

# 5

## SUSTAINABILITY STATEMENT

- 125 Commitment to Sustainability
- 130 Contributing to a Vibrant Marketplace
- 136 Reducing Environmental Impact
- 146 Nurturing and Empowering Communities
- 155 Ensuring a Fair, Inclusive and Safe Workplace





Inspiring positive change  
through responsible  
business conduct and  
collaborations





# SUSTAINABILITY

## STATEMENT

### COMMITMENT TO SUSTAINABILITY

Statement Overview	125
Continuous Engagement	126
Materiality Matrix: What Matters Most	128
Supporting the United Nations Sustainable Development Goals	129
Progress Against Our Targets	129

### CONTRIBUTING TO A VIBRANT MARKETPLACE

Embedding Strong Ethics and Governance	130
Commitment to Quality	130
Feature Project: IJM Developed, Built and Owns the First Commercial Building at TRX	132
Ensuring Customer Satisfaction	133
Responsible Supply Chain	133
Branding and Reputation	133
Riding the Waves of Digital Transformation and Innovation	134

### REDUCING ENVIRONMENTAL IMPACT

Preventing Pollution	136
Reducing and Managing Waste	138
Measuring and Managing Our Water Footprint	139
Case Study: Water Usage at the Pretensioned Spun Concrete Pile Factories	141
Conserving Land and Biodiversity	143
Tackling Carbon Footprint	144

### NURTURING AND EMPOWERING COMMUNITIES

Redesigning the Employee Volunteerism Experience	147
Supporting Community Growth and Wellness	148
Nurturing Generations Responsible for the Future	151
Championing Sports	153

### ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

Creating a Safer Workplace	155
Driving a Diverse and Dedicated Workforce	159
Protecting Human Rights	165



## COMMITMENT TO SUSTAINABILITY

Our approach to sustainability recognises that meeting and exceeding the expectations of all stakeholders are not only the right thing to do but also critical to the long-term success of IJM. Sustainability is part and parcel of our business strategy.

Running a responsible business helps us attract and maintain our investors and top talents, grow our base of customers, participate in nation building alongside the government's growth agenda and create brand affinity with our customers and the public.

We established a governance framework for sustainability in financial year ("FY") 2017, available on the Company's website, that defines and guides us towards impact-focused targets.

The Sustainability Statement ("Statement") describes the Group's commitments, goals, progress and performance across a broad range of issues and is organised into four main pillars.

### Marketplace

Setting out our approach to ethics and governance, while maintaining our reputation, product and services quality, and customer satisfaction

### Environment

Managing the Group's environmental impact

### Community

Contributing positively to the communities in which we operate

### Workplace

Valuing our people and providing opportunities for growth, while ensuring a safe and diverse workplace



Strong encouragement from Bursa Malaysia on Environment, Social and Governance (ESG) disclosure

## STATEMENT OVERVIEW

Being transparent, fair and accountable are important to IJM as we build and maintain trust with our clients, people, investors and stakeholders. We make continuous efforts to strengthen our reporting approach through ongoing stakeholder engagement and voluntary adherence to global non-financial reporting standards such as the Global Reporting Initiative (GRI) and Bursa Malaysia's Sustainability Reporting Guide as well as the LBG Framework for corporate community investment. This is in line with the United Nations Sustainable Development Goals ("SDGs") target 12.6, which encourages companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

The Statement covers IJM Group's business operations in Malaysia and Indonesia for the period from 1 April 2018 to 31 March 2019. The operations in Malaysia and Indonesia accounted for 88% and 5% of the Group's total operating revenue in FY2019 respectively. The Statement includes data from IJM's subsidiaries but excludes data from associates and joint ventures which are outside of Management's control. We disclose our key non-financial metrics and include data from the last three years. Data presented in this Statement has not been verified by an independent third party.





## COMMITMENT TO SUSTAINABILITY

### CONTINUOUS ENGAGEMENT

Our stakeholders are diverse, becoming more sophisticated and have increasing expectations on the way we run our business. We strive to understand their needs and meet their expectations in order to generate shared value, form lasting relationships and better manage our business risks and opportunities. We continue to engage with our stakeholders in an open and transparent manner.

Stakeholders	Shareholders, Investors and Lenders	Clients/Customers	Subcontractors and Suppliers
Why We Engage	Shareholders, investors and lenders provide us with the financial capacity to sustain our growth. We work to ensure they have a strong understanding of our strategy, performance and business fundamentals.	Focusing on customers' needs is a core value. We engage with our customers to understand their needs and identify opportunities to improve our products and services.	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.
Method and Frequency of Engagement	<ul style="list-style-type: none"> <li>• Annual general meetings</li> <li>• Bi-annual analyst briefings</li> <li>• Investor conferences</li> <li>• Regular meetings</li> <li>• Company's website</li> <li>• Annual reports</li> <li>• Scheduled site visits</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction platforms i.e. phone calls, email, social media</li> <li>• Annual customer satisfaction surveys</li> <li>• Events and scheduled site visits</li> </ul>	<ul style="list-style-type: none"> <li>• Tender sessions</li> <li>• Annual subcontractors/suppliers HSE performance evaluations</li> <li>• Briefings such as product/technology briefing sessions</li> <li>• Events and trainings</li> </ul>
Key Topics Raised	<ul style="list-style-type: none"> <li>• Impact of new government policies and regulations</li> <li>• Business outlook and strategy</li> <li>• Financial and operational performance</li> <li>• Risk management</li> <li>• Environment, social and governance practices and commitments</li> </ul>	<ul style="list-style-type: none"> <li>• Customer service and experience</li> <li>• Product/service quality and support</li> <li>• Timely and smooth delivery of projects/products/services</li> <li>• Health, safety and environment ("HSE") practices</li> <li>• Supply chain traceability</li> </ul>	<ul style="list-style-type: none"> <li>• Product/service quality and delivery</li> <li>• New equipment/technology reliability and performance</li> <li>• HSE compliances and practices</li> <li>• Workers' welfare and well-being</li> <li>• Supply chain traceability</li> </ul>



Given the value of collaboration with various stakeholders, we support SDG 17 and recognise its efficacy in achieving common goals towards sustainable development. We also actively participate in industry association activities to learn, develop and contribute to a collective voice towards best practices for the industries we serve, continuously and successfully. The list of associations where our Group and Divisions are members and active partners can be found on our Company's website.



Regulators and Government Authorities	Media	Employees	Local Community, Industry Associations, Academia and NGOs
Regulators and the government set the legal framework for our business operations. We engage with them to ensure we comply with existing legislations.	The media is our primary channel of communication across a wide variety of key stakeholders. They disseminate information such as our Group's financial performance and provide us with valuable feedback and insights about our business environment.	We work to create a diverse and inclusive workplace where every employee is encouraged to reach their full potential. This enables us to retain and develop the best talents.	We work in partnerships 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"> <li>• Compliance and certification exercises</li> <li>• Periodic site visits and audits</li> <li>• Company representations at industry association initiatives/technical working groups</li> <li>• Consultations, briefings and trainings</li> <li>• Annual reports</li> </ul>	<ul style="list-style-type: none"> <li>• Press releases, press conferences and interviews</li> <li>• Annual reports</li> <li>• Company's website</li> <li>• Events and site visits e.g. media appreciation events, project launches</li> <li>• Annual general meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Workplace and intranet</li> <li>• Annual forums and divisional townhall meetings e.g. Senior Management Forums, Regional Alignment Forums</li> <li>• Trainings and workshops</li> <li>• Annual performance appraisals</li> <li>• Triennial MyVoice employee engagement surveys</li> <li>• Employee events and roadshows e.g. festive celebrations, annual dinners, IJM Games, HSE campaigns</li> <li>• Sports and social programmes via Kelab Sukan IJM, IJM Toastmasters Club</li> </ul>	<ul style="list-style-type: none"> <li>• Community outreach and development programmes</li> <li>• Events e.g. product launches and festive celebrations</li> <li>• Company's website and advertisements</li> <li>• Annual reports and social media</li> <li>• Educational briefings and site visits</li> </ul>
<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Certifications/awards</li> <li>• Corporate governance</li> <li>• Industry updates and best practices</li> <li>• Industry support on national policies and efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Company's strategy for growth and value creation</li> <li>• Company's financial and non-financial performance</li> <li>• Industry outlook</li> </ul>	<ul style="list-style-type: none"> <li>• Company's performance and direction</li> <li>• Human capital competencies and capabilities</li> <li>• Welfare and remuneration</li> <li>• Health and safety practices</li> <li>• Workplace and living conditions</li> <li>• Career path and progression</li> </ul>	<ul style="list-style-type: none"> <li>• Company's reputation and branding</li> <li>• Good corporate citizenship</li> <li>• Best management practices</li> <li>• Industry-related research and knowledge sharing</li> <li>• Strategic partnerships</li> </ul>



## COMMITMENT TO SUSTAINABILITY

### MATERIALITY MATRIX: WHAT MATTERS MOST

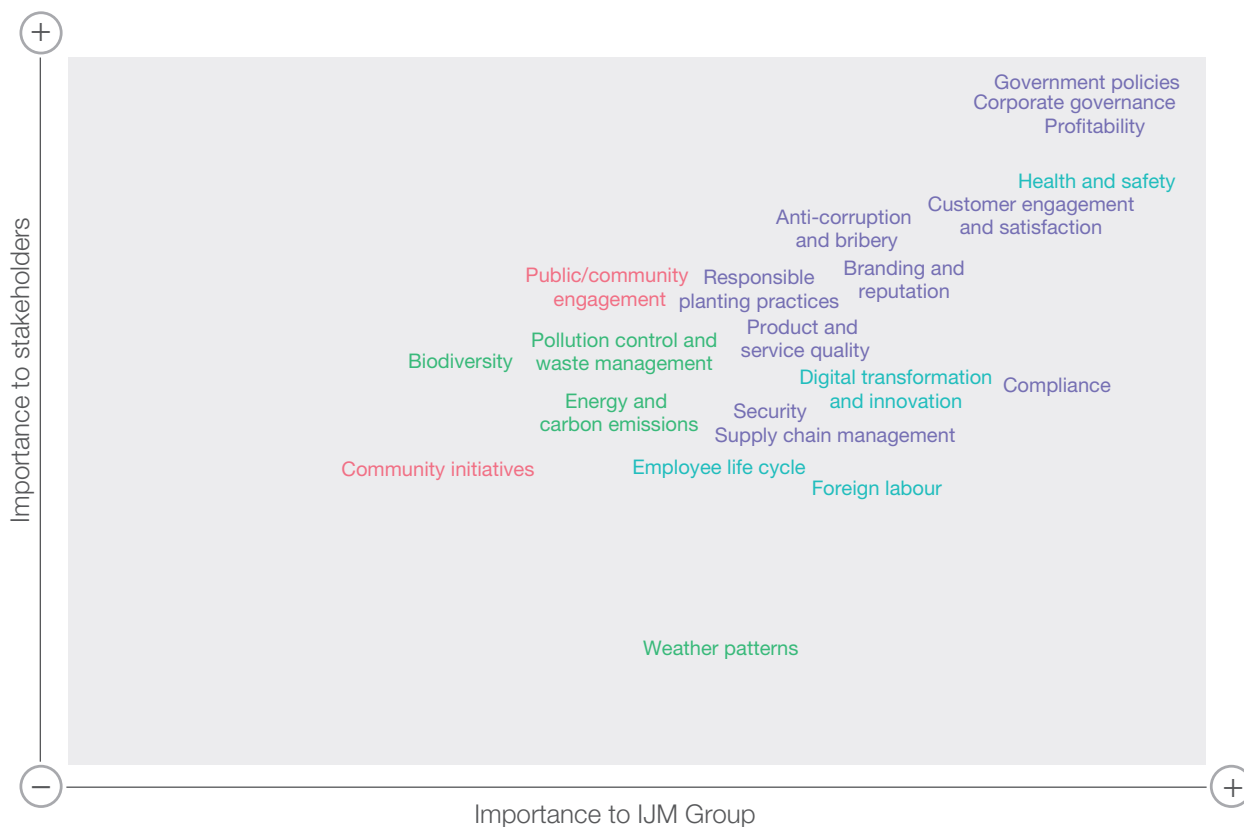
Our sustainability efforts are fundamental to the success of our business. It is a key part of our core business strategy and it is therefore driven from the top with input from a wide range of stakeholders. From these ongoing engagements, we gathered input from our business divisions as well as Group Services to formulate the Group materiality matrix. We also considered the topics spelt out in the Statement on Risk Management and Internal Control, assessments by various financial and sustainability-related rating agencies as well as research publications.

The top right section of the matrix underscores topics most material to IJM Group and our stakeholders. All topics in the matrix are discussed in the ensuing sections of the Statement.



Group and Divisional Champions discussing materiality at a workshop on 23 January 2019

### IJM Corporation Berhad's FY2019 Materiality Matrix





## SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

As an organisation, we are not just a subscriber to the SDGs – we are a catalyst and accelerator of sustainable development. We recognise the importance of sustainability in ensuring that we can maintain competitiveness and business continuity, alongside understanding our impact on the wider community and environment.

IJM supports the SDGs, which provides a framework for development and addresses the challenges that the global population faces, from tackling climate change and environmental risks to managing societal needs and building economic growth. We highlight the goals that are closely related to the Company's priority issues and areas of long-standing commitment, investment and progress.



