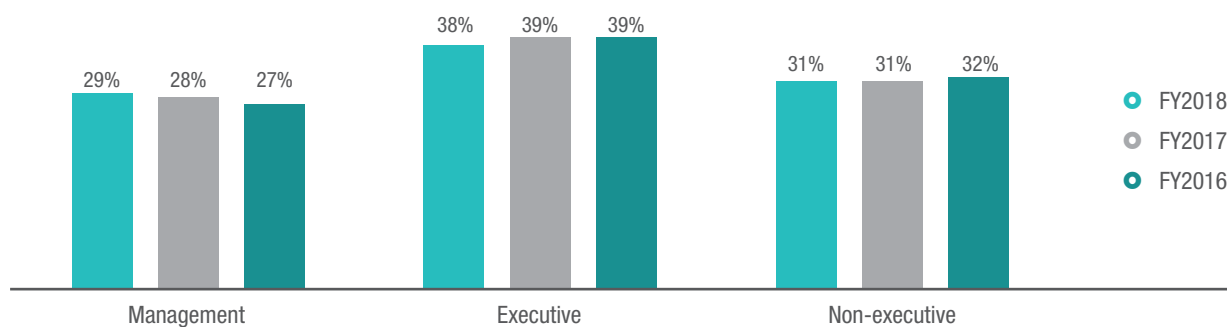


WOMEN ON BOARD

We believe in an inclusive workplace, and this includes promoting and improving gender equality in our workplace. Women make up one third of our total labour force. As at 31 March 2018, 38% of our executive roles and 31% of our non-executive roles are held by women.

Women in management roles make up just under one third of this category although we are seeing a consistent increase in the past three years. The Board will endeavour to meet the 30% women Directors as soon as practicable pursuant to the Board Diversity Policy, which can be accessed from our Company's website. In November 2017, we welcomed two women Directors, Tunku Alina Binti Raja Muhd Alias and Ms Tan Ting Min to our Board. Appointments of women directors have also been undertaken in some of the subsidiaries of the Group, including the listed subsidiary, namely IJM Plantations Berhad.

Women representation by employment category



ACHIEVING EMPLOYEE WELLBEING

The ability to live a healthy life that includes work-life balance is an important part of our commitment to our employees. We organise programmes covering total

wellness quadrants comprising physical, emotional, environmental and financial wellbeing. We believe these programmes will give our employees incentives, tools, social support and strategies to adopt and maintain healthy lifestyles.



Pink October – creating awareness on breast cancer on 13 October 2017

ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE



Encouraging workplace wellness programmes on 22 November 2017



Celebrating Family Wellness Day on 19 August 2017



Celebrating Deepavali at Wisma IJM

IJM provides fitness facilities at our corporate headquarters, Wisma IJM, including a gym and various fitness programmes. Our Plantation Division encourages our employees to participate in various sports activities by organising friendly matches throughout the year and providing sports facilities such as indoor sports amenities and football fields in our estates.

Employees from our corporate headquarters and Toll operations participated in a 3-month long wellness programme that integrated work-life balance, facilitating a change in lifestyle to attain better wellbeing and improve productivity. Part of the wellness programme, the Biggest Loser Challenge, drew 64 employee participants who underwent fitness classes, pre- and post-wellness measurements, health and dietary talks and diet behavioral change.

Other wellness programmes include weekly mindfulness workshops, yoga and Zumba classes, health awareness talks as well as family and financial wellness consultations. In addition, programmes on educating employees in the area of environment was done through movie screenings and recycling campaigns.

Kelab Sukan IJM ("KSIJM"), whose members consist of employees across the Divisions, allow for workplace camaraderie. Aside from organising sports and health-related activities, the sports club hosts recreational gatherings as well.



