

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3336
COMPANY NAME : IJM CORPORATION BERHAD
FINANCIAL YEAR : March 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is primarily responsible for the Group's overall corporate governance, strategic plans for business performance, overseeing the proper conduct of business, internal controls and risk management, succession planning of key management, stakeholders' communication, and the integrity of the Group's financial and non-financial reporting. The Board is guided by the Board Charter which outlines the duties and responsibilities and matters reserved for the Board in discharging its duties. The details of the Board Charter are available for reference at www.ijm.com.</p> <p>In accordance with the Board Charter, the matters reserved for the Board include the approval of corporate plans, annual budgets (including the Key Performance Indicators ("KPI") under the Balanced Scorecard of the Group), new ventures, acquisitions and disposals of undertakings and properties of a substantial value, changes to the management and control structure within the Group, including key policies and delegated authority limits, and participation in the adjudication of tenders for construction projects in excess of established limits.</p> <p>The Board assumes, <i>inter alia</i>, the following duties and responsibilities:-</p> <p>(a) <i>Promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior</i></p> <ul style="list-style-type: none">• the Board has always been proactive to ensure that the principles and best practices of good governance are practiced throughout the Group; and• the Board has in place policies and procedures to promote good corporate governance such as Board Diversity Policy, Code of Ethics and Conduct, Whistle-Blowing Policy and External Auditors Policy.

During the financial year 2018, the Board reviewed the Board Charter to ensure it is aligned with the principles and practices of the Malaysian Code on Corporate Governance which was released in April 2017.

(b) Review and adopt the overall strategic plans and programmes for the Group; and ensure that the strategic plan supports long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability

- the Board approves the strategic plan and ensures that the necessary resources are in place for the Group to meet its objectives and review Management's performance;
- the Board reviews the capital budgets and regularly monitors the progress of their utilisation throughout the year, using appropriate financial indicators and industry benchmarks;
- the Board reviews, challenges and approves the Management's proposed strategic plan for the Group; and
- the Board reviews the strategies on promoting sustainability and focuses on economic, environmental and social aspects.

During FY2018, the Board had a Strategic Review and Planning Session ("Session") whereby Management presented their short-term and long-term business strategy plans which covered economic, environmental and social aspects. The areas covered at the Session included the major investments of the Group, challenges and opportunities for the Group, strategies moving forward such as enhancing IJM's value proposition to investors, growing core businesses, sustainability initiatives, digital strategy and governance and innovation culture. Constructive views were shared and valuable insights were provided at the Session.

At the scheduled Board meeting held in February of each year, the Board reviews the Budget of the Group which includes comparing the actual results against budgets, and considering the new budget and proposed capital expenditure for the ensuing year. The Board and Management will deliberate on the proposed divisional budgets and debate the rationale and assumptions used for the Budget.

(c) Oversee and evaluate the conduct of business of the Group which includes supervision and assessment of Management's performance to determine whether the business is being properly managed

- the Board devotes sufficient time to learn about the Group's businesses and understands them well enough to provide critical stewardship, and guidance on their performance not just year-to-year but for the long term. Where possible and when the opportunity arises, Board meetings will be held at

	<p>locations within the Group’s operating businesses to enable the Directors to obtain a better perspective of the various businesses and enhance their understanding of the Group’s operations; and</p> <ul style="list-style-type: none"> • the Board reviews the performance of the Group which is measured against the KPIs in four (4) areas of consideration, namely Commercial, Stakeholders, Efficiency and Infrastructure under the Balanced Scorecard of the Group. The KPIs comprise quantitative and qualitative targets. The weightage of the areas of consideration may be adjusted to accommodate the aspirations of the Group. <p><i>(d) Ensure there is a sound framework for internal controls and risk management</i></p> <ul style="list-style-type: none"> • the Board is responsible for maintaining a sound risk management framework and internal control system to safeguard the shareholders’ investments and the Group’s assets, as well as to discharge its stewardship responsibility in identifying principal risks and ensuring the implementation of an appropriate risk management and internal control system to manage those risks; and • the Board continuously reviews the adequacy and effectiveness of the Group’s risk management and internal control system which is embedded in all aspects of the Group’s activities. <p><i>(e) Understand the principal risks of the Group, set the risk appetite within which Management is expected to operate and ensure there is an appropriate risk management framework to identify, analyse, manage and monitor significant financial and non-financial risks</i></p> <ul style="list-style-type: none"> • the Board ensures that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; • the Board sets the risk appetite within which the Board expects Management to operate; reviews the processes as well as responsibilities and assesses for reasonable assurance that risks have been managed within the Group’s risk appetite and tolerable ranges; and • the Board through the Risk Management Committee develops, executes and maintains the risk management system to ensure that the Group’s corporate objectives and strategies are achieved within the acceptable risk appetite of the Group. The details of the Risk Management system are set out in the Statement on Risk Management and Internal Control.
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(f) Ensure the senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession in the Board and senior management

- the Board focuses on management succession in alignment with the Group's strategic challenges and through the Nomination & Remuneration Committee ("NRC") assesses the calibre of senior management and reviews the changes of key appointments in the Group; and
- the NRC is responsible for making recommendations for the appointment of Directors to the Board, including those of subsidiaries and associated companies. In making these recommendations, the NRC considers the criteria such as the required mix of skills, experience and knowledge, which the Directors bring to the Board.

(g) Ensure the Company has in place procedures to enable effective communication with stakeholders

- the Board ensures highest standards of transparency and accountability in the disclosure of pertinent information to its shareholders as well as to potential investors, analysts and the public;
- the Group uses various channels for effective communication with the stakeholders including releasing timely announcements and disclosures to Bursa Malaysia Securities Berhad, conducting regular dialogues with financial analysts, participating in institutional investor forums and using the corporate website at www.ijm.com; and
- the Board, Management and employees of the Group comply with the Corporate Disclosure Policy of the Group which has set out the guidance and procedures for disclosure and dissemination of information of the Group.