Business representations at the United Nations Sustainable Development Goals Workshop on 11 October 2018

### Top 5 Material Topics and Supporting SDGs

Government policies <a href="#">pages 56 to 97</a>	Corporate governance <a href="#">page 130</a>	Profitability <a href="#">pages 56 to 97</a>	Health and safety <a href="#">pages 155 to 159</a>	Customer engagement and satisfaction <a href="#">page 133</a>
<b>SDG 1, 8, 9, 11</b>	<b>SDG 5, 16</b>	<b>SDG 8</b>	<b>SDG 3, 6, 8, 11, 17</b>	<b>SDG 12</b>

## SUSTAINABLE DEVELOPMENT GOALS



## PROGRESS AGAINST OUR TARGETS

Legend: ■ Achieved ■ In progress ■ Not achieved

Target	Financial Year	Progress Update
<b>CORPORATE</b> Establish a Group Sustainability Roadmap	2020	■ In progress. We will report on the Roadmap in the following annual report.
<b>MARKETPLACE</b> Develop a Group Supply Chain Policy	2019	■ Achieved. We have developed a Supply Chain Policy. Please refer to page 133.
<b>ENVIRONMENT</b> Perform a water footprint assessment on the Industry Division	2019	■ Achieved. Please refer to pages 141 to 142.
<b>COMMUNITY</b> Redesigning the volunteerism experience at IJM	2019	■ Achieved. Please refer to page 147.
<b>WORKPLACE</b> Zero fatalities at the workplace for all business divisions	Ongoing	■ Achieved. There was no work-related fatality in FY2019. Please refer to pages 156 to 157.
Develop a Group Human Rights Policy	2019	■ Achieved. Please refer to page 165.
Improvement measures following the feedback from the employee engagement survey	2018 to 2020	■ In progress. The next MyVoice Survey will take place in early 2020.

The upcoming targets will be established in line with the upcoming Group Sustainability Roadmap in FY2020.

## CONTRIBUTING TO A VIBRANT MARKETPLACE

Our business landscape is ever changing and seeing rapid political, economic, social, legal and technological shifts. We make concerted effort to build lasting, shared values through the investments we make, the assets we build and the utility we deliver to our customers through our quality products and services. We recognise that we have a duty to utilise and manage our various input capitals, as depicted in the Value Creation table on pages 62 to 63, in a responsible manner. This include being committed to high standards of corporate governance and upholding the trust in our brand and reputation that helps cultivate multiple stakeholder partnerships and relationships.

### EMBEDDING STRONG ETHICS AND GOVERNANCE

#### Ethics and conduct

The IJM Group was founded on strong ethics and professionalism since inception in 1983. Our Code of Ethics and Conduct ("CEC") sets out principles and rules of conduct for IJMers to adhere to in our everyday work. The CEC applies to Directors and employees, including full time, probationary, contract and temporary staff. Each employee has a duty to read and understand the CEC. In addition to the CEC, IJM Group has in place a number of Company policies that establishes the rules of conduct within the organisation; representing the main points of reference for all who work for us. These policies can be found on the Company's website.

#### Recent developments on corporate liability

Bribery and corruption present significant risks to business and hinders social and economic growth. On 5 April 2018, the Malaysian Parliament amended the Malaysian Anti-Corruption Commission Act 2009 to incorporate among others, a new Section 17A to introduce a statutory corporate liability offence. This new provision provides that a commercial organisation commits an offence if any person associated with it commits a corrupt act in order to procure any business or advantage in the conduct of its business. We are looking to enhance our internal compliance system and resilience to the changes of the legal environment which is expected to come into force in June 2020. In May 2019, we adopted an Anti-Bribery and Corruption Policy to set out some parameters to prevent the occurrence of bribery and corrupt practices in relation to the businesses of the Group. We intend to build an effective, accountable and inclusive organisation at all levels, in line with SDG 16.



### Maintaining our governance standards

Our corporate governance structure and practices ensure robust board and management accountability to our stakeholders. We are guided by the Malaysian Code on Corporate Governance in ensuring the principles and best practices of good corporate governance are applied throughout the Group. The Board of Directors monitors and responds to the Group's overall strategic plans for business performance and conduct, management's succession planning, risk management, shareholders' communication, internal control, management information systems and statutory matters. The Board has delegated certain functions to its Board Committees to assist in the execution of its responsibilities. Details on our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement on pages 98 to 107 of the Annual Report.

### COMMITMENT TO QUALITY

Our reputation depends on the value that we deliver to our customers and the community. Our steadfast commitment to our motto of *Excellence Through Quality* continues to stamp our mark of excellence in all our products and services.



The importance of quality management system is communicated to new hires during the orientation in February 2019





Road work assessment carried out by the Quality System department together with site personnel



Awarded the highest achievement in Construction Quality Excellence Award during the QLASSIC Day 2019

All our business divisions have management systems implemented and certified in accordance with local and international benchmark standards. We aim to ensure organisational commitment to continuous improvement of processes and activities, guaranteeing the competence of our employees to deliver the work assigned and the economic and technical organisational capacity to carry them out.

Our Construction, Property, Industry and Infrastructure (Port and Toll) Divisions are certified with the ISO 9001:2015 Quality Management System. This standard combines the process approach and risk-based thinking, and emphasises a number of quality management principles including strong customer focus, the motivation and implication of top management and continuous improvement.

Our Construction Division also developed internal measures to ensure quality control through a self-regulated assessment system. Formulated in 2000, the IJM Quality and Safety Assessment System ("QSAS") provides procedures and testing methods in which standards were set out for the various quality and safety aspects of building construction. In upholding the quality and safety policies, the Quality Management Committee together with the Occupational Health and Safety Management Committee conducts an annual review of the Quality Management Systems and Safety and Health Management System. The Pantai Sentral Interchange project, which was completed in FY2019, achieved an QSAS score of 88%.

The Construction Industry Development Board ("CIDB") established the Quality Assessment System in Construction ("QLASSIC") in 2007, as a benchmark of workmanship quality of building construction work based on the Construction Industry Standard ("CIS 7"). During the year, the Property Division attained the QLASSIC 2018 and 2019 Excellence Awards for the Seri Riana Residence Phase 2B and Saujana Duta Phase 2L respectively for the High and Highest QLASSIC Achievement Awards. The award recognises developers and contractors who have achieved a high score of 80% and above.

Our Industry Division's products are locally and internally certified with MS 1314:Part 4:2004 Precast concrete piles, SS EN 206:2014 Concrete, JIS G 3137:2008 Small diameter steel bars for prestressed concrete, MS 1138:Part 3:2007 Prestressing steel, C60 Shoring system, BS 5975 Code of practice for temporary works procedures and the permissible stress design of falsework and BS EN 12812 Falsework.

Our Plantation Division's continued focus on quality and sustainability is substantiated by national and international certification standards, namely the International Sustainability and Carbon Certification ("ISCC"), Malaysian Sustainable Palm Oil ("MSPO") and Indonesian Sustainable Palm Oil ("ISPO"). Understanding that the products of this Division satisfy food and industrial value chains, the Division is also certified for Good Manufacturing Practices Plus and Good Agricultural Practice.

We are the first construction company listed in Bursa Malaysia to be certified for both the ISO/IEC 27001:2013 (Information Security Management System – ISMS) and ISO/IEC 20000-1:2011 (Information Technology Service Management System – ITSMS) by SIRIM QAS International.

## CONTRIBUTING TO A VIBRANT MARKETPLACE

### FEATURE PROJECT: IJM DEVELOPED, BUILT AND OWNS THE FIRST COMMERCIAL BUILDING AT TRX

IJM developed and constructed a 27-storey Grade-A office tower at the upcoming international financial district Tun Razak Exchange ("TRX") in Kuala Lumpur. The commercial building, called *Menara Prudential*, costed around RM500 million to develop and is the Prudential Group's new Malaysian headquarters. The first building to be completed and occupied at TRX, it houses all of Prudential's assurance, takaful, asset management and shared services businesses under one roof. The respective office floors were officially handed over to Prudential, the anchor tenant, in June 2019.

The LEED Gold-certified and MSC Status commercial building was built over a land area of 1.18 acres with a gross floor area of 560,136 square feet. During construction, state-of-the-art Building Information Modelling technology was used to better plan and manage the site, thereby reducing construction complications while saving cost and time. Materials used in the construction of *Menara Prudential* were also of high recycled content and sourced locally wherever possible. The building was designed after the *tengkolok*, a traditional Malay headgear.



Menara Prudential sits in the Tun Razak Exchange financial district

Menara Prudential features several smart and sustainable office building attributes:

#### Energy

- Use of artificial intelligence in facilities management to optimise energy consumption in indoor lighting and temperature performance



Water efficient landscaping eliminates the use of potable water for landscape irrigation

#### Water

- Smart water system that channels recycled water from rainwater harvesting and treated water to be reused for landscaping and toilet flushing
- Effluent water treatment for chilled water usage

#### Safety, health and security

- Low emitting materials chosen to increase indoor environmental quality
- Proximity to emergency services with commitments from the police, fire brigade and ambulance services to respond within a stipulated time
- 24-hours security with CCTV monitoring
- 2-tier entry and exit system – visitors management and turnstile
- Smart card system adoption that allows customisation based on access protocols

#### Convenience

- Centrally located with excellent transport links – accessible to major arterial roads and the largest MRT exchange station
- Multi-storey car park with parking guidance system and dedicated lady parking bays
- Bicycle storage and changing rooms
- Dual entrance with street and central public park frontages

#### MSC Malaysia Cybercentre Status

- Power supply redundancy plan via dual supply scheme with Automatic Transfer Switch to ensure 15 seconds of restoration time
- Equipped with fibre-optic backbone to floors
- High-speed broadband connectivity



## ENSURING CUSTOMER SATISFACTION

We understand that in today's increasingly competitive, complex and dynamic marketplace, customers are seeking for more than a contractor, developer, raw materials or service provider. They need a responsive partner whose approach combines deep expertise and experience with an unwavering commitment to excellence, value, collaboration and shared success. In engaging with customers and their consumption choices, we strive to encourage sustainable living and production as set out in SDG 12.



Customer engagement and satisfaction remains a material topic across all Divisions. Our business divisions adopt different targets and methodologies in measuring customer satisfaction, due to the diversity of our business, although essentially all are aimed at addressing customers' expectations. These methods allow us to continuously engage with our customers and remain focused on the quality of the relationships we build as well as the products and services we provide.

Construction	Property	Industry	Port	Toll
Customer Satisfaction Survey	Customer Satisfaction Score	Customer Satisfaction Survey	Customer Satisfaction Survey	Highway Users Satisfaction Survey
Achieved average <b>78%</b> for all projects (target: 75%)	Achieved satisfaction level of <b>6.9 out of 10</b>	Achieved <b>94%</b> (target: 80%)	Achieved <b>97%</b> (target: 65%)	Achieved <b>89%</b> (target: 85%)

## RESPONSIBLE SUPPLY CHAIN

The Group is highly dependent on third party contractors, consultants, professional service providers and vendors in carrying out our business activities. For our responsible best practices to be carried through, the supply chain has to be adequately addressed. We are committed to building strong and lasting relationships with our supply chain, founded on trust and mutual benefit. We also recognise our position to lead and positively influence the industry. In May 2019, we adopted a Responsible Supply Chain Policy that extends the Group's values and principles to our suppliers, service providers and contractors. This policy can be found on the Company's website.

Above our track record, we have built a reputation for deep industry knowledge, excellence in product and service delivery, integrity and professionalism across all business divisions and the markets we operate in. The IJM brand is an important driver when we pursue new business opportunities and attract talents.

The media coverage we received, brand and customer surveys we conducted and awards and accolades we garnered in categories of business excellence, as well as our long-standing customer relationships have all provided a positive and accurate picture of our business activities.

In 2017, we embarked on a branding programme with the objective of building our brand equity and ensuring that the brand evolves with the business. This branding initiative aims to drive a cohesive and consistent IJM brand across all operations, while strengthening the awareness and perception of the IJM brand externally.

## BRANDING AND REPUTATION

At IJM, we are committed to building a positive reputation with stakeholders across our footprint. Our stakeholders recognise IJM's ability to create value reliably in changing market conditions.



Awarded the Outstanding Contribution Towards Sustainability at the Royal Institution of Surveyors Malaysia ("RISM") award presentation held at the RISM's 57th anniversary dinner



The Edge Malaysia Property Excellence Awards – Top Property Developers Awards in 2018

## CONTRIBUTING TO A VIBRANT MARKETPLACE

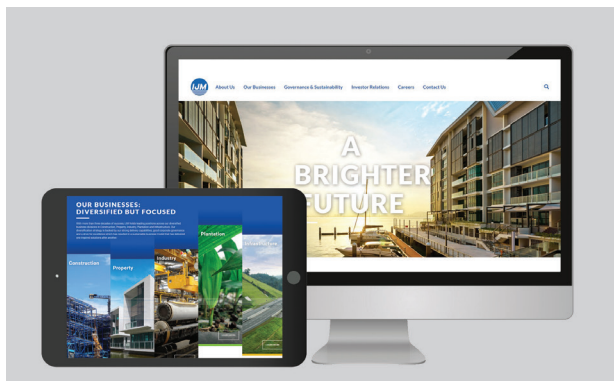
As part of the programme, a thorough brand audit exercise was conducted to gain a contextual understanding of internal and external stakeholder expectations and needs, opportunities and challenges and perceptions of the Group brand from stakeholders.

The findings of the brand audit exercise led to the development of a sustainable, relevant and differentiated brand promise for IJM. The brand promise – *Delivering Inspired Solutions* – means that at IJM, we are committed to implementing informed and inspired initiatives that exceed expectations, backed by decades of experience, knowledge and success stories.

The other phases of the branding programme involve the launch of the brand campaign, visual identity system and new brand identity guidelines across all mediums of the Company's communications – all of which will take place in the next financial year.

In conjunction with the branding programme, we took the opportunity to revamp our corporate website – [www.ijm.com](http://www.ijm.com). The outcome is a refreshed, clean and simplified design with improved functionality for front-end users to reflect the new branding.

### IJM's Brand Promise



The new corporate website provides timely, seamless and easy-to-navigate user experience

## RIDING THE WAVES OF DIGITAL TRANSFORMATION AND INNOVATION

Advances in technology and digitalisation provide opportunities for businesses to become more productive, innovative and relevant in a fast-changing world. At the same time, risks such as data security, privacy and ethical concerns as well as technology and talent management that may arise from rapid digitalisation also have to be appropriately addressed. With the launch of the National Policy on Industry 4.0 in 2018, IJM Group established a roadmap to drive digital transformation and innovation which covers amongst others, Internet of Things, robotic automations, data integration and workplace modernisation which focuses on digitisation, team collaboration, data security and sustainability.