Hari Raya celebration at Kuantan Port on 22 July 2017



Kelab Sukan IJM Bowling Championship 2018 on 25 February 2018



Ping Pong Championship on 9 January 2018

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RESPECT FOR HUMAN RIGHTS

IJM recently established a Human Rights Policy that is available on the IJM website. IJM is committed to protecting the rights of our employees and treating them with dignity and respect. The Group also endeavours to operate in an ethical and responsible manner, and to prevent human rights violations in our business operations. This Human Rights Policy provides guiding principles to ensure that the Group adheres to basic human and labour rights and values with a view to achieving organisational goals and maintaining a sustainable growth through healthy, harmonious and professional work ethics.

IJM ensures our employees are earning a fair living wage. In line with the Minimum Wages Order 2016 in Malaysia, we increased the minimum employment wage from RM900 to RM1,000 in Peninsular Malaysia and RM800 to RM920 in Sabah and Sarawak. In our Indonesian operations, the Plantation Division adheres to the minimum wage agreements fixed by each provincial government and observes all related guidelines or revisions made to the agreements.

We respect the rights of our employees to associate and to collectively bargain in accordance to national laws. We recognise union representation, which amounts to about 3% of the Group's workforce, all from our Port operations. The communication of the collective bargaining agreement is performed in English and Bahasa Malaysia.

We are involved in businesses that rely highly on foreign workers. We are committed to protecting these workers' rights and treating them with dignity and respect as enshrined in our Diversity and Inclusion Policy. We comply with all applicable labour laws, rules and regulations in the countries where we operate.

The Group engages with a broad range of subcontractors and suppliers who support many aspects of our business. We expect our suppliers and subcontractors to extend the same rights and respect, as will be communicated via our Supply Chain Policy that is being drafted and shall be published in the next reporting period.

We implement HSE best practices at our workplaces to ensure the basic safety of our workforce and minimise the risks of accidents, injuries and exposures to health risks. Welfare facilities such as clean eating facilities, sanitary facilities, washbasins and prayer rooms are made available and accessible to all workers.

We do not tolerate child labour and forced labour in our direct operations and in our supply chains. IJM Group does not and will not employ any person below the age of 18 in Malaysia and 17 in Indonesia.



Plantation workers provided with passport lockers

HIGHLY ENGAGED EMPLOYEES

IJM's triennial Employee Engagement Survey ("EES") allows us to gather, analyse and respond to our employees' views and suggestions to improve employee experiences. The MyVoice Survey 2017 conducted by an independent third-party resulted in an 81% response rate. The survey results have been reviewed by the management and converted into implemented action plans in areas of performance management, career development, organisation image, operational efficiency and quality, organisational competitive position, leadership, as well as workplace conditions.

Some of the key highlights from the MyVoice Survey 2017 and actions taken:

- Desire for more face time with management. As a result, various business divisions conducted regular communication sessions with staff for clarity of business direction, progress and open dialogues. These engagements with senior management are done in various forms such as regional meetings, townhall meetings, forums and breakfast meetings
- Effective and timely review and feedback for better performance, productivity and accountability. As a result, IJM Group is reviewing the performance management framework and processes, as well as remuneration framework to raise reward differentiation
- Provide clarity of career paths and facilitate internal career opportunities. As a result, IJM Group launched a job mobility portal that promotes and facilitates career opportunities across our businesses
- Promote learning and development opportunities and build leadership capabilities. As a result, various businesses are identifying and rolling out relevant training opportunities for our employees. IJM Group has embarked on the second cohort of Leadership Accelerated Development Programme ("LEAD")

The next MyVoice Survey will take place in January 2020.



Port's townhall meeting on 31 January 2018

LEARNING AND DEVELOPMENT

We strive to develop a diverse pipeline of talents and give our employees opportunities to learn and grow, overcome challenges, take on new roles and adopt greater responsibilities. We know our current and prospective employees expect pathways to new opportunities that reward them for their performance and value contributions. Offering our employees a challenging working environment that tests and builds their capabilities not only sets them up for success, it also makes our businesses stronger and more innovative.

By investing in our employees, we not only build careers, we drive progress. As a result of this commitment,

IJM Group invested around RM2.4 million in 3,420 employees over 1,200 training sessions spread out over 90,752 hours.