(h) Review the adequacy and the integrity of the financial and non-financial reporting of the Group

- the Board through the Audit Committee ("AC") reviews the adequacy and integrity of the Group's financial and non-financial reporting including reviews of the appropriateness of accounting policies, internal controls and key risks of the Group; and
- the AC presents its report to the Board on the outcome of its review and discusses with the Board on the areas of concern, if any.

In order to assist in the execution of the Board's responsibilities for the Group, certain functions have been delegated by the Board to the following Committees:-

	<p>(a) AC (assisted by the internal audit function and Risk Management Committee);</p> <p>(b) NRC; and</p> <p>(c) Securities & Options Committee.</p> <p>Clear defined terms of reference have been given to these Committees to enable them to operate effectively. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.</p>
<p>Explanation for departure</p>	<p>: Not Applicable</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman is a non-executive member of the Board. His responsibilities are provided in Clause 3.4 of the Board Charter, which is available on the Company's website at www.ijm.com.</p> <p>The responsibilities of the Chairman are elaborated as follows:-</p> <ul style="list-style-type: none"> (a) the Chairman advocates openness and provides leadership for the Board to perform its responsibilities effectively; (b) the Chairman ensures the Company Secretary sets the Board agenda and provides all Directors the Board papers on a timely basis prior to the scheduled Board meetings. All Board papers, including those on complicated issues or specific matters and minutes of all Board Committee meetings, are distributed electronically at least five (5) business days in advance to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arise; (c) the Chairman leads the Board meetings effectively, and encourages active participation including allowing dissenting views to be freely expressed; (d) the Chairman promotes constructive and respectful relations between Directors, and between the Board and Management; (e) the Chairman together with the Board members ensures effective communication with shareholders and relevant stakeholders, which includes establishing an investor relations function and conducting engagement sessions with various stakeholders; and (f) the Chairman leads the Board in establishing and monitoring corporate governance practices in the Company.
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman and the Chief Executive Officer & Managing Director ("CEO&MD") are held by two (2) different individuals. The Chairman is Tan Sri Abdul Halim bin Ali and the CEO&MD is Dato' Soam Heng Choon.</p> <p>The role of the Independent Non-Executive Chairman and the CEO&MD are distinct and separate to ensure that there is a balance of power and authority. The responsibilities of the Independent Non-Executive Chairman include but is not limited to, leading the Board and ensuring its effectiveness, ensuring an efficient organisation and conduct of the Board's function and meetings, promoting constructive and respectful relations between the Board and Management, and ensuring effective communication with shareholders and other relevant stakeholders. The Independent Non-Executive Chairman did not previously hold the position of CEO&MD in the Group.</p> <p>The CEO&MD focuses on the day-to-day management and the business of the Group, and is responsible for the implementation of the Board's policies and decisions. The responsibilities of the CEO&MD, amongst others, are to develop and implement corporate strategies for the Group, to supervise the management team responsible for various functions contributing to the success of the Group, to ensure the efficiency and effectiveness of the operations of the Group, to assess business opportunities, and to bring material information and other relevant matters to the attention of the Board in an accurate and timely manner.</p>
Explanation for departure	:	Not Applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a qualified and competent Company Secretary to provide sound governance advice, ensure adherence to Board policies, rules and procedures, and advocate adoption of corporate governance best practices. The Directors always have access to the advice and services of the Company Secretary especially relating to procedural and regulatory requirements of the company and securities laws and regulations, governance matters and Main Market Listing Requirements ("LR"). The Company Secretary undertakes continuous professional development and her details of trainings/seminars attended are available for reference at www.ijm.com.</p> <p>The roles and responsibilities of the Company Secretary include advising the Board on its roles and responsibilities, assisting in the induction of new directors, advising the Board and Management on governance matters, LR and related statutory obligations, monitoring corporate governance developments and assisting the Board in applying governance practices, managing, attending and recording minutes of all Board meetings, Board Committee meetings and shareholders' meetings, and ensuring proper upkeep of the statutory registers and records. The roles and responsibilities of the Company Secretary are stipulated in Clause 4 of the Board Charter, which is available on the Company's website at www.ijm.com.</p>
Explanation for departure	:	Not Applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	All Directors are provided with the performance and progress reports on a timely basis prior to the scheduled Board meetings. The Company had moved towards electronic Board and Board Committee papers since 2011. All Board papers, including those on complicated issues or specific matters and minutes of all Board Committee meetings, are distributed electronically at least five (5) business days in advance to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arise. The Company Secretary always ensures proper minutes of all deliberations and decisions of the Board and Board Committees are recorded and circulated in a timely manner. Where necessary, the services of other senior management or external consultants will be arranged to brief and help the Directors clear any doubts or concerns. The Directors may also seek independent advice at the expense of the Company, so as to ensure that they are able to make independent and informed decisions.
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All Board members are expected to show good stewardship and act in a professional manner, as well as uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities. The Board Charter sets out the governance structure, roles, responsibilities, matters reserved for the Board, composition, operation and processes of the Board to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board Charter also acts as a source of reference and primary induction literature in providing insights to Board members and senior management.</p> <p>The Board reviews the Board Charter from time to time and the last review was carried out in November 2017 following the release of the new Malaysian Code on Corporate Governance in April 2017.</p> <p>The details of the Board Charter are available for reference at www.ijm.com.</p>
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to creating a corporate culture within the Group to operate the businesses in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. The Code of Ethics and Conduct ("CEC") of the Group which sets out the principles and standards of business ethics and conduct of the Group is applicable to all employees (including full time, contract, temporary and probationary staff) and Directors of the Group.</p> <p>The principles of the CEC include the following:-</p> <ul style="list-style-type: none">a) avoid conflicts of interest;b) not to accept personal gifts (in cash or kind), that will or will appear to influence objective and fair business decisions;c) encourage employees who know of, or suspect, a violation of CEC, to whistle blow or report the concerns through the Whistle Blowing Policy;d) protect and ensure the proper use of the assets and funds of the Group;e) comply with all applicable laws, rules and regulations of the governments, commissions and exchanges in jurisdictions within which the Group operates;f) exercise caution and due care to safeguard confidential information;g) ensure accuracy and reliability of records; andh) avoid discrimination or prejudice in the workplace. <p>The CEC of the Group is applicable to all employees (including full time, contract, temporary and probationary staff) and Directors of the Group.</p> <p>The details of the CEC are available for reference at www.ijm.com.</p>
Explanation for departure	:	Not Applicable