Group CEO & MD stresses on the need for innovation and intrapreneurship at the Senior Management Forum 2018

In 2018, we kicked-off an 18-months digital transformation journey to update and integrate our existing Information Technology ("IT") landscape across all business divisions. We embarked on a Group-wide project with a globally renowned software company to strengthen our IT backbone for digital transformation and to integrate our manufacturing and project site operations (Operational Technologies) with our core IT systems. This will allow the consolidation of near real time data into valuable information for more efficient and effective analysis to improve decision making.

The IJM Group is rolling out harmonisation efforts in the area of finance, logistics and human resource. We are still in the early phase of the digital transformation process and are beginning to see the results of a digitalised and streamlined procurement process that brings greater efficiency and cost savings. In early 2019, the Construction, Property and Port Divisions piloted a live auction via a cloud-based solution for procurement, spend management and supply chain service that connects suppliers to buyers.



Building Information Modelling (“BIM”) which entails the digitalisation of construction information on construction sites, has continued to expand in scope and scale. It has created seamless synergy within the Construction and Property Divisions in the journey of digitalisation. Utilising BIM for coordination on construction during the planning stage, by transforming drawings and plans into BIM models with rich details, helps the team detect issues in the early phase and identify the exact location of discrepancies. The process bridges the information gap between the design team, construction team and building owners, ensuring that all parties are on the same page. Through this process, we achieved optimised schedules and improved work quality.

Our Construction Division implemented the face ID biometric and access control in five project sites – Uptown Damansara8, Affin Bank (TRX), HSBC (TRX), LRT3, and 3Residence projects. The face scanner allows us to have better control of people entering and exiting the site while enabling us to immediately perform a headcount in case of an emergency. The on-site workforce can be monitored in real-time and it has expedited workers registration tracking and status of their work permits. The system allows the verification of the validity of workers’ credentials and CIDB green cards. Those not in compliance with the requirements will not be allowed entry into the site.

Among the projects initiated by the Industry Division at its Kuantan factory include robotic pile shoe welding, which resulted in the increase of production efficiency by 35% on average, and a predictive maintenance system for overhead cranes at the Kuantan factory.

We implemented real time quality control monitoring and online concrete cube strength checks which observe the quality of concrete on real-time basis and promote transparency. There was also the installation of radio-frequency identification (“RFID”) chips onto moulds and a RFID reader to track the efficiency of the spun piles production lines on real-time basis. An implementation of an auto mould oil spraying process saw immediate cost-savings within the first two months. We also adopted industrial automation at the quarries and ready-mixed concrete plants.

With the participation of Malaysia Digital Economy Corporation, the Port Division is carrying out pilot projects with a start-up based in the USA to digitalise the process of berth planning and vessels scheduling. This is expected to enhance operational efficiency with real-time monitoring. A safety app has also been launched to capture incidents at Port operations and monitor the status of resolutions.

With our diversified business interests, we are constantly looking for ways to raise innovation capabilities and competitiveness. On 23 October 2018, we signed a

memorandum of understanding with the Asia Centre of Excellence for Smart Technology (“ACES”). In line with the Malaysian Government’s Industry 4.0 goals, ACES was established by the East Coast Economic Region Development Council and TUM International GmbH to provide Industry 4.0 certifications, advisory, consulting and training services on smart technologies and practices in Malaysia as well as throughout the Southeast Asian region. Malaysia’s National Policy on Industry 4.0, which was launched in the same month, creates a platform for transition into a more technologically advanced, open and high-income economy that is able to compete globally.



Engineers undergoing Building Information Modelling (BIM) training



Face ID biometric and access control at construction project sites



Industry Division showcasing the digital technology adopted in the Nilai manufacturing plant

## REDUCING ENVIRONMENTAL IMPACT

We are aware of the significant risks posed by climate change, environmental pollution, resource scarcity and freshwater shortage. As part of our commitment to excellence, we endeavour to incorporate more sustainable approaches in our business operations. This is achieved by optimising energy usage and reducing carbon emissions, lowering the amount of pollution and waste we generate, conserving and protecting water supplies as well as protecting biodiversity. We find that measuring and managing our environmental performance helps to lower environmental impacts.

In FY2019, we modified our Health, Safety and Environment ("HSE") Policy statement into two separate policies – Environment Policy and Occupational Safety and Health ("OSH") Policy. The change to the policies was a result of our continuous engagement with the Department of Environment, who highlighted a need for a stand-alone policy on environment today.

We place a high level of importance and are committed to protecting the environment, an intended outcome of the Environmental Management System ("EMS"). The Construction and Industry Divisions comply with the EMS ISO 14001:2015, whilst the Property Division is in the midst of obtaining the certification. By managing all environmental risks and capitalising on the opportunities for improvement, we not only reduce the impact of pollution from its activities, but also elevate our capabilities to operate in a more sustainable manner.

We practice self-regulation, ensuring that all practices are in-line with the necessary requirements to keep the sites safe and the surrounding environment protected. The environmental quality monitoring has been carried out to ensure compliance with regulatory limits as defined in the Environmental Impact Assessment ("EIA")

approval conditions or relevant Malaysian Standards. We did not receive any notification of non-compliance with environmental laws and regulations in FY2019.

### PREVENTING POLLUTION

Keeping the environment safe from harm and pollution is a collective responsibility. IJM Group is committed to controlling and preventing environmental pollution from occurring in our business activities. All Divisions adhere to the Environmental Pollution Control Guidelines on air, noise and water pollution control in line with the objectives of our Environment Policy.

We maintain best management practices to control erosion and sedimentation impact from construction and quarrying activities. We actively identify and assess environmental aspects to determine controls that are best suited to manage potential pollution at sites. These controls have been implemented at all workplaces based on the needs and site conditions which include silt fences, sand bag barriers, sediment basin or silt traps. Controls have also been put into place for periodic monitoring of air quality, noise and vibration levels at sites.



Employees performed environmental audit at a project site



Employees of the Property Division engaged on environmental protection and the benefits of the Environmental Management System





Silt trap with noise barrier in the background at one of the project sites

In the case of a spill, IJM workplaces have identified and planned actions to respond to the situation. The area of the spill shall be cordoned off and restricted from entry, with designated and trained personnel cleaning up the spill with proper equipment and clothing. In the event of a major spill that has an impact on a large area or can lead to risk of injury or explosion, the Hazardous Materials (Hazmat) team will be notified with instructions to contain the situation. The Port Division conducts oil spill drills and have the Oil Spill Emergency Response Team ready for emergencies. Kuantan Port 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). No significant spills were reported for the Group during the reporting period.

### Responsible handling of materials

The Port Division exports bauxite, the sedimentary mined rock that is the principal ore for aluminium, amongst other dry bulk cargoes such as iron ore, palm kernel expellers and fertilisers. Since the lifting of the moratorium on bauxite mining activities in April 2019 following a Federal Government halt on 15 January 2016, the Port Division is taking extra precautions which include implementing a stringent Standard Operating Procedure ("SOP") by the Ministry of Water, Land and Natural Resources. On pollution control, the new SOP allows only two berths at the Kuantan Port to handle bauxite for export, via the conveyor system to transport bauxite directly to the ships from the centralised transit stockpiles. The warehouse storing bauxite has only two entry-exit points covered with netting to reduce 75% of wind and a 3 metres high boundary hoarding.

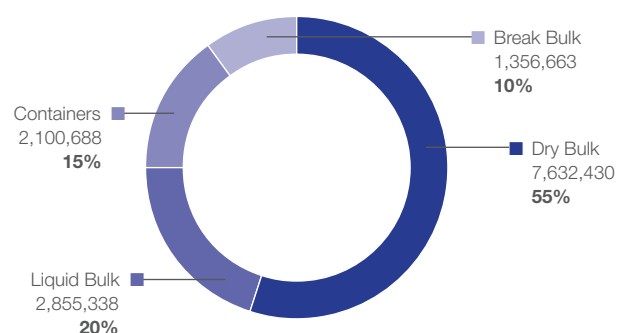


Kuantan Port's Emergency Response Team conducts an oil spill drill

The warehouse is equipped with a washing bay and a high-pressure water jet, perimeter drains and a retention pond to ensure that all cargo trucks are cleaned before going on the road. The SOP states that the monthly capacity of bauxite is capped at 600,000 tonnes.

The Port Division recently installed a conveyor belt at the New Deep Water Terminal that will later connect the Kuantan Port to an iron and steel plant belonging to Alliance Steel (M) Sdn Bhd. This conveyor belt improves productivity as it helps move both heavy and light materials, such as iron ore and coal, to and from Kuantan Port to Alliance Steel. The conveyor system is equipped to cater 180,000 tonnes of storage area which is surrounded by perimeter drains. Washing bays are also available to wash lorries before they exit onto the main road. Any contaminated surface runoff water is treated via the treatment plant. The 700 metres conveyor belt connects the storage area to the vessels, thus minimising cargo spillage from the stockpile to the wharf area, and hence avoiding pollution.

### Port Division's Throughput by Cargo Type in FY2019 (Freight Weight Tonnes)



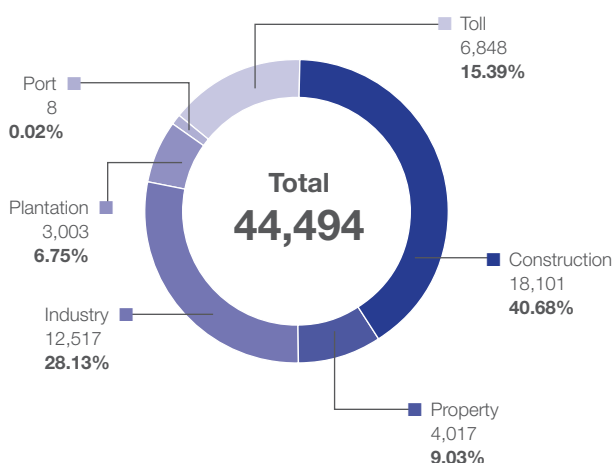


## REDUCING ENVIRONMENTAL IMPACT

### REDUCING AND MANAGING WASTE

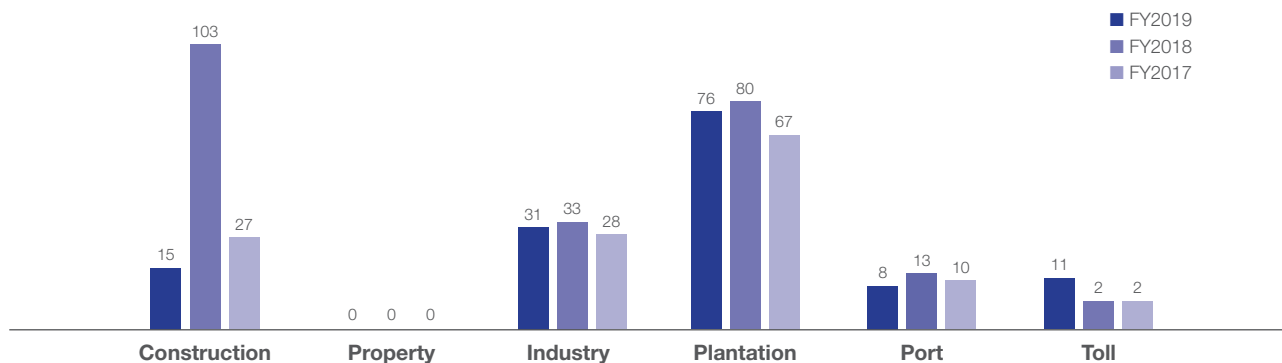
We aim to reduce the amount of waste we generate and to reuse or recycle materials. In FY2019, we generated 44,494 tonnes of waste as a Group, a significant drop from the previous year of 68,607 tonnes. The highest volume of waste generated in the reporting period were from Construction, Industry and Toll Divisions. Around 12% of our total waste footprint was reused or recycled in the reporting year.

**Total Scheduled and Non-Scheduled Waste Generated in FY2019 (MT)**



Our Construction Division practices waste management by segregating timber, steel and concrete wastes. All sites ensure availability of adequate receptacles for temporary collection of waste that are removed from sites by licensed contractors.

**Scheduled Waste by Division (MT)**



Recovering energy from waste and making good use of organic materials exemplify how waste can be a resource. One example is the collection of methane gas from our oil

### Reused or Recycled Construction Waste

Waste Type	Reused (MT)	Recycled (MT)
Timber	5	1,177
Steel	Less than 1	360
Concrete	455	444

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 effluents from unused concrete resulting in cost savings and effective waste management. In FY2019, the system reclaimed 455 tonnes of sand and 652 tonnes of aggregates for production use instead of landfilling. The recovered sand and aggregates are mixed into the stockpile and reused in production. Slurry effluents 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, totalling 2,058 m<sup>3</sup>, is reused for concrete batching, truck washing, sprinkler systems and cleaning purposes.

### Handling scheduled wastes

We manage scheduled wastes according to the stipulated legislations where a designated storage area is constructed at all sites based on guidelines and specifications. Licensed contractors are appointed to transport these wastes off site to a treatment facility. We emphasise on reducing the generation of such wastes through proper handling of chemicals or materials that are disposed as scheduled wastes. We inspect and maintain our machineries and equipment frequently to avoid any spillage or leaking that may contribute to the generation of scheduled wastes.

palm mills. In FY2019, the Plantation Division generated 481,435 MT of biomass residues from by-products generated from mill operations.

#### By-products Generated from Mill Operations

Raw Material	Percentage Recycled from Raw Materials	Usage
Fiber	100%	Fuel
Shell	99%	Fuel
Empty fruit bunches	96%	Mulch and fuel

At present, the management and control of electronic waste or e-waste is regulated under the Environment Quality (Scheduled Wastes) Regulations 2005. Under this regulation, e-waste is categorised as scheduled waste. Most e-waste contains precious metals (such as gold, silver, platinum and palladium), iron, copper, aluminium and plastics that can be extracted and sold. We practice the disposal of scheduled wastes via contractors registered with the state environmental department.