We felt the need to provide employees a conducive platform to grow by learning new and valuable skills and encourage the creation of innovative ideas. On 1 February 2018, we launched a new vibrant learning environment for our employees. The new learning and development rooms are designed based on construction elements of wood, water and earth and were named after the revised elements of leadership competencies initiative launched on the same day – Resilience, Agility and Curiosity.

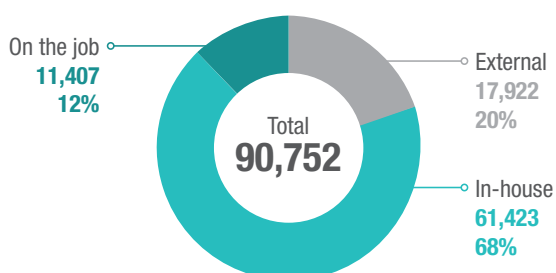


A training session held in the new Curiosity Room

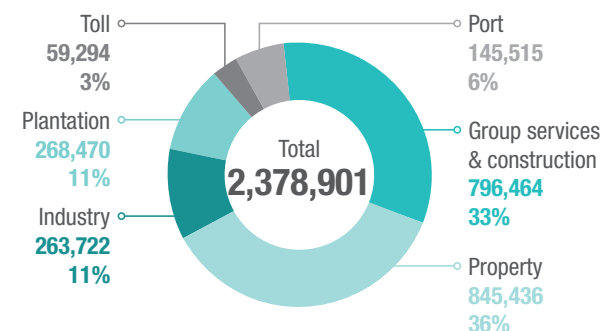


Hands-on training on basic occupational first aid, CPR and AED

Training hours by type



Learning and development spending by business (RM)



NURTURING FUTURE-READY LEADERS

In today's business environment, it is crucial for employees to adapt to constant changes. We make considerable efforts to future-ready our employees, unlocking their potentials to be forward thinkers and flexible to tackle unexpected future challenges.

We invest in development programmes to enhance our employees' leadership competencies. We do this via a two-year Leadership Accelerated Development Programme ("LEAD"), designed for our employees who have the ability to take on more challenges and responsibilities and aspire to rise to a senior role. Our

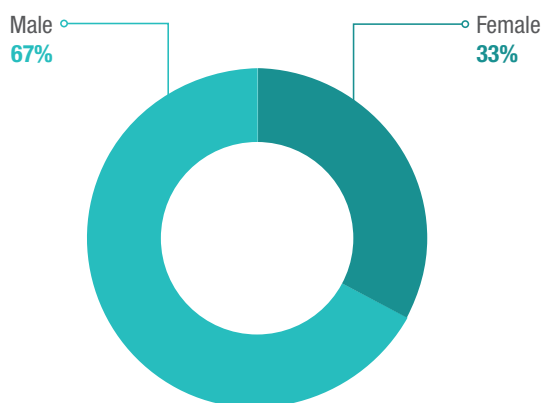
employees go through a robust assessment of their leadership potential before being accepted into the programme.

Our first LEAD cohort of 73 participants graduated in August 2017. In this programme, participants were exposed to a variety of leadership competency modules such as strategic thinking, intrapreneurial orientation and ownership, driving results and building effective teams. Half of the first cohort has been promoted since graduation. New modules on global mindset, resilience, learning agility and digital proficiency have been included in the programme for the second LEAD cohort.



The new learning and development rooms launched at Wisma IJM are named after elements of leadership competencies - Resilience, Agility and Curiosity

First cohort of LEAD by gender



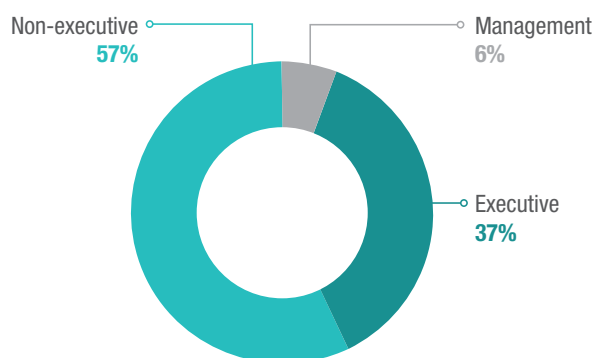
LEAD's first cohort of graduates

ATTRACTING TALENT

We acknowledge the need to look outside our Company to make sure we find the best people for each role. We aim to balance our internal promotions and external hires to achieve the most conducive mix of diverse talents, functions, subject-matter experts and organisational fit.