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board encourages employees and associates to report incidences of suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, wastage, and/or abuse involving the resources of the Group. The Whistle-Blowing Policy adopted by the Company provides and facilitates a mechanism for any employee and associate to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, wastage and/or abuse.</p> <p>The Whistle-Blowing Policy is posted on the Company’s website at www.ijm.com for ease of access for reporting by employees, associates and third parties of the Group.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board comprises more than 50% independent directors. Nine (9) of the 11 Board members are Non-Executive Directors and among the Non-Executive Directors, eight (8) are Independent. The Chairman is one (1) of the Independent Non-Executive Directors.</p> <p>The balance between Independent Non-Executive, Non-Executive and Executive Directors, together with the support from Management, is to ensure that there is an effective and fair representation for the shareholders, including minority shareholders. It further ensures that issues of strategy, performance and resources are fully addressed and investigated to take into account the long-term interests of shareholders, other relevant stakeholders and the community in which the Group conducts its business.</p> <p>The composition and size of the Board is reviewed from time to time to ensure its appropriateness and effectiveness.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>The Company has adopted a policy to limit the tenure of independent directors to a maximum of 12 years. However, the retention of independent directors after serving a cumulative term of nine (9) years are subject to shareholders' approval in line with the recommendation of the Malaysian Code on Corporate Governance. The Board is mindful that the limitation of term of service may result in a significant loss to the Company by the exit of Board members who are making critical contributions. The Board also recognises that the benefits of experience and stability brought by the longer serving Directors are often in the best interest of the Company and its shareholders. Taking into consideration of the above, the Nomination & Remuneration Committee ("NRC") and the Board may exercise their discretion to recommend the retention of an Independent Non-Executive Director in the same capacity after serving a cumulative term of nine (9) years. In such a situation, the Board would provide the relevant justifications and seek the shareholders' approval accordingly.</p> <p>Having recognised the benefits of the long serving Directors, the Board also acknowledges that "fresh pairs of eyes and fresh blood" are critical for bringing new perspectives for the benefit of the Group. In order to strike a balance on the tenure of independent directors, the Board takes a moderate course of limiting the tenure to a maximum of 12 years.</p> <p>To-date, one (1) of the Independent Non-Executive Directors, namely Tan Sri Abdul Halim bin Ali, has served the Board for more than nine (9) years.</p> <p>Tan Sri Abdul Halim had completed his 9-year tenure on 25 April 2016, and was retained as an Independent Non-Executive Chairman by the shareholders of the Company at the Annual General Meetings ("AGMs") held on 24 August 2016 and 23 August 2017. Tan Sri Abdul Halim, who has served 11 years as an independent director, would be recommended by the Board to be retained as an independent director</p>

	<p>and the Chairman of the Company, subject to the approval of shareholders at the forthcoming AGM in August 2018.</p> <p>The Board has vide the NRC reviewed and assessed the performance and independence of Tan Sri Abdul Halim and is satisfied that his independence has never been compromised by his long relationship with the Board and is of the view that he is able to continue exercising independent judgement to ensure the check and balance required for the businesses of the Group.”</p> <p>The NRC and the Board recognise the benefits of the experience and stability brought by Tan Sri Abdul Halim due to his long-service on the Board and as an active participant in the corporate community will serve the interest of the Company and its shareholders. As such, the NRC and the Board would like to recommend the retention of Tan Sri Abdul Halim as an Independent Director and Chairman of the Company. Accordingly, the Board will seek the approval of the shareholders at the forthcoming AGM for Tan Sri Abdul Halim to continue as an Independent Director and Chairman of the Company. Tan Sri Abdul Halim has and will continue to abstain himself from all deliberations and/or voting at the meetings of the Company pertaining to his retention as an Independent Director.</p>	
Explanation for departure	: Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3- Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	Not Applicable

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Directors have a diverse set of skills, experience and knowledge necessary to govern the Group. The Directors are professionals in the fields of engineering, finance, accounting, property, real estate valuation, toll infrastructure, legal practice and experienced senior public administrators. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to ensure that the Group continues to be a competitive leader within its diverse industry segments with a strong reputation for technical and professional competence.</p> <p>In evaluating candidates for appointment to the Board, the Nomination & Remuneration Committee (“NRC”) and the Board will always evaluate and match the criteria of the candidates based on experience, skill, competency, knowledge, potential contribution and boardroom diversity (including gender, ethnicity and age).</p> <p>The NRC is responsible for making recommendations for the appointment of Directors to the Board, including those of subsidiaries and associated companies. In making these recommendations, the NRC considers the criteria such as the required mix of skills, experience and knowledge, which the Directors bring to the Board.</p> <p>The process for the appointment of Non-Executive Directors (both the Independent and non-Independent Directors) to the Board is as follows:-</p> <ul style="list-style-type: none">a) the NRC reviews the annual Board assessments & evaluations;b) the NRC determines the skills matrix and criteria;c) source for the candidate;d) the NRC conducts engagement session with the candidate;e) the NRC evaluates and matches the criteria of the candidate;f) the NRC recommends to the Board for appointment; andg) the Board approves the appointment of the candidate.
Explanation for departure	:	Not Applicable