#### Electrical and Electronic Equipment Wastes (By Number of Units)

E-waste Type	2015	2016	2017	2018
Monitors	23	57	96	50
Desktop computers	196	93	78	101
Notebook computers	32	16	59	39
Printers	54	73	37	31
Servers	8	4	–	27
Others i.e. scanner, fax machine, AVR, UPS, keyboard, hard disk, projector, network equipment	183	80	56	122

### MEASURING AND MANAGING OUR WATER FOOTPRINT

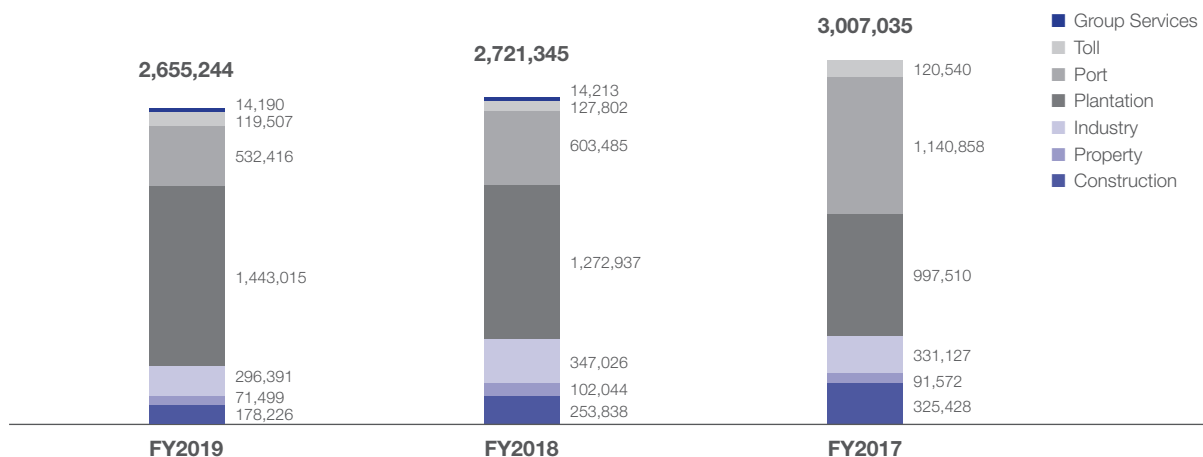
Malaysia is blessed with rich water resources, receiving an average annual rainfall of 3,000mm, equivalent to 990 billion m<sup>3</sup> of water. Yet, we are faced with water shortages and crisis in some parts of the country during the dry season. We respect water as a precious resource and focus on its sustainable use. Water management is a key component of our social license to operate and crucial in meeting future water needs. This is in line with SDG 6 in ensuring the availability



and sustainable management of water, as we proactively increase water-efficiency across all businesses.

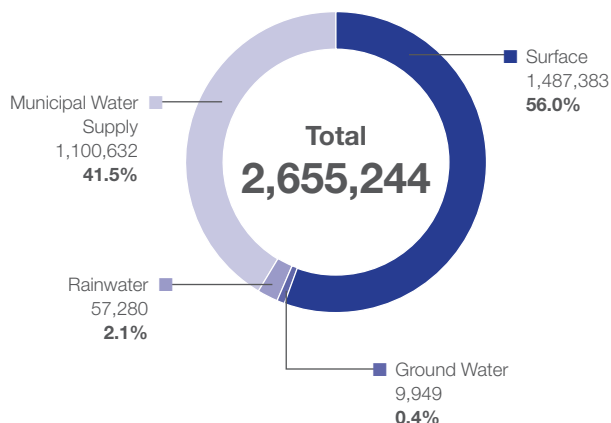
As a Group, our water usage decreased by 2% from 2.72 million m<sup>3</sup> in FY2018 to 2.65 million m<sup>3</sup> in FY2019. The Plantation and Port Divisions were the largest consumers, accounting for 74% of our total water footprint. The Plantation Division used over 1.4 million m<sup>3</sup> to process fresh fruit bunches in the palm oil mills. Sourced from the catchment ponds, this processed water saw an increase of 13% from FY2018 in line with the increased production in the Indonesian operations.

#### Total Water Consumption by Division (m<sup>3</sup>)



## REDUCING ENVIRONMENTAL IMPACT

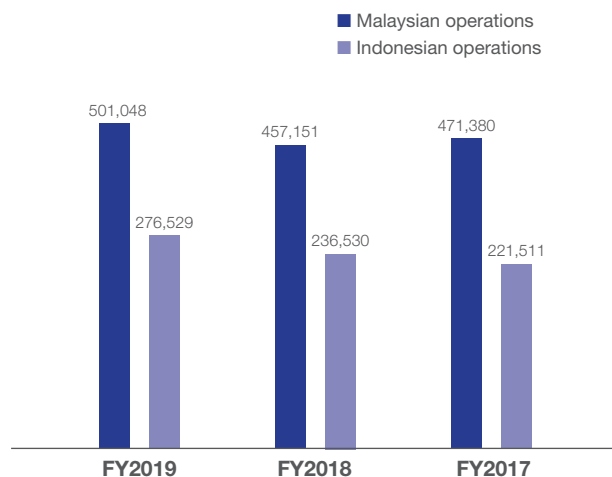
**Total Water Consumption by Source in FY2019 (m<sup>3</sup>)**



We invest in technologies to treat, reuse and recycle water from our operations so that we can responsibly manage our water footprint while meeting environmental standards. For instance, the Construction Division adopts the CLEARTEC wastewater treatment equipment to remove suspended solids below 50mg/litre from both construction site rainwater runoff and selected industrial waste water. This is to allow the treated water to either be discharged into the public drainage system or recycled for further use. This system has been implemented at or planned in several of our construction projects.

The Plantation Division has in place a water management plan in all its estates, including stringent periodic audits to ensure the adherence to the environmental management plans and policies. The Division treats the Palm Oil Mill Effluents ("POME") that is generated from the milling activities in order to meet with the stringent environmental limits. The treated POME is then channelled to the field for land irrigation.

**Total POME Generated from Oil Palm Mill Operations (m<sup>3</sup>)**



### Rainwater harvesting

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

Division	Examples of Harvested Water Usage
Property	Landscaping at Menara Prudential at TRX, Kuala Lumpur; The Arc at Bandar Rimbayu, Selangor; and The Light Waterfront, Penang
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 Plazas



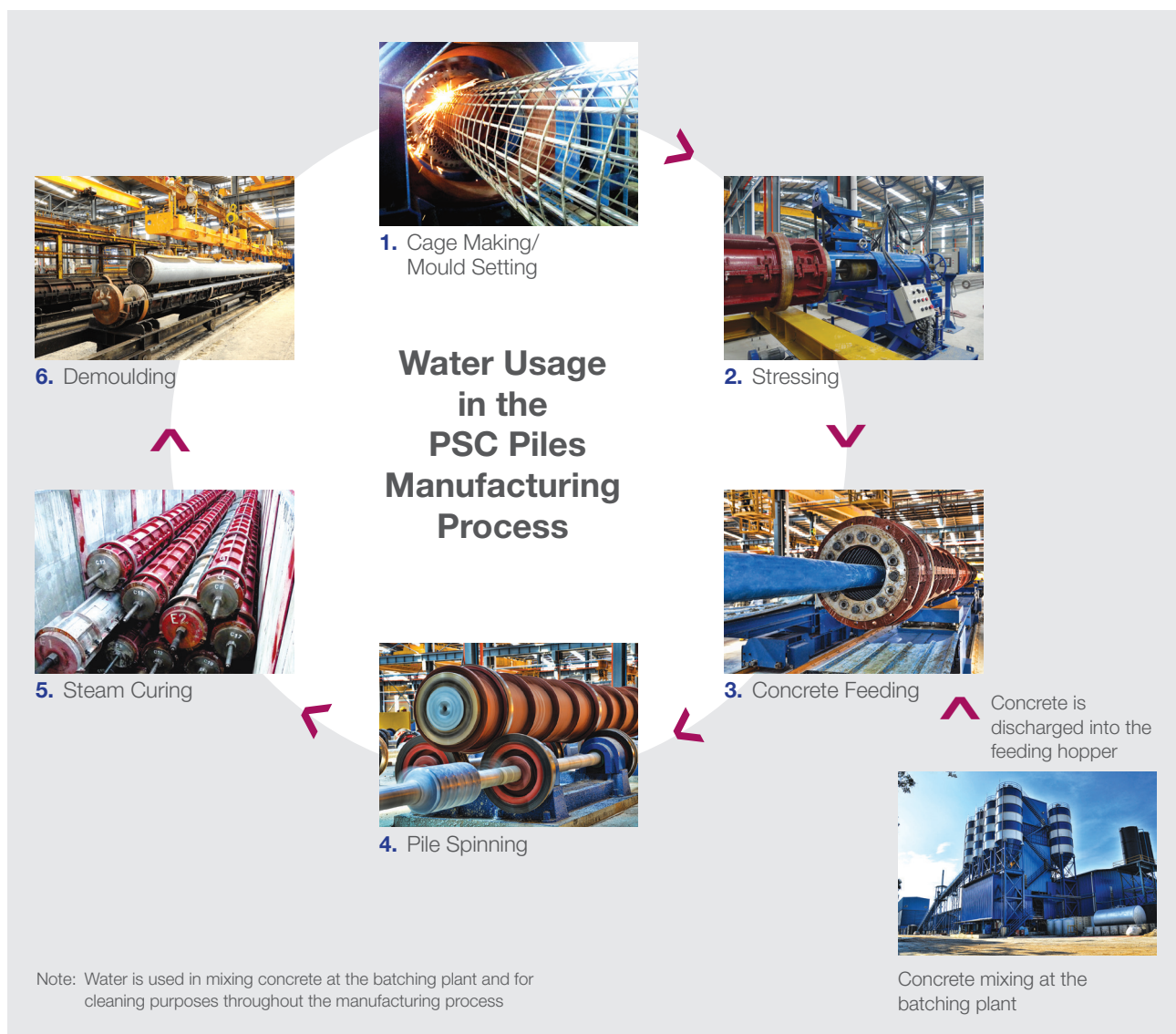
### CASE STUDY: WATER USAGE AT THE PRETENSIONED SPUN CONCRETE PILE FACTORIES

Our Industry Division, the first commercial manufacturer of pretensioned spun concrete ("PSC") piles in Malaysia and the largest in South East Asia, has 11 PSC pile factories in Peninsular Malaysia. PSC piles are often used in the construction industry to construct bridges, build foundations, civil engineering works, marine structures, and piled embankments. In this reporting period, the factories produced 1.46 million tonnes of piles.

Aside from the materials used to create spun piles such as aggregates, cement, prestressing steel and spiral wire, water is also used in the manufacturing process. Water

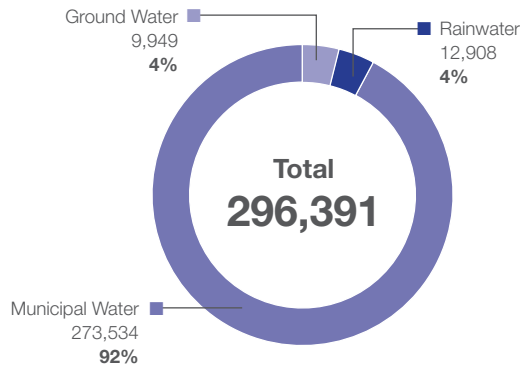
is mostly used in mixing concrete at the batching plants, where the concrete is discharged via the feeding hoppers during the concrete feeding process. Water is used in the boilers to produce steam for the steam curing process and the sprinkler systems as well as facility cleaning during the other stages of the manufacturing process.

Eighty-eight percent of the total water consumed by Industry Division was used at the PSC pile factories. In 2000, we invested in rainwater harvesting systems for our factories, collecting 12,908 m<sup>3</sup> of water in FY2019. Water from the rainwater harvesting system is used for cleaning purposes for the batching plants, hoppers and mixers; as well as for the sprinkler systems. Wastewater is either discharged directly or recycled, after on-site treatment.



## REDUCING ENVIRONMENTAL IMPACT

**Water Consumption by Source for Industry Division in FY2019 (m<sup>3</sup>)**



Our water usage was at its peak in FY2009 due to the commencement of the Senai Factory, adding to a total of nine factories. The use of autoclaves in the production process consumed large amounts of water.

In FY2009, water usage was high also owing to a trial test on an additive i.e. Polycarboxylic Ether (PCE) in three factories (Jawi, Klang and Kapar). The additive has better adhesive strength thus reducing the cement used in the production process which gradually eliminated the need for

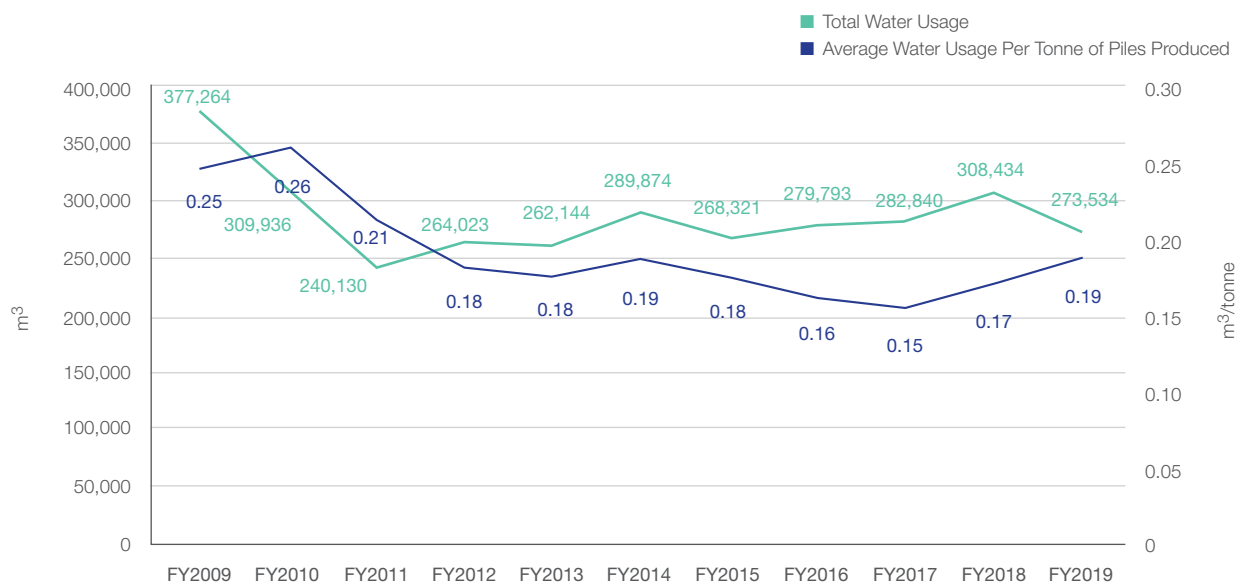
autoclaves, in the ensuing years. In September 2010, we eliminated the use of autoclaves from the manufacturing process along with the normal cast's steam curing process, significantly reducing water usage.