We are dedicated to attracting talented employees and giving them opportunities to achieve their work and life goals at IJM. We actively recruit the best talents via our Company's website, media advertisements, recruitment agencies, career fairs at schools and universities or via internal employee recommendations.

New employee hires by employment category



INNOVATE FOR TOMORROW

We are constantly connecting with students in our effort to identify tomorrow's leaders. Apart from organising leadership camps in schools, we embarked on a real-world case study, providing students an opportunity to gain real and hands-on work experience while studying.

'Innovate for Tomorrow' is an all-encompassing and integrated engineering challenge, allowing students to work and apply their knowledge on an actual business case for a period of six months. The challenge, opened to students from four local universities, focused on designing concepts for an actual 20.85-acres of land located at our Bandar Rimbayu township. The challenge enabled students to showcase and pitch ideas for a future township that millennials would find appealing.

Throughout the six months, participants attended a series of training workshops on mindset, skillset and toolset to help them prepare for the challenge. A total of 64 students from the fields of civil engineering, architecture and quantity surveying prepared and presented their mock up models of the actual township plans showing buildings, road circulation and public spaces to IJM's senior management and gained feedback on the feasibility of their plans.

This challenge enabled these university students to learn key employability skills such as communication, collaboration, creativity and critical thinking. The students gained an exposure to real-world corporate considerations that would benefit them upon graduation.



Leadership Camp at SMK Datuk Lokman on 15-16 July 2017 involving 152 student leaders and 20 IJM employees



IJM Land employees giving the 'Innovate for Tomorrow' participants an overview of the Bandar Rimbayu township

ENSURING SAFER WORKING ENVIRONMENT

Health and safety is a top priority. We strive to have zero fatalities by improving how we reinforce safe behaviour amongst our employees and contractors, strengthening the accountability of management for ensuring safe working environment, implementing workplace improvements on a regular basis and promoting a safety culture in our everyday activities.

IJM Group is guided by the motto, *'Health, safety and environment is everyone's responsibility'* and work towards:

- Complying with all applicable HSE legislation and other requirements
- Familiarise all employees and stakeholders with training, information and facilities available
- Increase awareness and accountability at all levels of the organisation
- Monitor and regularly review our set objectives

MANAGING AND MONITORING OUR HSE PERFORMANCE

Our HSE management system guides our conduct throughout our business operations in our commitment to protect both the people and the environment. We embrace self-regulation and ensure that compliance levels toward HSE regulations are met through internal audits at all our construction sites.

We are certified with internationally and locally recognised Occupational Safety and Health Management Standards known as OHSAS 18001:2007, MS 1722:2011 and ISO 14001:2015. These systems are adopted at all IJM construction sites, which enable us to systematically manage the HSE risks and opportunities and continually improve HSE performances. A total of 53 HSE surprise inspections and 18 HSE internal audits were carried out in FY2018.

During the period under review, we assessed potential risks associated with construction activities. The identified work hazards and risks were then eliminated or mitigated by implementing necessary control measures at the project sites.

HSE POLICY STATEMENT

Our Health, Safety and Environment ("HSE") Policy statement governs how we live up to our commitment to continuously improve on HSE practices. The HSE Policy, available in English and Bahasa Malaysia, has three objectives:

Prevent accidents

Prevention of accidents that may affect the Company's employees as well as the general public by implementing the best standards of HSE practices as well as effective management of risks in all our operations.