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company recognises that Board diversity enhances decision making capability and quality of the Board's performance, and it believes that a truly diverse Board will leverage differences in perspective, knowledge, skill, industry experience, background, age, ethnicity, race and gender amongst the Directors, and these differences will be considered in determining the optimum composition of the Board. The Board has adopted a Board Diversity Policy during the financial year 2018.</p> <p>During the financial year 2018, Tunku Alina Binti Raja Muhd Alias and Ms Tan Ting Min were appointed to the Board as the first two (2) women directors. The Board will endeavour to meet the 30% women Directors requirement as soon as practicable pursuant to the Board Diversity Policy of the Company which is available for reference at www.ijm.com.</p> <p>The Board will endeavour to meet the 30% women Directors as soon as practicable.</p> <p>The details of the Board Diversity Policy are available for reference at www.ijm.com.</p>
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination & Remuneration Committee is responsible for making recommendations for the appointment of Directors to the Board, including those of subsidiaries and associated companies. In making these recommendations, the NRC considers the criteria such as the required mix of skills, experience and knowledge, which the Directors bring to the Board.</p> <p>In identifying the candidates for appointment as Directors, other than relying on the recommendations from the existing Board members, Management and/or major shareholders, the NRC also explores independent sources to identify suitably qualified candidates.</p> <p>During the financial year 2018, external sources were considered in identifying suitably qualified women candidates for appointment to the Board. With the recommendation of the existing board members, two (2) suitable candidates, namely Tunku Alina Binti Raja Muhd Alias and Ms Tan Ting Min, were identified for appointment as Independent Non-Executive Directors of the Company.</p>
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Remuneration Committee was established on 2 December 1998 and was renamed as the Nomination & Remuneration Committee (“NRC”) on 16 May 2001. The NRC comprises wholly of Independent Non-Executive Directors. Datuk Lee Teck Yuen, the Senior Independent Non-Executive Director, is the Chairman of the NRC, and the other members are Tan Sri Abdul Halim bin Ali and Datuk Ir. Hamzah bin Hasan.</p> <p>The terms of reference of the NRC are available for reference at www.ijm.com.</p> <p>Datuk Lee also acts as the point of contact to whom queries and concerns relating to the Group may be conveyed by shareholders by way of writing to the Company’s registered address or electronic mail to csa@ijm.com or contact via Tel:03-79858131.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board undertook a formal and rigorous annual evaluation of its own performance, that is the Board as a whole and that of the Individual Directors for the financial year ended 31 March 2018 via an in-house e-Evaluation System. The Board evaluation comprises a Board Assessment by Individual Directors, Self & Peer Assessments and Assessments of Independence of Independent Directors (collectively referred to as “the Assessments”). Based on the results of the Assessments, the Nomination & Remuneration Committee (“NRC”) was satisfied with the performance and effectiveness of the Board.</p> <p>After taking into consideration of the good corporate governance emphasis of the Malaysian Code on Corporate Governance 2017 and making reference to the best practice questionnaires for Board evaluation, the Board, through the NRC, had revised the Board Evaluation Form during the financial year 2018 to place emphasis on the assessment of the Board in dealing with critical issues such as strategies, managing performance, risk management & internal control, sustainability and communication with stakeholders.</p> <p>The assessment of the Board by Individual Directors was also based on other criteria, covering areas including Board mix and composition, CEO&MD’s performance and succession planning, Board process and Board governance. There were no major concerns from the results of the assessments. In order to further enhance Board governance, the Board had during the financial year 2018 conducted sessions for Non-Executive Directors without the presence of Executive Directors, prior to each of the Board meetings to address any of their areas of concern. The relevant comments and feedbacks by the Non-Executive Directors were then shared with the Executive Directors.</p> <p>For Self & Peer Assessments, the assessment criteria included contributions to interactions, roles and duties, knowledge and integrity, governance and independence and risk management. The criteria for assessing the independence of an Independent Director included the</p>

	<p>relationship between the Independent Director and the Group and his involvement in any significant transactions with the Group.</p> <p>The Board also undertook an evaluation on the Audit Committee (“AC”) via the e-Evaluation System to review its performance and determine whether the AC had carried out its duties in accordance with its terms of reference. The assessment criteria included the oversight over the effectiveness and quality of the internal and external audits, risk management and internal control and financial reporting. The Board was satisfied with the performance and effectiveness of the AC.</p> <p>The AC members undertook a self and peer evaluation to assess the performance of each AC member. The areas of evaluation include interactions, roles and duties as well as knowledge and development.</p> <p>The process of all the Assessments of the Board, Board members, evaluations of the AC and the individual AC members is as follows:-</p> <ul style="list-style-type: none">a) the Company Secretary advises the Directors to perform the assessments and evaluations;b) the Directors complete and submit the Board assessment and evaluation forms;c) the Company Secretary extracts evaluation reports from the e-Evaluation system;d) the Company Secretary presents the post evaluation reports to the NRC;e) the NRC reviews the post evaluation reports and identifies areas of weaknesses, if any;f) the NRC presents the post evaluation reports to the Board and reports areas of weaknesses, if any;g) the Board reviews the post evaluation reports and recommendations by NRC for improvement, if any; andh) the Board receives the post evaluation reports and agrees on action plans for improving areas of weaknesses, if any. <p>The Board acknowledges the recommendation that the Board evaluation could be facilitated by a professional independent party periodically in order to achieve a greater objectivity to the assessment by providing an unbiased perspective on a Director’s performance and contribution.</p> <p>The Board had undertaken the annual evaluation of itself, its committees and each individual director for the financial year 2018. The Board was satisfied with the outcome of the evaluation and was of the view that the internal evaluation was adequate to determine the overall effectiveness of the Board and individual directors. The Board agreed that there was no necessity to engage an independent party to conduct the evaluation for the current financial year. The engagement of an independent expert will be looked into at the appropriate time in the future as may be determined by the Board.</p>
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Explanation for departure	:		Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company supports levels of remuneration and compensation necessary to attract, retain and motivate quality people required to lead, manage and serve the Company in a competitive environment. The appropriate levels of remuneration and compensation are essential to enhance the long-term interests of the stakeholders and shareholders.</p> <p>The Board has adopted a remuneration policy to provide clear and guiding principles for determining the remuneration of the Board and Senior Management ("SM") and to align their interests with the interests of shareholders and with the business strategies of the Group. The remuneration policy of the Company is available for reference at www.ijm.com.</p> <p>The remuneration policy of the Company is based on the philosophy of giving higher weightage on performance related incentives. The Company strives to set the remuneration packages of the SM, including the Executive Directors, at a competitive level and provides incentives based on the agreed performance outcomes on an individual and on a corporate basis. The Company also strives to ensure that the remuneration packages reflect the relevant duties and responsibilities; and are fair and equitable.</p> <p>The Company believes long term success of the Group is directly linked to the calibre of employees and it is imperative for the Group to remain competitive in remuneration, besides other measures, in order to attract the right talent from the already scarce labour market and at the same time retain the good ones currently onboard.</p> <p>In the case of Non-Executive Directors, the remuneration philosophy is to establish a remuneration structure that is commensurate with</p>