In FY2011, we saw a 36% decrease in water use from its peak in FY2009, having successfully optimised the use of cement and water in the concrete mix. We conducted further studies to improve on our cement-water ratio without affecting the quality. In September 2012, we started using the additive in large-diameter pile production at our Lumut factory allowing further water use reduction in FY2013.

In FY2014, we started seeing a hike in water usage as a result of introducing the concrete pumping process at the Jawi factory in December 2012. During the initial stages of the process, more water was used as we were in the trial stages of concrete pumping. In the following years, we continued to review and improve the concrete pumping cement-water ratio. We saw a gradual decrease in the average water usage from FY2014 to FY2017.

In FY2018, we saw an increase in water usage to 308,434 m<sup>3</sup>, a 9% increase from FY2017. This hike was due to the increase in production of the Grade 90 and Grade 100 piles. We are now installing water meters in our factories in stages to monitor water usage in our operations.

**PSC Pile Factories' Water Usage (m<sup>3</sup>)**



## CONSERVING LAND AND BIODIVERSITY

We seek to understand and respond to any potential impacts our activities may have on the biodiversity and ecosystems in our projects and operations. All projects and operations undergo EIA prior to project approval and implementation. We seek to minimise our impact to the ecosystem and carry out biodiversity conservation in areas where we operate.

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 runoff by constructing temporary drainage systems to prevent flooding and use of temporary measures such as groundcover, turfing, vegetation and hydroseeding to prevent slope erosions.



Ongoing collaboration with Sabah Wildlife Department in Honorary Wildlife Wardens Training



HCV-HCS reassessment in Antutan Estate, PT Primabahagia

### Responsible planting practices

Our Plantation Division is committed to No Deforestation, No Peat and No Exploitation ("NDPE") which were released in February 2019, to ensure a Deforestation-Free and Exploitation-Free supply chain. We are committed to no deforestation of High Conservation Value ("HCV") and High Carbon Stock ("HCS") areas in any new plantings. Integrated HCV and HCS assessments will be conducted, apart from the social and environmental impact assessments prior to any new land development activities. The Division has set aside 4,308 hectares of HCV areas in our Malaysian and Indonesian operations for conservation, biodiversity enhancement and rehabilitation purposes.

We also work with our supply chain to ensure adherence to the NDPE commitments. We adopt a zero burning policy in new planting and replanting activities. Recognising the importance of adopting the landscape approach in managing HCV areas, we engage with neighbouring communities to mitigate wildlife poaching and encroachment. The Plantation Division commits to the principles under the national sustainability standards which include the MSPO and ISPO.



## REDUCING ENVIRONMENTAL IMPACT

### TACKLING CARBON FOOTPRINT

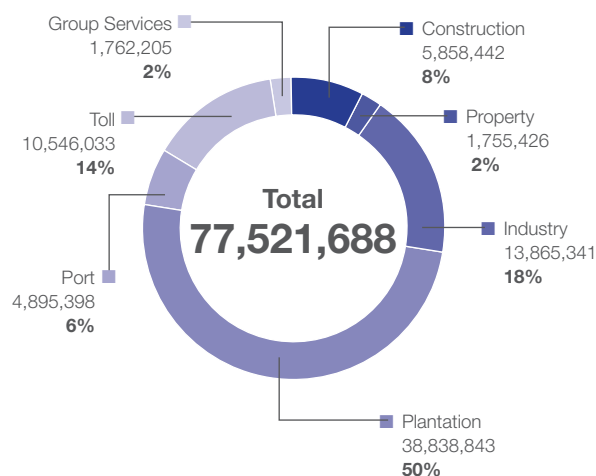
Malaysia is committed in addressing climate change and has been actively involved in international conventions and developed several policies to address climate change such as the National Policy on Climate Change. Understanding the diversity of our businesses, we are long-term stewards of various assets and we recognise the challenge that climate change presents as highlighted by the international community. In line with SDG 13 and the national policy, we are raising awareness on climate change amongst employees.



In 2018, Bursa Malaysia published the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). With the effects of climate change becoming increasingly visible and a stronger determination to prevent a detrimental global temperature increase of 1.5 degrees, we do our part and carry out activities which help to mitigate climate change and promote sustainable energy. As a Group, we used over 77.5 million kWh of electricity in FY2019. The biggest consumption of electricity was by the Plantation, Industry and Toll Divisions. Each business has its own specific guidelines on strategic initiatives,

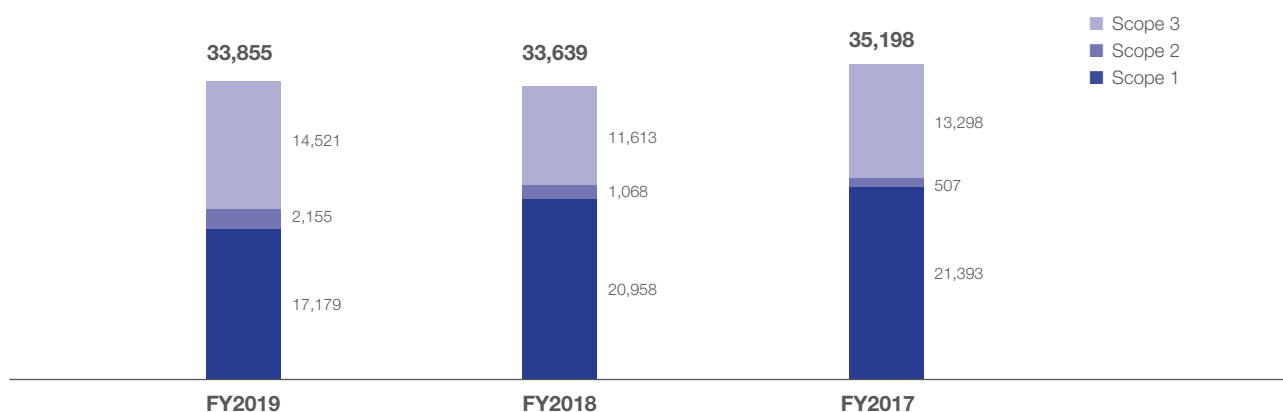
performance standards and specific requirements relating to energy efficiency and climate change mitigation measures. Plantation Division consumed approximately 38.8 million kWh of electricity, where more than 75% of its energy is generated using renewable sources.

**Total Energy Consumption by Division in FY2019 (kWh)**



Since FY2009, the Industry Division has been progressively reducing carbon emissions at its factories. In the reporting period, the biggest reduction was seen in Scope 1 and Scope 3 at 51% and 43% respectively.

**Total CO<sub>2</sub> Reduction by Source (tCO<sub>2</sub>e)**



Note:

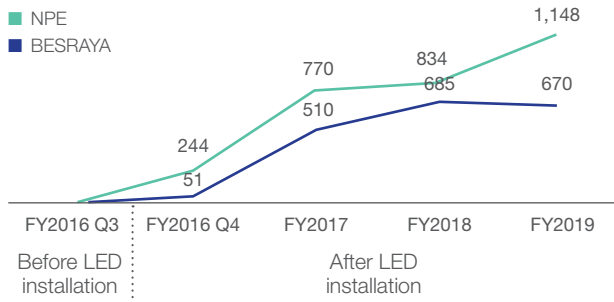
- Scope 1: Direct CO<sub>2</sub> emissions that are emitted from sources owned or controlled by our organisation such as from stationary combustion of light fuel oil, diesel and natural gas to produce steam
- Scope 2: Indirect CO<sub>2</sub> emissions that are consumed by our organisation such as purchased electricity for factory use, that may be offset by using renewable energy such as solar PV systems
- Scope 3: Other CO<sub>2</sub> emissions by related activities not owned or controlled by our organisation such as cement purchased for our consumption

We have installed rooftop solar photovoltaic (PV) systems at the Industry Division's factories. About 3,730 tonnes of CO<sub>2</sub> emission was avoided in the last three financial years due to the usage of renewable energy.

Factories	Kapar	Jawi	Senai	Ulu Choh	Lumut
Solar capacity (kWp)	445	700	666	900	776
Total solar energy generated (kWh)	494,427	725,582	303,741	859,773	721,646

Our Toll Division have implemented energy saving efforts. The light emitting diode ("LED") lamps installed at our toll highways since 2015 have shown significant savings. In FY2019, we saw 51% and 47% cost savings for Besraya Highway ("BESRAYA") and New Pantai Expressway ("NPE") respectively against the base year FY2016. This resulted in a cumulative reduction of 1,916 tonnes of CO<sub>2</sub> for BESRAYA and 2,996 tonnes of CO<sub>2</sub> for NPE since the installation of LEDs.

#### Annual CO<sub>2</sub> Emission Reduction Following Installation of LED Lighting (tCO<sub>2</sub>e)



#### The future of green construction and buildings

We realise the projects we undertake for our customers are investment for the future. They create jobs and build the economy; improve the resilience of the world's infrastructure, increase access to energy, resources and vital services; and make the world a safer, cleaner place. The market and client demand have been major forces in driving green construction and buildings. Lowering greenhouse gas emissions, reducing construction waste and conserving natural resources are some of the environmental concerns that are forcing us to re-evaluate how buildings are constructed.

The market and client demand for green buildings sets the tone for our growing list of project portfolio with green building certifications.

#### Project Portfolio with Green Building Certifications

<b>Green Building Index ("GBI")</b>	<ul style="list-style-type: none"> <li>The Light Linear</li> <li>The Light Point</li> <li>The Light Collection I</li> <li>The Light Collection II</li> <li>The Light Collection III</li> <li>The Light Collection IV</li> <li>The Address</li> <li>Bandar Rimbayu</li> <li>Kondominium Altitude 236</li> </ul>
<b>GreenRE</b>	<ul style="list-style-type: none"> <li>Pantai Sentral Park (Parcel 2)</li> </ul>
<b>LEED</b>	<ul style="list-style-type: none"> <li>Menara Prudential</li> </ul>



Employee-initiated information session on green buildings by an external consultant who volunteered his time and expertise to educate our employees on green buildings

## NURTURING AND EMPOWERING COMMUNITIES

Being a good corporate citizen is fundamental to our values as a company. Being a responsible and engaged company brings mutual benefit to both our stakeholders and us. Our role extends beyond mere engagement to include caring and supporting those who live in the communities where we operate. Investing in our communities means one step towards leaving no one behind as set out in the SDGs.

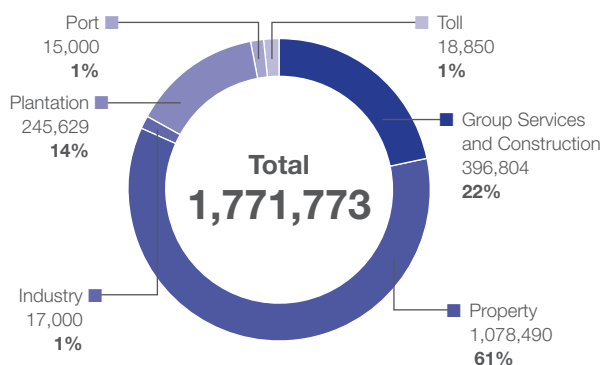
In the last financial year, we established the Group's Community Investment Policy. The policy stipulates our contribution focus in three areas – community development, sports and education. We aim to drive awareness and create greater alignment to the policy for increased value creation within the community and improved impact measurement.

The LBG Framework is the global standard for measuring, benchmarking and reporting on corporate community investment. The LBG Framework helps us understand how we are contributing to the community, if we are doing the right thing, doing them well, and achieving what we set out

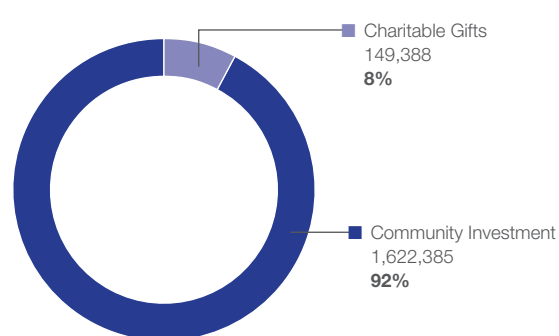
to do. Above all, the framework enabled us to focus on investing resources for the mutual benefit of the Company and community. In FY2019, IJM Group contributed RM1.8 million to the community, amounting to 0.3% of the Group's pre-tax profit.

92% of our giving was strategically motivated, where we consciously invested resources to bring about social and environmental change. The remaining 8% were one-off charitable donations. Our biggest contribution was towards supporting sports development, especially at the grassroots level.

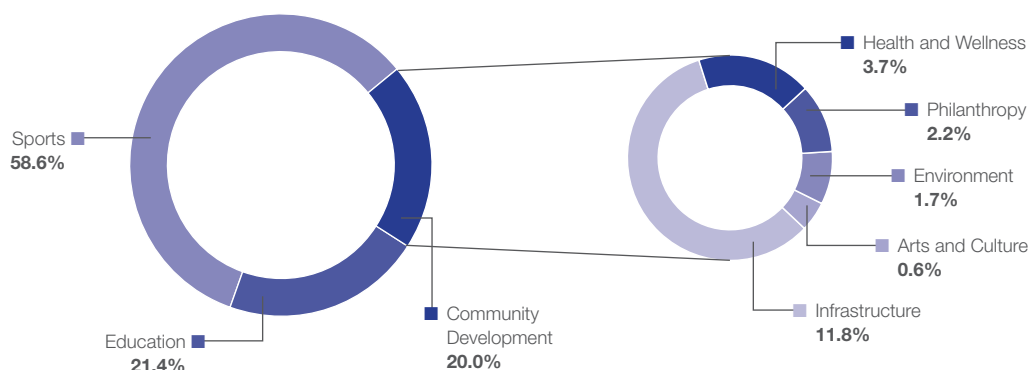
**Expenditure by Division in FY2019 (RM)**



**Motive for Contribution in FY2019 (RM)**



**Supported Causes by Community Investment Pillars in FY2019**







Donation to fire victims at Kampung Gas, Sandakan contributed by IJM employees during the 12th IJM Games



Toll Division contributed school supplies to employees' children via the *Back to School* programme

## REDESIGNING THE EMPLOYEE VOLUNTEERISM EXPERIENCE

Community investment is a key component of a company's social responsibility effort affecting important stakeholder groups such as employees. The time, talent and know-how of our employees can be significant and impactful, and we encourage our employees to support local communities through volunteerism. In FY2019, IJM Group initiated a redesign of the Group's employee volunteerism experience. We encourage our employees to participate in programmes that strengthen the communities in which we operate.