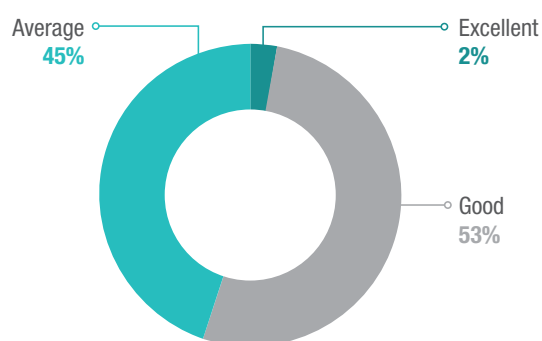
Prevent occupational illnesses

Promote the essence of healthy lifestyle among the Company's employees to ensure their health and wellness are well safeguarded from any occupational related diseases or illnesses.

Prevent environmental pollution

Protection of the environment from significant potential impacts resulting from the Company's operations via provision for pollution control measures and implementation of best environmental practices.

HSE surprise inspections

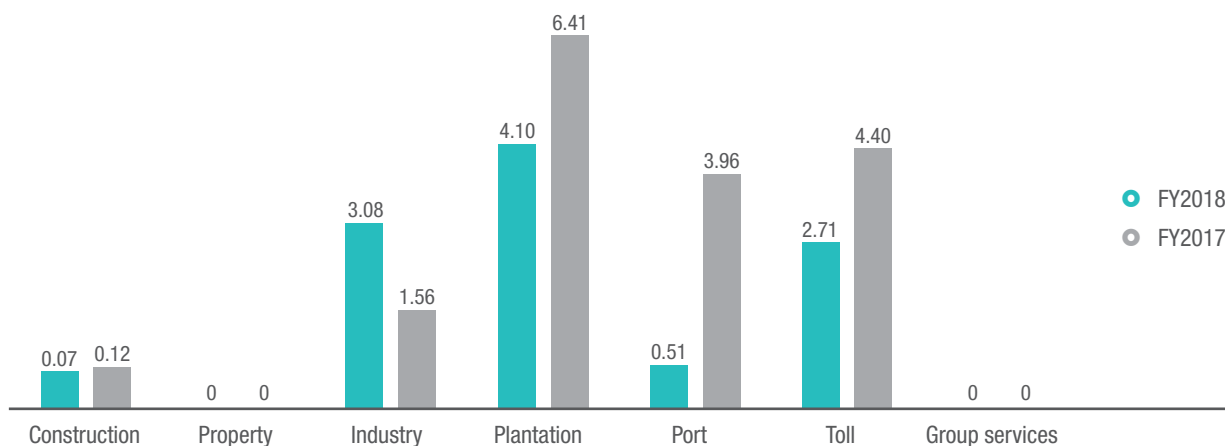


WORKPLACE ACCIDENTS

We achieved a reduction of 38% in the Group Lost Time Injury ("LTI") frequency rate, thereby meeting our FY2018 target of a 5% reduction in accidents.

IJM documented a total of 124 LTIs across all Divisions during the reporting period. Our Plantation Division recorded the highest frequency rate in this reporting period due to the manual and physical nature of the working environment.