	<p>the contribution and level of responsibilities undertaken by a particular Non-Executive Director. The Company also ensures that the remuneration is fair and reasonable compared to other companies of a similar nature, size and complexity.</p> <p>The annual remuneration review takes place in April each year. The remuneration of the Group will be reviewed by the Chief Executive Officer & Managing Director with the relevant internal and external inputs before presenting it to the Nomination & Remuneration Committee (“NRC”) for approval. The NRC reviews the remuneration of Non-Executive Directors, Executive Directors and top Senior Management in the month of May annually whereby the NRC will consider various factors including the performance of the Group, individual performance, duties, responsibilities and commitments of the Directors and top Senior Management. Upon the review by the NRC, the appropriate recommendations will be made to the Board for approval. The Board will consider, if deemed appropriate, and approve the recommended remuneration for the Executive Directors and top Senior Management. As for the remuneration of the Non-Executive Directors, upon the endorsement of the recommendation by the NRC, the Board will propose the remuneration for approval by the shareholders at the following annual general meeting.</p>	
Explanation for departure	: Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The duties and responsibilities of the Nomination & Remuneration Committee ("NRC"), amongst others, are to review the remuneration of Non-Executive Directors and the terms and conditions of employment & remuneration of Executive Directors and senior management of the Group; and to review and approve annual salary increments and bonuses of Executive Directors and senior management of the Group.</p> <p>The policies and procedures on the remuneration of the Directors and senior management are stipulated in the Remuneration Policy of the Company.</p> <p>The terms of reference of the NRC and the Remuneration Policy are available for reference at www.ijm.com.</p>
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	: Applied					
Explanation on application of the practice	: The details of the remuneration of Directors during the financial year are as follows:					
	A. Aggregate remuneration of Directors categorised into appropriate components:					
	<u>The Company</u>					
	Salaries	Fees	Bonuses, Incentives & Others	EPF	Benefits -in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors	2,424	-	4,249	852	71	7,596
Non-Executive Directors	-	1,223	789 [^]	-	59	2,071
Total	2,424	1,223	5,038	852	130	9,667
	* Includes an allowance of RM1,000 paid to the Non-Executive Directors for each of the Board and Board Committee meetings attended.					
	[^] Includes the advisory service fees of RM600,000 paid to Tan Sri Dato' Tan Boon Seng @ Krishnan.					
	<u>Other Related Companies</u>					
	Salaries	Fees	Bonus, Incentives & Others	EPF	Benefits -in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors	-	118	8	-	-	126
Non-Executive Directors	-	241	14	-	-	255
Total	-	359	22	-	-	381

	B. Aggregate remuneration of each Director:																																																	
		<table border="1"> <thead> <tr> <th></th> <th>Remuneration received from the Company</th> <th>Remuneration received from Other Related Companies</th> </tr> <tr> <th>Executive Directors</th> <th>RM'000</th> <th>RM'000</th> </tr> </thead> <tbody> <tr> <td>Dato' Soam Heng Choon</td> <td>4,894</td> <td>126 #</td> </tr> <tr> <td>Lee Chun Fai</td> <td>2,702</td> <td>-</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <th>Non-Executive Directors</th> <td></td> <td></td> </tr> <tr> <td>Tan Sri Dato' Tan Boon Seng @ Krishnan</td> <td>753</td> <td>95 #@</td> </tr> <tr> <td>Tan Sri Abdul Halim bin Ali</td> <td>366</td> <td>-</td> </tr> <tr> <td>Datuk Lee Teck Yuen</td> <td>144</td> <td>2 @</td> </tr> <tr> <td>Datuk Ir. Hamzah bin Hasan</td> <td>188</td> <td>-</td> </tr> <tr> <td>Pushpanathan a/l S A Kanagarayar</td> <td>258</td> <td>158 #</td> </tr> <tr> <td>Dato' David Frederick Wilson</td> <td>120</td> <td>-</td> </tr> <tr> <td>Goh Tian Sui</td> <td>142</td> <td>-</td> </tr> <tr> <td>Tunku Alina Binti Raja Muhd Alias (Appointed on 1 November 2017)</td> <td>50</td> <td>-</td> </tr> <tr> <td>Tan Ting Min (Appointed on 1 November 2017)</td> <td>50</td> <td>-</td> </tr> <tr> <td>Total</td> <td>9,667</td> <td>381</td> </tr> </tbody> </table>		Remuneration received from the Company	Remuneration received from Other Related Companies	Executive Directors	RM'000	RM'000	Dato' Soam Heng Choon	4,894	126 #	Lee Chun Fai	2,702	-				Non-Executive Directors			Tan Sri Dato' Tan Boon Seng @ Krishnan	753	95 #@	Tan Sri Abdul Halim bin Ali	366	-	Datuk Lee Teck Yuen	144	2 @	Datuk Ir. Hamzah bin Hasan	188	-	Pushpanathan a/l S A Kanagarayar	258	158 #	Dato' David Frederick Wilson	120	-	Goh Tian Sui	142	-	Tunku Alina Binti Raja Muhd Alias (Appointed on 1 November 2017)	50	-	Tan Ting Min (Appointed on 1 November 2017)	50	-	Total	9,667	381
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Explanation for departure	: Not Applicable																																																	
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Measure	:																																																	
Timeframe	:																																																	