Employees initiated an appreciation session for the neighbouring Fire and Rescue Department following a tragic national loss of fellow fire-fighters



Property Division contributed monetary aid and household items to single-parent families in Seremban under the *Deepavali Charity Cheer* programme



Industry Division attending to a special needs learning center near where we operate

## NURTURING AND EMPOWERING COMMUNITIES

### SUPPORTING COMMUNITY GROWTH AND WELLNESS

We invest in the construction and upgrade of infrastructure and buildings in local communities; as well as promote health awareness and environment conservation.

#### Bridging the infrastructure divide

We understand our position in supporting the development efforts of the country, in providing and maintaining basic infrastructure and creating high impact connections that are safe and convenient for public use. We keep in mind the sustainable development of communities and the areas they live in as we design, finance, build and operate roads and other infrastructures.

With a total investment of RM98 million, the Pantai Sentral Interchange was opened to the public on 13 December 2018. The interchange is an example of the cooperation between the government and property developers like ourselves in improving the connectivity, accessibility, liveability and commuting experience for residents, commuters and motorists alike. The 2.8km interchange directly links the township to the New Pantai Expressway, further enhancing connectivity to and from Pantai Sentral Park on top of existing connections to the township. To date, IJM Group has spent about RM225 million on interchanges and flyovers to improve connectivity for our township residents.



The Pantai Sentral Interchange was opened to the public on 13 December 2018

As a developer for the community, the Property Division supported the REHDA Youth in their community project to rebuild the Women's Aid Organisation's ("WAO") childcare centre, which was destroyed in a fire in 2016. The project garnered the collaborative strengths of the property industry whereby all sponsorships were via pro bono services and donation of building materials in kind. Utilising our expertise as a property developer, we were tasked to oversee the

reconstruction of the childcare centre. The new centre is the first Platinum-certified childcare centre in Malaysia by GreenRE, the leading Malaysian green real estate certification body. The green features reduce operating costs of the home due to the efficient use of electricity and water. The use of low volatile organic compound (VOC) paints and adhesives, green-certified timber and building materials ensure a healthy living environment for the children.



Rebuilding of WAO Child Refuge Centre

#### Affordable housing

We believe that every Malaysian has a right to a quality home and living environment. As a responsible developer, we want to do our part so that many Malaysians are able to realise their aspirations of owning a home. We support the Housing and Local Government Ministry's target to build 100,000 affordable homes by the end of 2019 by designating landbanks for this segment. Majority of these homes are located in prime locations and mixed development townships allowing all residents to enjoy the common connectivity, surroundings, recreational resources and conveniences. In line with the Government's move to provide budget housing, the Property Division has initiated projects where more than 2,000 affordable houses will be built around Klang Valley and Negeri Sembilan. In FY2019, 314 homes have been completed and more than 1,700 units are currently under construction.

Our Plantation Division continues to support their neighbouring community through road maintenance and repairs of places of worship, providing transportation and clean water to be used during droughts. We continue to support the Rurality project, a smallholder transformation project, which started in June 2015. We support farmers to develop their resilience by improving productivity and the livelihoods of smallholders supplying crops to the Desa Talisai Palm Oil Mill.



### Home Rehabilitation Programme

Our Property Division continues to enhance the lives of the underprivileged through its signature Home Rehabilitation Programme. Under this programme in 2018, we adopted and gentrified a home in Kampung Baru Rahang, Seremban, giving the family a safe home and shelter as well as improving their quality of life. The home of a visually-impaired man was upgraded with all the essential repairs required for safe, sanitary and functional living. The home was freshly painted and repaired to protect the structure and surfaces as well as enhanced the aesthetic appearance of both the interior and exterior of the home.

Our Home Rehabilitation Programme has gained enormous support from our contracting partners and material suppliers, and serves as a key influence and initiative for engaging and inculcating a culture of corporate responsibility among our business associates.

This programme is undertaken in close collaboration with the State Social Welfare Department. In its eighth year, IJM Land's Home Rehabilitation Programme has restored and rehabilitated homes for underprivileged families across Malaysia, including Penang, Johor, Sabah and Negeri Sembilan.



Handing over the refurbished house to the owner



House condition before the Home Rehabilitation Programme



House condition after the Home Rehabilitation Programme



Plantation Division improving accessibility for their neighbouring community

### Promoting health awareness and environmental conservation

Our community programmes include health awareness to maintain a healthy lifestyle. Our Divisions supported various sporting events campaigning for health awareness such as *Relay for Life 2018* by the National Cancer Society of Malaysia-Penang Branch; *Run & Ride for Sight 2019* by St Nicholas Home Penang where the sighted pilot guides and directs the blind on a tandem bicycle; *End Polio Charity Walk* by the Rotary Club of Sandakan North Borneo; and *HOPE Run 2018* by the Duchess of Kent Hospital promoting the *pain free hospital* concept. We also run health grassroots outreach programmes in schools in collaboration with the Sandakan Pink Ribbon since 2006.



## NURTURING AND EMPOWERING COMMUNITIES



Reduce, reuse and recycle efforts at Bandar Rimbayu benefits both the township community and environment



Environmental awareness outreach programme at SK Ladang Sandakan, Sandakan



Property Division employees created 3D murals of Seberang Perai's landscape made from plastic bottle caps



Breast health awareness outreach programme at SMK Gum Gum in Sandakan, Sabah

We also promote environmental awareness in the local communities. Our green certified township, Bandar Rimbayu organised green activities to raise awareness among its residents as well as the community from the surrounding areas. We engaged with the residents and community, consisting mostly families with young children, to inculcate the practice and adoption of the 3Rs: Reduce, Reuse and Recycle through hands-on workshops and environmental exhibits, in collaboration with the Community Recycle for Charity. Recycling bins were also installed to help residents kick-start their green commitment.

In September 2018, the Property Division partnered with the Seberang Perai Municipal Council ("MPSP") on a tree planting project. The project saw 5,110 Golden Penda trees planted at various locations across three districts in

Seberang Perai, including four recreational parks and 38 schools. Projects like this also foster *gotong royong* (community spirit) among community members towards a cleaner and greener environment. This initiative was recognised in the Malaysia Book of Records.

In a separate event, the Property Division and 900 other volunteers from other organisations created 3D murals made from plastic bottle caps. This is in line with MPSP's 8R (Rethink, Refuse, Reduce, Reuse, Repair, Re-gift, Recover and Recycle) Smart Consumption Model introduced in January 2018. The four large 3D murals using 113,190 plastic bottle caps, featuring landscapes of Seberang Perai now decorates the walls of the MPSP building.

Our Plantation Division supports local environmental awareness events with local non-governmental organisations such as the Borneo Bird Festival in partnership with the Sandakan Borneo Bird Club Sabah and breast health awareness talks in partnership with the Sandakan Pink Ribbon.

## NURTURING GENERATIONS RESPONSIBLE FOR THE FUTURE

### Providing affordable and quality education

We recognise that education is the gateway that improves quality of life while opening up economic and social opportunities. In line with SDG 4, we provide equal access for women and men to affordable and quality educational opportunities and skills they need to participate in social and economic development. Through our scholarship and academic excellence awards, mentoring programme, industry exposure through site visits, university outreach initiatives as well as learning and development programmes, we believe the younger generation will be better equipped to face challenges.



### IJM Scholarship Award Programme and Academic Excellence Award

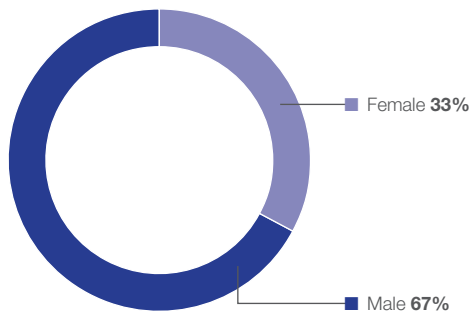
Launched in 1994, the IJM Scholarship Award Programme has benefitted more than 250 students and continues to develop tomorrow's best talents through structured career development programmes. In FY2019, we awarded

14 deserving scholars with scholarships totalling RM654,500 in various fields of studies including civil engineering, electrical engineering, mechanical engineering, quantity surveying, accountancy and finance.

Beyond financing, IJM scholars are paired with a mentor at IJM for guidance throughout the duration of the scholar's studies. This mentorship continues when they join IJM as full-time employees after graduation. Many IJM scholars have progressed in their careers holding positions such as project managers, quantity surveyors, accountants and senior engineers within the Group.

The IJM Academic Excellence Award gives recognition to the children of IJM employees who have done well academically. In FY2019, 52 students were rewarded for their achievements in their SPM, O-Level, IGCSE, STPM and A-Level examinations. We believe that building education capacity is a vital ingredient to help improve the quality of life for individuals in the local communities. In helping them to realise their academic aspirations, we provide opportunities for these young talents to reach their potential and pursue fulfilling careers.

### Gender Breakdown of Scholars from 2009 to 2018



Mentorship session during the IJM Scholarship and Academic Excellence Award 2018



IJM Scholarship and Academic Excellence Award 2018



## NURTURING AND EMPOWERING COMMUNITIES

### Investing in a future-ready workforce

#### *Inspire to Innovate*

Following the success of the first all-encompassing and integrated engineering challenge in FY2018, we organised a second challenge with the theme *Inspire to Innovate*. The programme brings together students from ten public and private universities around Malaysia in the fields of civil engineering, architecture and quantity surveying.

Participants were challenged to showcase and pitch ideas for a future township. For the FY2019's challenge, one of IJM Land's flagship development, Seremban 2 township was chosen as the project site. Participants had to create a smart living community within the 2,300 acres of township.

The concept of smart living community incorporates the use of eco-friendly materials into the building design, using Internet of Things and connecting people and business communities. The challenge allows participants to gain real life experience of designing innovative masterplans, concepts, spaces and solutions that will impact the way people live, work and interact in the township.

Throughout the eight-month programme, various skills and technical workshops, and talks on soft skills and professional development, project management, BIM, digital transformation and sustainable development were delivered by a mix of IJM employees, consultants and partners. These efforts were put to play to help participants make connections and propose innovative integrated solutions, while approaching the challenge with a sense of practicality and commercial viability.

We believe that education with real and practical applicability will align an industry-ready talent pipeline with classroom learnings to what is needed in the workplace. We hope that these efforts will help narrow the current gaps in Malaysia's human capital.



Secondary school leadership camp



UPM Green Building Innovation Challenge



University students attending the training session at our property office in Seremban



*Inspire to Innovate* finale



### Top 10 best employer brands in the category of real estate/property

We received the Graduate Choice Award (“GCA”) 2018, in recognition for demonstrating exceptional employer branding within universities across Malaysia, voted for by undergraduates. The GCA is acknowledged and recognised by the Ministry of Education Malaysia, Malaysia Digital Economy Corporation and the Career Development Centre Club Malaysia. IJM was also voted as Malaysia’s 100 most desired graduate employers in Malaysia for 2018 by local students and graduates in an annual national survey.



### Supporting creative talents

We continue to support in its fifth year, the Asia Young Designer Award (“AYDA”) competition, themed *Forward: Challenging Design Boundaries*. The competition is supported by the Ministry of Education (MOE) and in partnership with Nippon Paint Malaysia, aimed at developing and nurturing young creative talents in architecture and interior design in Malaysia, strengthening the bond between the institution and the industry. The competition saw 1,262 design entries from 43 participating local design institutes in FY2019. Finalists of the competition visited IJM Land’s award-winning township – Bandar Rimbayu to gain insight on the roles of stakeholders, the people behind the development and the innovation and strategies incorporated when constructing the township. AYDA alumni and past winners have been known to have progressed in becoming reputable architects and interior designers in their field – from being attached to globally recognised architectural firms to taking on leadership roles in self-established firms.



Winners of the Asia Young Designer Award

### CHAMPIONING SPORTS

IJM Group supports sports with the knowledge that it contributes to improved health and wellbeing, as well as influence engagement, culture and togetherness. In FY2019, our biggest contribution was made under our sports pillar with more than RM1 million spent on initiatives such as public running and cycling events as well as grassroots rugby, archery, volleyball and football development programmes.

As property developers and infrastructure owners, we are able to use our spaces for a good cause. We have been organising the IJM Land Half Marathon at our Seremban 2 township, an event that attracted more than 9,000 participants in FY2019 from across the country on leading healthy lifestyles. For the third year in a row, funds raised from the event were channelled towards two charities, namely the Pertubuhan Hospice Negeri Sembilan and Malaysia Lysosomal Diseases Association to support the organisations’ activities.



For the fourth time running, the Hollywood-themed Run With Me 2018 event at Bandar Rimbayu combined healthy lifestyle and fun



Main sponsors of the 2018 48th COBRA 10s rugby tournament



## NURTURING AND EMPOWERING COMMUNITIES

IJM also sponsored and organised the IJM-Allianz Duo Highway Challenge in two of its highways – BESRAYA and NPE. The event connects customers, communities and employees through a shared passion for running. Cycling events such as the RHB Shimano Highway Ride 2018 at our LEKAS highway and Kuantan Port's *Fun Ride 2018* brings together passionate cyclists. These events are aimed at promoting healthy urban lifestyles at safe venues for sports enthusiasts.

At the grassroots level, the Property Division provides a football training ground at The Arc, Bandar Rimbayu. The iconic social hub provides 50 to 80 children from Destiny Football Development Centre a platform to master tactics, agility and characteristics and social elements of a much-loved national sport on a weekly basis. We also work together with at least one underprivileged home in the area to provide children living close by the opportunity to benefit from this inclusive programme.