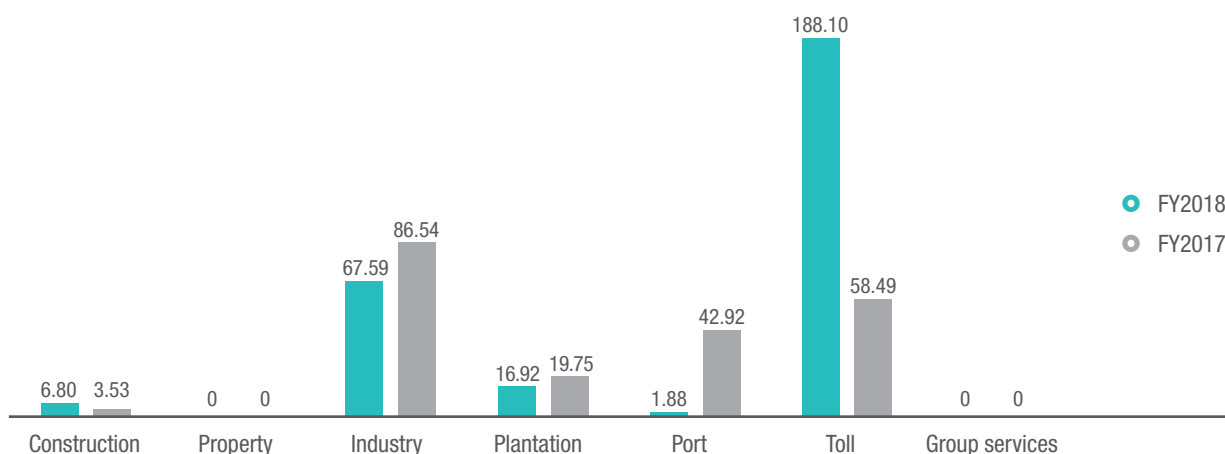
LTI frequency rate (per 1,000,000 man-hours worked)



Our Industry Division and Toll operations recorded the highest accident severity rates across the Group, with a total of 68 and 188 lost work days per number of lost time injuries respectively. In our Industry Division, hand and finger injuries sustained during manual handling activities were the most common type of accidents.

At our Toll highways, traffic accidents occurred while employees were commuting between toll plazas and patrolling on highways. On a number of occasions, employees also suffered finger and leg injuries at the workplace while providing on-site help to highway users.

LTI severity rate (per 1,000,000 man-hours worked)



There were 4 fatalities during the reporting period – two employees and two subcontractors lost their lives in workplace incidents.

We suffered a fatality at the warehouse on the Port grounds. On 12 October 2017, a lorry driver died after sustaining injuries from falling to the ground and hitting his head, when the adjacent stack of timber collapsed and hit his leg. We have since reviewed the standard operating procedures in the warehouse, identified and assessed possible hazards in the sawn timber activities.

On 4 December 2017, an Industry Division worker fell and got stuck in between the conveyor belt and bunker in one of the spun piles factories. We have since implemented corrective actions to prevent reoccurrence, installed barricades at the storage bunker areas and improved communication among workers.

On 4 March 2018, a launching gantry partially fell to the ground level at our Construction's MRT Package V203 project. One of our staff died on the spot. We have since implemented control measures which include additional self-locking devices for the launcher to enhance the capacity of the braking system, improve the method of inspection and relevant checklists as well as introduced comprehensive and periodic on-the-job training for the team.

On 9 March 2018, a tow truck driver lost control of his vehicle and hit our toll patrolman while he was controlling traffic at the Besraya highway. Our staff died on the spot. Following the accident, Besraya carried out mitigation actions such as installation of anti-skid speed breakers and improved sight distance by trimming road side landscape and trees.

Full investigations and follow-up actions are taken following each fatality. Consolations were provided to the grieving families as well as Company assistance in terms of bereavement, application for insurance claims and checks on the immediate welfare of the family.

We regret all incidences at the workplace and continue to pursue our goal of zero fatalities. The Board and management are committed to ensuring that the strategy and underpinning programmes are embedded in the Company to prevent future incidents.

HSE AWARENESS, TRAININGS AND INITIATIVES

PROVIDING COMPREHENSIVE COMPETENCY TRAINING

We enhance our employees' capabilities by providing a wide range of soft skills and technical trainings, including HSE. These trainings are also applicable

to our sub-contractors, who are given adequate awareness on HSE and On-Job-Training. In FY2018, 1,018 On-Job-Trainings were conducted at project sites on topics such as emergency response, scheduled waste management, sediment and erosion control, plant and machinery handling as well as environmental management systems.

We prepare employees to be constantly alert and to respond quickly in the event of an emergency. Possible types of emergency situations such as fire and explosion, chemical spillage and slope failure have been identified for project sites and series of drills were conducted to test the effectiveness of the site-specific Emergency Preparedness and Response Plan.