Intended Outcome

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

Practice 7.2

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

Application	:	Departure												
Explanation on application of the practice	:	Not Applicable												
Explanation for departure	:	<p>The remuneration paid to the top five (5) senior management for the financial year 2018 analysed into bands of RM50,000 is as follows:-</p> <table border="1"><thead><tr><th>Range of Remuneration</th><th>Number of Senior Management</th></tr></thead><tbody><tr><td>RM1,650,000 to RM1,700,000</td><td>1</td></tr><tr><td>RM1,700,000 to RM1,750,000</td><td>1</td></tr><tr><td>RM1,850,000 to RM1,900,000</td><td>1</td></tr><tr><td>RM1,950,000 to RM2,000,000</td><td>1</td></tr><tr><td>RM2,250,000 to RM2,300,000</td><td>1</td></tr></tbody></table> <p>Given the competitiveness in the businesses of the Group for senior and key personnel, it would place the Company in disadvantageous positions if the remuneration packages of senior management on a named basis are disclosed.</p> <p>The Board always benchmarks the remuneration package of the senior management with the industry and ensures that the remuneration of senior management are commensurate with the scope of work, and performance of the individual and the Group.</p>	Range of Remuneration	Number of Senior Management	RM1,650,000 to RM1,700,000	1	RM1,700,000 to RM1,750,000	1	RM1,850,000 to RM1,900,000	1	RM1,950,000 to RM2,000,000	1	RM2,250,000 to RM2,300,000	1
Range of Remuneration	Number of Senior Management													
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RM2,250,000 to RM2,300,000	1													
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>														
Measure	:	The Board will monitor the development in the marketplace for such detailed disclosure, and consider such disclosures, in future.												
Timeframe	:	Others												

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	The Board will consider future adoption, at an appropriate time.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee ("AC") comprises three (3) members who are Independent Non-Executive Directors.</p> <p>The Chairman of the AC, Mr Pushpanathan a/l S A Kanagarayar is a member of the Institute of Chartered Accountants of Scotland (ICAS), the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA). He is not the Chairman of the Board. The other members of the AC are Tan Sri Abdul Halim bin Ali and Datuk Ir. Hamzah bin Hasan.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>None of the Board members are former key audit partners of the External Auditors.</p> <p>The Audit Committee has adopted the Practice 8.2 of the Malaysian Code on Corporate Governance, and incorporated such policy into the External Auditors Policy of the Company.</p> <p>The External Auditors Policy is available for reference at www.ijm.com.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") (together with the Chief Audit Executive) had undertaken an assessment on the suitability of the external auditors for the financial year pursuant to the External Auditors Policy, which has outlined the guidelines and procedures for the assessment and monitoring of external auditors. The details of the External Auditors Policy are available for reference at www.ijm.com.</p> <p>The criteria for the External Auditors Assessment include quality of services, sufficiency of resources, communication and interaction, independence, objectivity and professional skepticism. There were no major concerns from the results of the assessment of the External Auditors. The AC was satisfied with the external auditors' exercise of independence, objectivity, technical competency and quality of service.</p> <p>The process of the assessment of the external auditors is as follows:-</p> <ol style="list-style-type: none"> a) the Company Secretary advises the AC, Chief Financial Officer and Chief Audit Executive ("Parties") to perform the assessment; b) the Parties complete and submit assessment forms; c) the Company Secretary compiles the assessment results; d) the Company Secretary presents the assessment report to the AC; e) the AC reviews the assessment report; and f) the AC discusses with the external auditors on the areas of weaknesses, if any.
Explanation for departure	:	Not Applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All members of the Audit Committee are Independent Non-Executive Directors and the members are as follows:- 1) Pushpanathan a/l S A Kanagarayar - <i>Independent Non-Executive Director (Chairman)</i> ; 2) Tan Sri Abdul Halim bin Ali - <i>Independent Non-Executive Director</i> ; and 3) Datuk Ir. Hamzah bin Hasan - <i>Independent Non-Executive Director</i>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>An annual assessment and evaluation on the performance and effectiveness of the Audit Committee ("AC") was undertaken by the Board of Directors for the financial year ended 31 March 2018. The AC was assessed based on four (4) key areas, namely effectiveness and quality, internal and external audit, risk management and internal control, and financial reporting, to determine whether the AC has carried out its duties in accordance with its terms of reference.</p> <p>In view of the appropriate level of knowledge, skills, experience and commitment of its members being critical to the Audit Committee's ability to discharge its responsibilities effectively, an assessment of the Audit Committee members (self & peers) was also carried out for the financial year ended 31 March 2018.</p> <p>The Board is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the AC's terms of reference, and supported the Board in ensuring that the Group upholds appropriate Corporate Governance standards.</p> <p>During the financial year, the activities carried out by the AC included the following:-</p> <ul style="list-style-type: none">a) reviewed the quarterly financial results and announcements as well as the year end financial statements of the Group and Company, and recommended them for approval by the Board;b) reviewed and approved the annual audit plan proposed by the internal auditors to ensure the adequacy of the scope and coverage of work;c) reviewed the audit reports presented by the internal auditors on their findings and recommendations with respect to system and control weaknesses. The AC then considered those recommendations including the Management's responses thereto,