Our Industry Division has been supporting students from Sekolah Kebangsaan Tok Muda in the area of non-mainstream sports since 2016. In FY2019, the Division contributed RM10,000 to the school for their Archery Development Programme. This contribution is used to fund archery equipment, facilities and coaching fees that will benefit close to 150 school children and teachers. Apart from archery, contributions have been made in previous years for their Softball Development programme that saw the school winning second place in the district level Klang Softball competition. We believe our contribution and support will create continuous interest towards non-mainstream sports and engagement with the students and the local community.



IJM Land Half Marathon 2018 encourages healthy living and fitness, and brings together communities in Seremban 2 and the surrounding vicinities



IJM Allianz Duo Highway Challenge – BESRAYA and NPE



Property Division provides training ground to young, aspiring footballers at The Arc, Bandar Rimbayu



Industry Division continues to support SK Tok Muda's sports programmes



Kuantan Port's Fun Ride 2018 breakwater experience



## ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

IJM's mission to deliver sustainable value to our stakeholders and enrich lives with the IJM Mark of Excellence is fuelled by the talent, diversity and dedication of our employees. We promote an inclusive and diverse work culture while providing employees with fair remuneration as well as a healthy and safe workplace. We aim to enhance the employee experience where IJMers feel included, empowered, engaged and together contribute to an inspiring and productive working environment.

### CREATING A SAFER WORKPLACE

The Occupational Safety and Health Master Plan 2020 by the Department of Occupational Safety and Health ("DOSH") focuses on implementing the preventive culture to further strengthen the establishment of a *Safe and Healthy Work Culture* among employees and workers. This master plan is a continuation of the previous two OSH strategic plans started in 2006.

The preventive culture places a high priority on awareness, responsibility and commitment among employers and workers. Keeping in mind the rights of workers in regards to OSH, the preventive culture encourages the involvement of workers in OSH activities, enhances OSH knowledge, skills, and to efficiently manage OSH risks. The desired outcome is to transform hazardous workplaces into a safe and healthy work environment, protecting the most important asset of our Company – the workers.

In support of SDG 3 and 8 in providing a healthy, safe and secure working environment, health and safety remains a material topic for IJM. In FY2019, we modified our HSE Policy statement into two separate policies – Environment Policy and Occupational Safety and Health ("OSH") policy. The change to the policies is a result of our continuous engagement with the Department of Environment. The revised OSH policy emphasises that maintaining a healthy and safe workplace is the responsibility of everyone.



We are in compliance with widely used and recognised management systems such as OHSAS 18001:2007, Occupational Health and Safety Assessment Series; and the Malaysian Standard on Occupational Health and Safety Management Systems, MS1722:2011. These management systems enable all projects to employ a systematic management of HSE requirements and continually improve the level of OSH performance at workplaces.



Committed to the Occupational Safety and Health Policy aimed at protecting workers' rights to a safe, healthy and conducive work environment



## ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

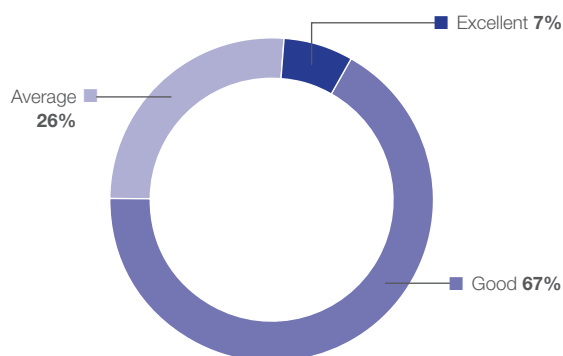
A key element in these management systems is the identification of hazards and risks and determining the necessary controls to prevent these risks. The system emphasises on ensuring all potential risks are determined and controls are put in place during the planning stage. Opportunities to enhance the implementation by eliminating and mitigating hazards and risks are performed before any work commences through best available control measures. In the Construction Division, all workplaces have implemented this process covering all routine and non-routine construction activities at their sites throughout the period under review.

Risk reduction for our workers and nearby communities is a cornerstone of our programmes. We constantly conduct safety and health programmes on work practices for workers to reduce the risks of accidents to our workers and the nearby communities in our effort to ensure safe, inclusive and accessible surroundings as outlined in SDG 11.



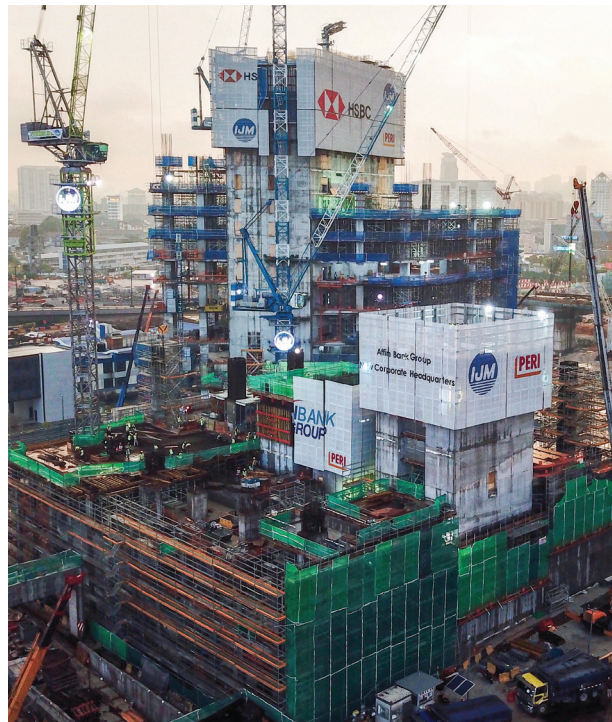
We also conduct regular site inspections and internal audit sessions to evaluate the performance of construction projects and verify the effectiveness of our HSE management system. A total of 42 HSE surprise inspections and 23 HSE internal audits were carried out in FY2019.

### HSE Surprise Inspections in FY2019



### Managing and monitoring our OSH performance

For the year under review, the Group recorded a Lost Time Injury ("LTI") frequency rate of 3.07. This indicator reflects the number of incidents occurring for every 1 million working hours. In accidents, the Group documented a total of 189 LTIs across all Divisions during the reporting period. The Plantation Division has the highest frequency

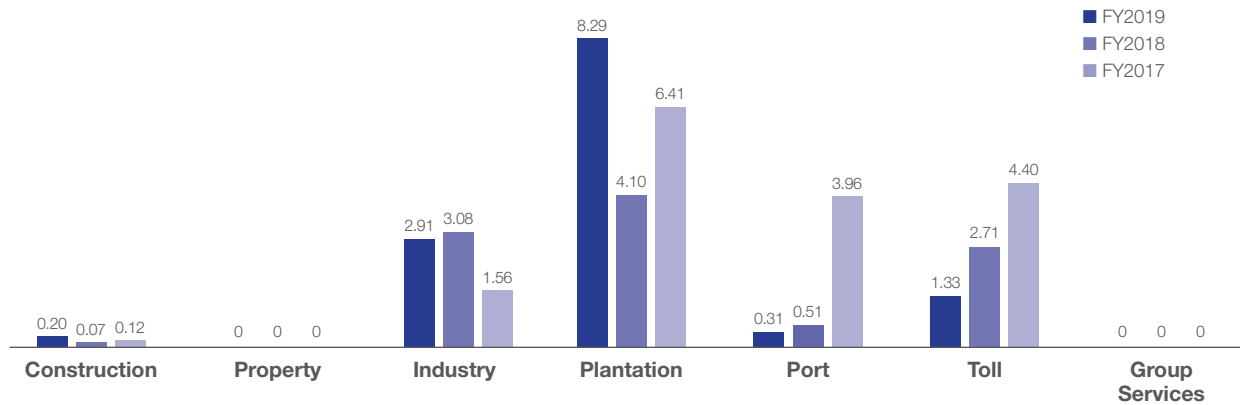


Screen system offers added safety and protection in the construction of high-rise buildings

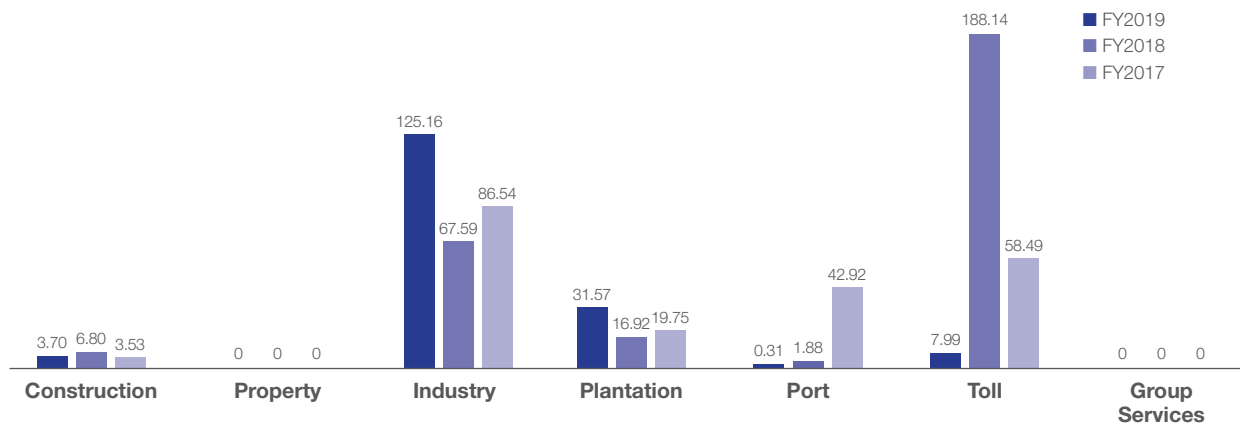
rate due to the manual and physical nature of the working environment. To address this, the Division has conducted more trainings, implemented working permits at high risk stations at the mills and tightened overall supervision. The Port Division's frequency rate has also seen a decrease from FY2017 through to FY2019 due to the implementation of the Occupational Safety and Health Management System such as Risk Assessment before performing any activities, Job Safety Analysis, Safety Work Procedure and enforcement.

The severity rate measures the amount of time lost due to work-related injury occurring for every 1 million working hours. In our Industry Division, hand and finger injuries sustained during manual handling and activities were the most common type of accidents. We have since performed root cause analyses, taken corrective and preventive actions by applying the hierarchy of control method, enhanced our standard operating procedures as well as performed workers briefing. The Toll Division saw a 96% decrease in its severity rate from FY2018 following more constant monitoring, frequent toolbox talks, training and knowledge sharing.

#### LTI Frequency Rate (per 1 million man-hours worked)



#### LTI Severity Rate (per 1 million man-hours worked)



#### Achieving man-hours without LTI

Several project sites – TRX Unity, Almas Tower and Potpourri Ara Damansara – achieved their targeted LTI-free achievement with at least 1.5 million man-hours worked. The celebration served as an appreciation to all employees and subcontractors for their efforts in ensuring a safe workplace and subsequently achieving an accident free operation.

During the financial year, the Construction and Industry Divisions received a total fine of RM60,000 due to fatality cases reported in the previous year. 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. No work-related fatalities were reported during the reporting period.

#### Escalating OSH awareness, competency and collaborations

The human capital and its competency are regarded as one of the driving forces within any organisation. Ensuring



Collaborated with DOSH Kuala Lumpur and Putrajaya to raise public awareness on safety and health in conjunction with the World OSH Day 2018

high levels of OSH performance can only materialise when the workforce is competent and able to make the right decisions. In equipping our employees with the right competency and skillset, we carry out various programmes and initiatives to create a sense of responsibility and instil OSH as a key priority in the workplace.



## ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

These initiatives are also extended to our subcontractors. In FY2019, 285 in-house and On-Job-Trainings were conducted at project sites on topics such as emergency response team awareness, scheduled waste management, sediment and erosion control, working at heights, plant and machinery and best management practices.

On 31 July 2018, we celebrated the *IJM HSE Day*, showcasing divisional OSH and environmental initiatives through live demonstration and exhibition. HSE campaigns were also carried out in the respective Divisions. The Construction Division launched the HSE campaign themed *Zero fatality – let's create a safer workplace* in FY2019. This commitment was cascaded out to all project sites and teams to ensure that all parties involved at the workplace are on the same page as the management in doing their utmost to create a safer workplace. The campaign acts as a platform for engagement among the members of the project and in support of events initiated by DOSH such as *Workplace Accident Free Week 2018*.



On-the-job demonstration on lifting by the supervisor to workers



Kuantan Port staff attending *Working at Height* training as part of the Fall Prevention Programme organised in collaboration with NIOSH and PERKESO



The launch of the OSH campaign themed *Zero fatality – let's create a safer workplace*



Workplace Accident Free Week 2018

On 5 March 2019, DOSH Putrajaya made a visit to our MRT V203 project to gain knowledge on the launching gantry and its work processes. Engagement programmes like these also help strengthen the relationship between the Company and authorities for future collaborations.

We also ran workshops on Occupational Safety and Health in Construction Industry (Management) ("OSHCIM"), in collaboration with DOSH, CIDB and Universiti Teknologi Malaysia. The guideline was established in 2017, based on the *Safety by Design* concept where clients, designers, contractors, competent persons and other duty holders work together to eliminate and control hazards through design at the pre-construction phase. IJM was identified as one of the market leaders to put the guideline into practice through a pilot project. The Property Division participated in a pilot programme to adopt OSHCIM at the Riana Dutamas Phase 2, Segambut project.

On 20 February 2019, the Port Division welcomed 60 doctors and lecturers from Malaysia One Health University Network. The visit allowed us to understand how we can work with the Health Ministry to prevent zoonotic outbreaks relating to international trade. The visitors were brought to the wharf area and container yard to gain insight on the facilities used to surveil and quarantine affected vessels or containers.