PROMOTING INTERNAL HSE AWARENESS

On 11 July 2017, we celebrated the IJM HSE Day and showcased Divisional activities on safety, health and green practices to boost awareness and educate our employees on the importance of HSE.

HSE Campaigns were also carried out in various Divisions. Construction Division rolled out the campaign with the theme '*Zero fatality – be persistent! Make it happen*' and included engagement sessions with senior management and project teams. Property Division engaged its regional offices with safety talks by authority bodies, fire equipment demonstrations, physical site visits and inspections. The Port operations introduced monthly management safety walkabouts, emphasising management's leadership in the areas of HSE awareness and accountability.

On 3 August 2017, we launched IJM's new official HSE icon, C.A.R.E., at our annual Senior Management Forum. The icon is represented in the shape of an exclamation mark that serves as a symbol of constant vigilance and alertness against potential hazards and environmental risks.



C.A.R.E.

- Complying with legislation
- Aware and accountable for HSE
- Regular review of performance
- Efficiency in managing HSE

IJM's new official HSE icon, C.A.R.E.

ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE



HSE Icon Launch Ceremony during the Senior Management Forum 2017



Port operation's demonstration of bauxite handling methods during the IJM HSE Day on 11 July 2017

DIVISION-SPECIFIC HSE INITIATIVES

Construction: Routine machinery inspection by third party

Our operations involve machineries. It is essential for us to ensure that all equipment and machineries are safe for operations on site with thorough and regular inspections. In addition to our internal inspections, we also appoint third party inspectors to inspect the condition of the machines and verify that they are safe for use on site.



Controlled site access and egress with turnstile and biometric system

Construction: Provide safe access and egress

We control our access and egress to the sites by separating the gate for employees and construction vehicles. Installation of biometric systems at the site allows us to have better access and egress control. The system also monitors the time and attendance of site personnel which enable immediate head count checks in case of any emergencies at site.

Construction and Property: Pollution mitigation measures

Provisions for environmental pollution measures are identified and provided at each project site. Mitigation measures for reducing air and water pollution as well as controlling noise and vibration levels are frequently inspected to ensure effectiveness at all times.

Property: Setting up HSE committees at offices and sales galleries

HSE committees have been established at all regional offices and sales galleries. The committees identify, evaluate and control potential hazards at the workplace. Regional management lead these periodic meetings and workplace inspections. Committee members who are also part of the Emergency Response Team are equipped with emergency management and business recovery procedures through periodic drills and trainings.

Industry: Raising HSE standards through friendly competition

Industry Division builds on their teams' competitive spirits to raise awareness and improve safety practices. All factories and quarries are subject to biannual surprise visits, where they are assessed for compliance to HSE best practices and new HSE initiatives, and penalised for infractions. The top-performing facilities are acknowledged at the culmination of the competition, while low achievers receive the 'wooden spoon'.



HSE Campaign 2017 launched at the Lumut factory on 26 October 2017

Plantation and Port: HSE trainings for drivers and emergency simulation

HSE departments at our Plantation and Port operations conduct HSE awareness for their mechanical machine and prime mover container drivers respectively. The trainings highlight the do's and don'ts while driving, pre-inspection prior to operation as well as maintenance of vehicles. Both operations ran fire drills and emergency simulations to equip employees for emergency situations.



Briefing before a fire simulation at our Plantation Division's operations in Indonesia



Drivers' maintenance training at Plantation Division's operations in Indonesia



Through the Port's Load Out Campaign, the Norwegian Statoil Johan Sverdrup export pipeline project successfully achieved 26,000 man-hours with zero lost time injury

Port: Reporting on unsafe act and condition

During the launch of the new HSE C.A.R.E. icon, the Port operations launched new initiatives on HSE compliance. Through the 'If You See It, You Own It' initiative, employees are encouraged to report any unsafe acts and conditions for immediate action. Penalties are imposed for HSE non-compliances through the newly introduced system.