	<p>before proposing that those control weaknesses be rectified and recommendations for improvements be implemented;</p> <p>d) reviewed the internal audit findings on the significant whistleblowing cases, if any, and management’s responses and resolutions thereon;</p> <p>e) reviewed and endorsed the external auditors’ audit strategy, audit plan and scope of work for the year;</p> <p>f) reviewed and approved the provision of non-audit services, if any, by the external auditors that were agreed prior to the commencement of their work and confirmed as permissible for the external auditors to undertake, as provided under the By-Laws of the Malaysian Institute of Accountants;</p> <p>g) reviewed the external auditors report to the AC;</p> <p>h) reviewed the Risk Management Committee’s reports, assessed the adequacy and effectiveness of the risk management framework and the appropriateness of Management’s responses to key risk areas and proposed recommendations for improvements to be implemented;</p> <p>i) reviewed the related party transactions that arose within the Group to ensure that the transactions are fair and reasonable, and not to the detriment of the Company including, the minority shareholders; and</p> <p>j) reviewed the Chief Audit Executive’s report on the share grants and vestings to the beneficiaries under the Long Term Incentive Plan.</p> <p>The AC members attended relevant conferences, seminars and training programmes from time to time to keep themselves abreast of relevant developments in accounting standards and practices. Details of the trainings attended by the AC members are available at www.ijm.com.</p> <p>The AC has sufficient understanding of the Group’s business and able to apply a critical and probing view on the financial results and information prepared by Management. The AC also provides appropriate advice to Management relating to the financial position and performance of the Group.</p>
Explanation for departure	: Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility for maintaining a sound risk management framework and internal control system to safeguard the shareholders' investments and the Group's assets, as well as to discharge its stewardship responsibility in identifying principal risks and ensuring the implementation of an appropriate risk management and internal control system to manage those risks.</p> <p>The Board continually reviews the adequacy and effectiveness of the Group's risk management and internal control system which has been embedded in all aspects of the Group's activities. The Board reviews the processes, responsibilities and assesses for reasonable assurance that risks have been managed within the Group's risk appetite and tolerable ranges.</p> <p>Notwithstanding, the Group's internal control system by its nature can only reduce rather than eliminate the risk of failure to achieve business objectives, such systems can only provide a reasonable but not absolute assurance against material misstatement, loss or fraud.</p> <p>Some of the key processes for reviewing the adequacy and effectiveness of the risk management and internal control are as follows:-</p> <ul style="list-style-type: none">a) the Audit Committee ("AC") of the Group, with the assistance of the Risk Management Committee ("RMC"), exercises oversight over the Group's risk management framework, policies and performs regular risk management assessments and through the Internal Audit Department ("IAD"), reviews the internal control procedure and processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. The AC also seeks the observations of the independent external auditors of the Group, when relevant;b) the RMC, established as a management level committee, oversees, performs regular reviews on risk management processes and ensures prudent risk management over the Group's business and operations. The RMC is chaired by the Group's Chief Financial Officer and includes representatives from the relevant Head Office operations support departments. Each business division's risk

	<p>management function is led by the respective head of the division; and</p> <p>c) the IAD performs internal audits on various operating units within the Group on a risk-based approach based on the annual audit plan as approved by the AC. The IAD checks for compliance with policies and procedures and the effectiveness of the internal control system and highlights significant findings of non-compliance in the quarterly AC meetings of the Company and major subsidiaries.</p>	
<p>Explanation for departure</p>	<p>: Not Applicable</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Risk Management Committee ("RMC") principally develops, executes and maintains the enterprise wide risk management system to ensure that the Group's corporate objectives and strategies are achieved within the acceptable risk appetite of the Group. The RMC designed and developed the Group's risk management framework with the assistance of a professional organisation, PricewaterhouseCoopers. Its reviews cover responses to significant risks identified including non-compliance with applicable laws, rules, regulations and guidelines, changes to internal controls, risk management framework and management information systems, and output from monitoring processes as well as continual review process of identified risks and effectiveness of mitigation strategies and controls.</p> <p>A risk map addressing the risks to the achievement of strategic, financial, operational and other business objectives, using quantitative and qualitative aspects to assess their likelihood and impact matrices, and the controls for assuring the Board that processes put in place continue to operate adequately and effectively to manage those risks to acceptable levels, is prepared quarterly by each business unit.</p> <p>As the business risk profile changes, new areas are introduced for risk assessment and the necessary changes are made to the existing risks.</p> <p>The Group's Head Office considers and incorporates the risks associated with the Group's strategic objectives and overall risk appetite which are not addressed by the respective business units. The consolidated major risks and the mitigating actions are reported to the RMC before being presented to the Audit Committee on a quarterly basis.</p> <p>The Board and Audit Committee have received assurance from the Chief Executive Officer & Managing Director and the Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control framework of the Group.</p>

Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	The Board will consider the establishment of a Board Risk Management Committee, in future, should the need arise.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group’s Internal Audit function is carried out by the Internal Audit Department (“IAD”). The internal auditors have direct access to the Audit Committee and the Chief Executive Officer & Managing Director of the Company.</p> <p>The IAD evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation’s governance, operations and information systems, in terms of:</p> <ul style="list-style-type: none"> • Reliability and integrity of financial and operational information; • Effectiveness and efficiency of operations; • Safeguarding of assets; and • Compliance with relevant laws, regulations and contractual obligations. <p>All internal control deficiencies identified were reported to the appropriate levels of management when identified. The Audit Committee received quarterly reports from the IAD on audit reviews carried out, management’s responses to the findings and progress in addressing the identified issues. The relevant management members were made responsible for ensuring that corrective actions on reported control deficiencies were taken within the required timeframes. IAD conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately and timely. In this respect, IAD has added value to enhancing the governance, risk management and control processes within the Group.</p>
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied										
Explanation on application of the practice	:	<p>The Group's Internal Audit function is headed by Mr Chan Weng Yew, a fellow of the Association of Chartered Certified Accountants (ACCA) and an associate member of the Institute of Internal Auditors (AIIA) and reports directly to the Audit Committee ("AC"). The AC is satisfied that the Internal Audit function has sufficient resources and is able to access information to undertake its duties effectively.</p> <p>Currently, the IAD comprises 21 auditors with approximately 41,000 available man-hours per annum. All auditors have been trained during the year on the use of audit management and data analytics software (ACL) in efforts to increase the efficiency and effectiveness of the function's audit management process and data analytics capabilities.</p> <p>The level of expertise and professionalism of the internal auditors at the end of the financial year 2018 is as follows:</p> <table border="1"><thead><tr><th>Expertise Category</th><th>Percentage of total auditors</th></tr></thead><tbody><tr><td>Diploma Level</td><td>10%</td></tr><tr><td>Bachelor's Degree</td><td>42%</td></tr><tr><td>Post Graduate Degree (MBA, MA, etc)</td><td>10%</td></tr><tr><td>Professional Qualification (CPA,CIA, ACCA, CIMA, etc)</td><td>38%</td></tr></tbody></table> <p>The AC is satisfied that the internal auditors' independence have been maintained as adequate safeguards are in place. All internal auditors have signed the annual declarations that they were and had been independent, objective and in compliance with the Code of Ethics and Conduct of IJM Corporation Berhad, the Malaysian Institute of Accountants, and The Institute of Internal Auditors in carrying out their duties for the financial year.</p> <p>The Internal Audit function provides to the Board (primarily <i>via</i> the AC) and to Management reasonable assurance on the effectiveness of the</p>	Expertise Category	Percentage of total auditors	Diploma Level	10%	Bachelor's Degree	42%	Post Graduate Degree (MBA, MA, etc)	10%	Professional Qualification (CPA,CIA, ACCA, CIMA, etc)	38%
Expertise Category	Percentage of total auditors											
Diploma Level	10%											
Bachelor's Degree	42%											
Post Graduate Degree (MBA, MA, etc)	10%											
Professional Qualification (CPA,CIA, ACCA, CIMA, etc)	38%											