Toll: Road safety campaign

As part of the Emergency Response Plan, our Toll operations organised trainings on fire-fighting, first aid, as well as responding to tool and chemical spills. In FY2018, the Toll operations also ran campaigns targeted at road users focusing on the importance of road safety especially during festive seasons.



Rescue drill at Berth 1 at the Port was successfully conducted within the designated response time



Road safety campaign



Port's traffic department holding the HSE awareness training

EMBRACING A CULTURE OF INNOVATION AND DIGITAL TRANSFORMATION

Companies need to constantly innovate if they want to survive in this fast-paced environment. When IJM embarked on a Blue Ocean Strategy (“BOS”) co-creation process in 2016, 100 initiatives were formulated. Two years later, the 5-year strategic blueprint has seen the launch of 76 initiatives across all Divisions in the areas of business growth, operational excellence, technology, innovation, branding and human capital.

On 11 August 2017, we launched the Innovation Lab at our headquarters. This lab has been set up to create a space aimed at nurturing a culture of innovation among our employees and to develop and execute value-driven ideas for the Company. Among the varied topics covered were workplace productivity and modernisation, customer experience, sales and marketing, process digitisation, sustainability, brand positioning, virtual reality and augmented reality.



Sharing sessions held at the launch of the Innovation Lab on 11 August 2017



Experiencing Augmented Reality (AR) at the Innovation Lab



INNOVATION

We believe in continuous improvements, always exploring new ideas and promoting creative thinking. We commit passionately to excel at all we do, constantly striving to push the limits and surpass standards of excellence at every opportunity.

Our Construction Division embarked on the journey towards digital transformation through the setup of the Building Information Modelling (“BIM”) Department. This department drives the digitalisation of construction information on site, aiming to create a process that maintains information integrity throughout pre-construction to post-construction stage. The team has launched 3 pilot projects in 2016 and has since expanded its BIM implementation to 8 projects, including infrastructure projects such as MRT2.

Concurrent with the launch of the Innovation Lab, we announced our partnership with Malaysia Digital Economy Corporation (“MDEC”) to tap into the innovations of start-up companies. Our Property Division collaborated with selected start-up companies to provide smart home solutions to our customers. In early 2018, we launched the inaugural Rimbun Ara Cyberhomes project in Seremban 2 Heights, which incorporates smart technology in these homes. This effort towards smart home is to keep abreast with the technological advancement as well as customer wants and needs. These homes are equipped with high-speed broadband infrastructure which allows customers to manage home energy usage, home security systems and artificial intelligence smart assistants.

In line with IJM Group’s Digital Transformation Agenda, the Industry Division embarked on the journey to digitalise piles production inventory and improve on the piles delivery system. Since November 2017, the old method of manual piles inventory recording has been replaced with a QR Code system, enhancing the efficiency of our inventory control and delivery system.



Adopting the QR Code system for piles inventory and delivery system



The launch of the inaugural Rimbun Ara Cyberhomes project in Seremban 2 Heights in early 2018



Demonstration on graphite harvesting pole



Drone training

Our Plantation Division explored change management approaches to improve work productivity, as this requires changes in work methodologies, behaviour and embracing fitting innovations. One such initiative is the use of graphite harvesting poles to replace the existing aluminium poles. The lightweight material, often used in aeroplanes, is ergonomic-friendly and customisable in length. Another initiative is the use of drones and satellite systems to gain direct and instant access to information for effective estate management.

Port operations participated in MDEC's Value Innovation Programme to identify opportunities in the digital space and collaborate with start-up companies to pilot innovation projects. The Division is also collaborating with the East Coast Economic Region Development Council and the Technology University of Munich International to drive Industry 4.0 in the East Coast region of Peninsular Malaysia. This is in line with IJM's significant footprint as the largest port operator in the East Coast and primary developer of the Malaysia-China Kuantan Industry Park.

IJM Group is currently undertaking an initiative to strengthen our information technology backbone for digital transformation to enhance our digital capability in the key areas of enterprise architecture, cyber security, governance, network and cloud infrastructure.