	<p>Group's systems of internal control and the adequacy of these systems to manage business risks and to safeguard the Group's assets and resources.</p> <p>The Internal Audit Charter sets out the purpose, functions, scope and responsibilities of the Internal Audit function and how it maintains independence from the first and second lines of defence by Management of the Group. The four main functions of Internal Audit are to:</p> <ul style="list-style-type: none"> • assess and report on the effectiveness of the design and operation of the framework of controls which enable risks to be assessed and managed; • assess and report on the effectiveness of Management actions to address deficiencies in the framework of controls; • investigate and report on cases of suspected employee fraud and malpractice, if any; and • undertake designated consulting services for Management provided that they do not threaten the function's independence from Management. 	
<p>Explanation for departure</p>	<p>: Not Applicable</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company places great importance in ensuring the highest standards of transparency and accountability in its communication with investors, analysts and the public.</p> <p>Timely announcements and disclosures to Bursa Malaysia Securities Berhad, which include quarterly financial results, as well as relevant particulars of sizeable contract awards, changes in the composition of the Group and any other material information that may affect investors' decision making. The Group and Company's full year audited financial results are released within two (2) months after the financial year end. A comprehensive annual report is released within four (4) months after the financial year end.</p> <p>The Company conducts regular dialogues with financial analysts. At least two (2) scheduled Company Briefings are held each year, usually coinciding with the release of the Group's second and final quarter's results, to explain the results achieved as well as immediate and long term strategies, along with their implications.</p> <p>The Company also participates in several institutional investor forums both locally and outside Malaysia. The summary of the Group's investor relations activities during the financial year and additional corporate information and/or disclosures of the Group are available for reference at www.ijm.com.</p> <p>Any information that may be regarded as material or deemed price sensitive would not be given to any single shareholder or shareholder group on a selective basis except to the extent of their representation on the Board. During the financial year, no substantial shareholder of the Company was represented on the Board.</p> <p>The Group has established a comprehensive website at www.ijm.com, which includes a dedicated section on Investor Relations, to support its communication with the investment community.</p> <p>To better serve stakeholders of the Group, a feedback page on the website provides an avenue for stakeholders to suggest improvements</p>

	<p>to the Group via email: ijmir@ijm.com. In addition, stakeholders who wish to reach the respective Divisions of the Group can do so through the 'Contact Us' or 'Feedback' page.</p> <p>Investor queries pertaining to financial performance or company developments may be directed to the Assistant General Manager (Investor Relations) of IJM Corporation Berhad, Mr Shane Guha Thakurta (Tel : +603-79858041, Fax : +603-79529388, E-mail : shanethakurta@ijm.com), whereas shareholder and company related queries may be referred to the Company Secretary, Ms Ng Yoke Kian (Tel : +603-79858131, Fax : +603-79521200, E-mail : csa@ijm.com).</p>	
<p>Explanation for departure</p>	<p>: Not Applicable</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	<p>:</p>

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:	Not Applicable	
Explanation for departure	:	The Board is of the view that the current reporting in the Annual Report 2018 has provided the financial and non-financial information in a fairly comprehensive overview to the shareholders and stakeholders. As such, the Board would keep in abeyance of the need of adoption of the International Integrated Reporting Framework until a time to be determined later.	
		The fairly comprehensive financial and non-financial information in the Annual Report, including Corporate Governance Report and Sustainability Statement, have provided adequate information to the stakeholders.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will consider adoption of the integrated reporting at an appropriate time in future based on a globally well received framework.	
Timeframe	:	Others	To be determined

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The notice of the 34th Annual General Meeting (“AGM”) and the annual report for 2018 were sent out to the shareholders on 30 July 2018, that is at least 28 days before the date of the AGM on 28 August 2018.</p> <p>The relevant details for the resolutions proposed, such as re-election of Directors, retention of Independent Non-Executive Director, Directors’ fees and benefits, authority to issue shares under Sections 75 and 76 of the Companies Act 2016 and share buy-back authority, are provided in the notice of AGM to enable shareholders to make informed decisions in exercising their voting rights.</p>
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All Directors had attended the last AGM held during the financial year 2018. At the last AGM, a presentation was given to shareholders by the CEO&MD to explain the Group’s strategy, performance and major developments, including the responses to questions raised by the Minority Shareholder Watchdog Group (“MSWG”) in relation to the operational and financial performance of the Group, which were submitted by MSWG prior to the AGM. The Board encourages shareholders to actively participate in the question and answer session at all general meetings.</p> <p>The extract of minutes of general meetings (including the list of attendance of Directors, pertinent questions raised by shareholders and the respective responses, and outcome of the voting results) are made available to the shareholders and public for reference at www.ijm.com.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	Not Applicable
Explanation for departure	:	<p>The Company always holds its Annual General Meeting (“AGM”) in the Klang Valley at locations which are accessible by shareholders. The forthcoming 34th AGM of the Company will be held at Holiday Villa Hotel & Suites Subang, 9 Jalan SS12/1, Subang Jaya, Selangor on 28 August 2018.</p> <p>At the 33rd AGM held on 23 August 2017, the Company adopted electronic voting for the conduct of poll on all resolutions. The Company will leverage on technology to facilitate the voting in absentia and allow remote participation by shareholders if an appropriate reliable technology or system is made available in the marketplace.</p> <p>The Board always ensures that shareholders are able to participate at the general meetings. Shareholders are encouraged to be aware of their rights with regards to the appointment of proxies. The details of shareholder’s rights are available for reference at www.ijm.com.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will continue to engage with the relevant service providers for an appropriate reliable technology to facilitate voting in absentia and remote shareholders’ participation at general meetings.
Timeframe	:	Others

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

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

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