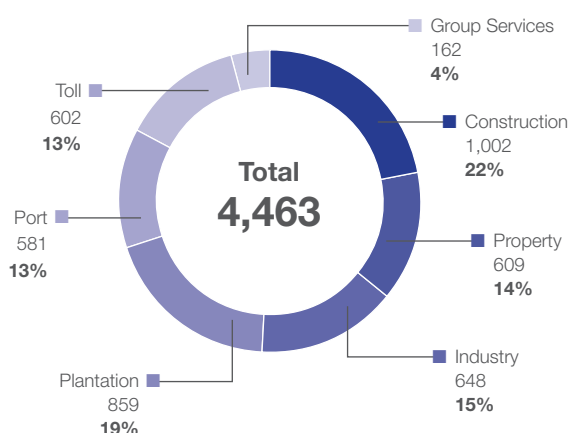
Port Division together with the Health Ministry addressing zoonotic outbreaks

On 25 October 2018, the Toll Division simulated a mock-up accident at the Loke Yew Toll Plaza, BESRAYA. This simulation exercise was done in collaboration with the Fire and Rescue Department, the Royal Malaysia Police, and several hospitals and first aid teams to increase employee awareness on road accidents management and the authorities involved when accidents take place.

## DRIVING A DIVERSE AND DEDICATED WORKFORCE

Employees are the driving force for the sustainable growth of IJM Group, and this diverse body of employees is a valuable resource for the Group. IJM Group employed 4,463 employees across our business divisions as at 31 March 2019. The biggest employers are the Construction, Plantation and Industry Divisions that collectively employ 56% of the total workforce (excludes workers). Permanent full-time employees make up 85% of the total workforce.

### Employees by Division in FY2019

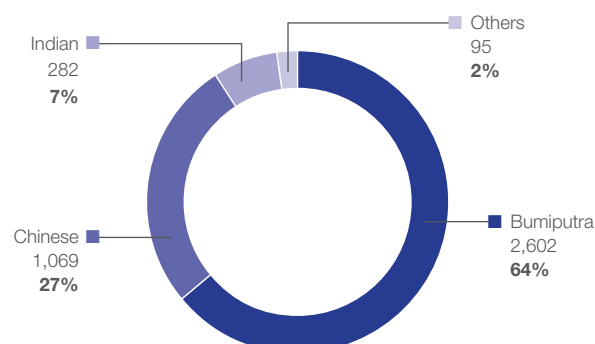


Mock-up accident at BESRAYA

Our Diversity and Inclusion Policy instil our core value for *Respect for Diversity*. We recognise and respect each other regardless of gender, age, race, or through experience. Surrounding ourselves with talented people from different backgrounds is how we prepare for future opportunities and challenges. We fill our job vacancies according to ability, potential and performance, and all employment contracts comply with local employment laws.

In FY2019, 64% of the total Malaysian workforce were Bumiputra (Malays and the indigenous population), 27% Chinese and 7% Indian. Non-Malaysians constitute less than 1% of the workforce in all Divisions except for IJM Plantations Berhad and Group Services. The Plantation Division employs 47% of non-Malaysians in Sabah, East Malaysia and its Indonesian operations while Group Services employs 3% of non-Malaysians.

### Malaysian Employees by Race in FY2019

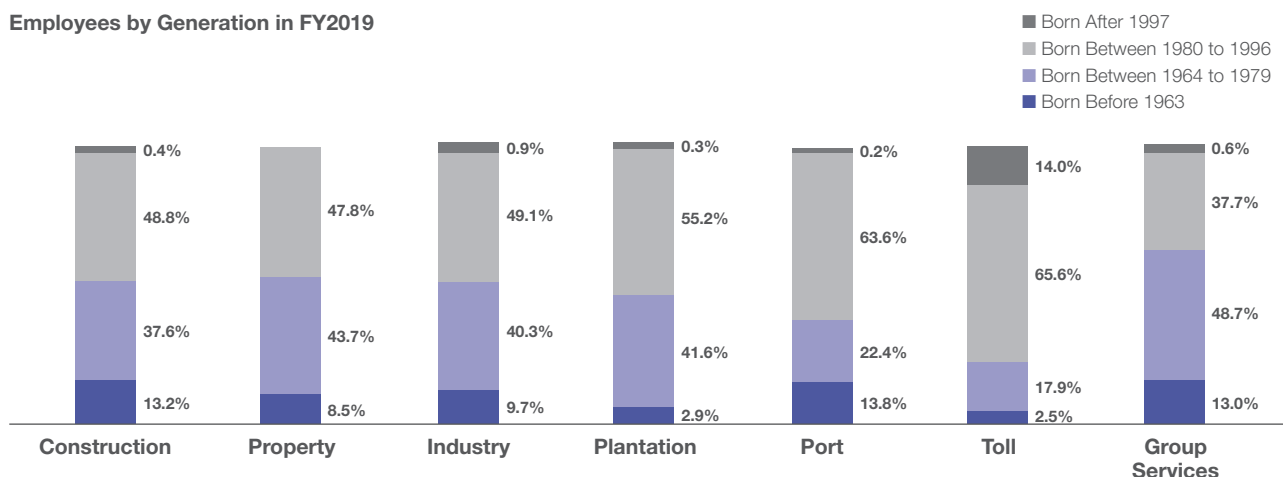


## ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

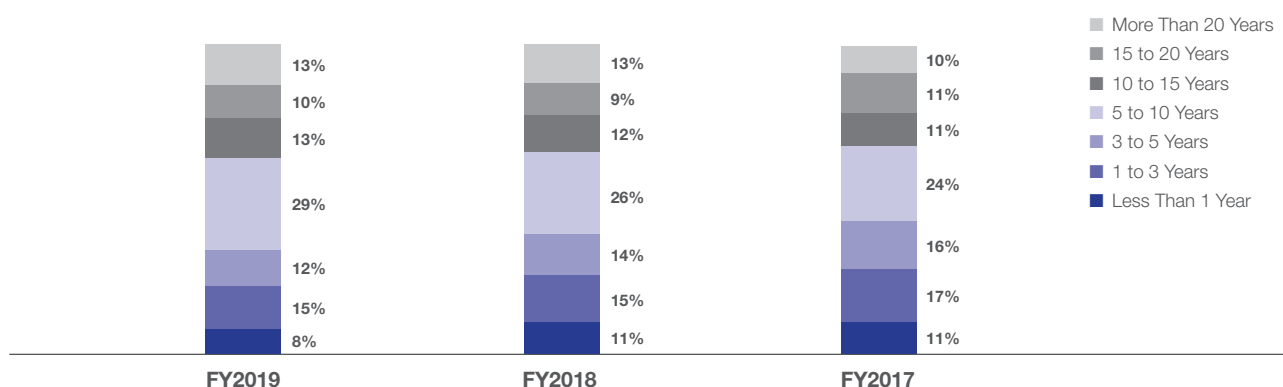
In the reporting year, we honoured 53 of our employees with the 20-years Long Service Awards. The award recognises their commitment, dedication and loyalty put forward throughout their years of service with the Group.

About 66% of the workforce have been with the Group for more than five years. In total, 13% of the workforce have been with the Group for more than 20 years and above.

**Employees by Generation in FY2019**



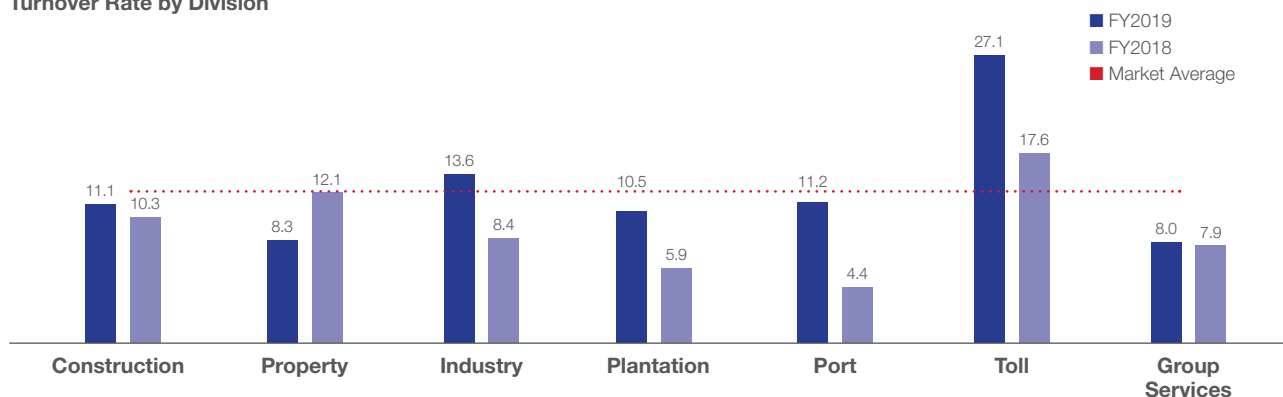
**Workforce by Length of Services**



Staff turnover remains a valuable indicator of the Group's sustainability and is an ongoing area of focus for us. Generally, our employee turnover rate remains lower than the market average of 12%, except for the Industry and Toll Divisions. The Toll Division hires many part-timers where

high turnover is common, whilst the Industry Division saw an increase due to plant optimisation exercises carried out during the year. Voluntary leavers are all employees who resign or leave the business through a mutual agreement and does not include redundancy and retirement.

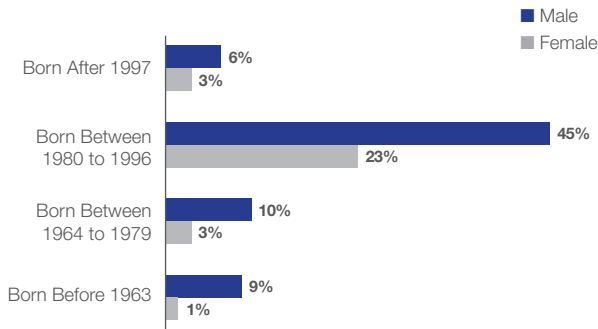
**Turnover Rate by Division**



Note:

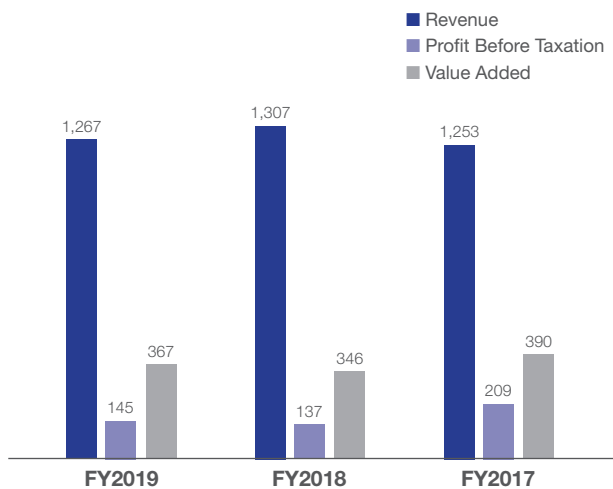
Market average turnover rate as published in the Market Remuneration Report by Korn Ferry dated September 2017. This is a survey conducted across all industries covering 360 companies nationwide.

### Employee Turnover by Generation and Gender in FY2019

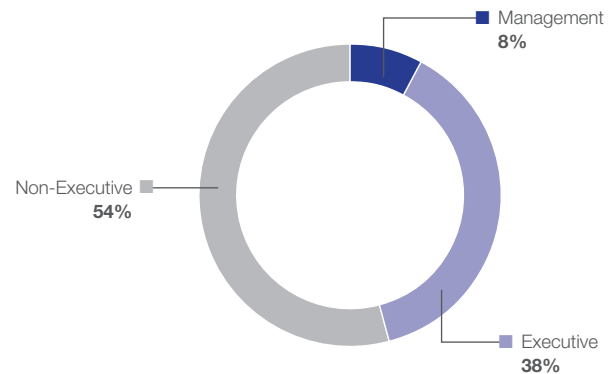


We do not tolerate discriminatory behaviour and are mindful when we hire new employees and in our interaction with each other. We are convinced that a diversified workforce and an open and appreciative corporate culture are important success factors for our business. We challenge ourselves to provide a workplace where the best individuals can thrive and apply their authentic selves to succeed along with the Group. IJM Group tracks, measures and evaluates our workforce representation and impact as part of our strategic business imperative to build a diverse and inclusive organisation.

### Productivity per Employee (RM)



### New Employee hires by Employee Category in FY2019

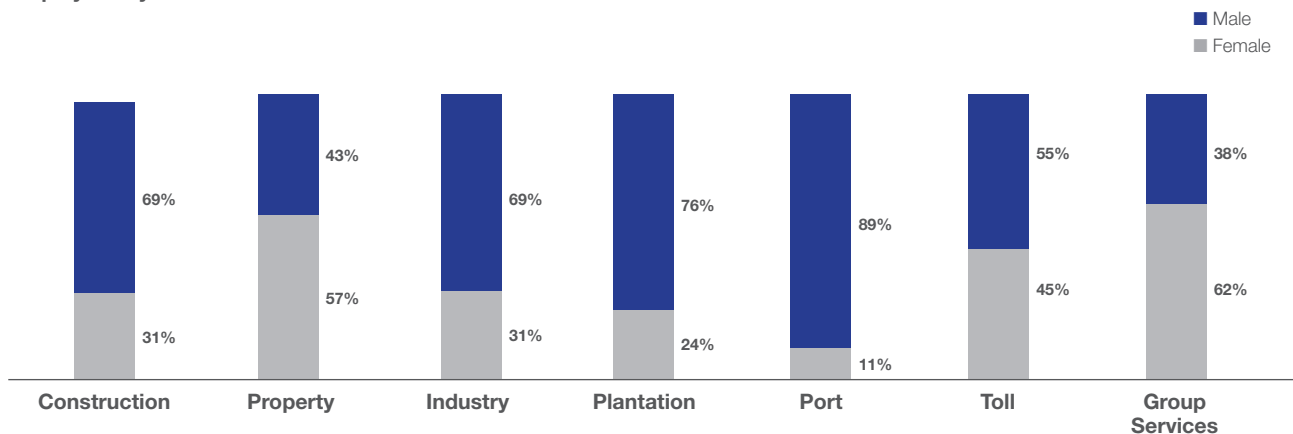


### Including everyone in women's advancement

We support the career development of women at all employment levels. Female employees make up one third of the total workforce – 29% of management roles, 39% of executive roles and 31% of non-executive roles. This is in line with SDG 5 which calls specifically for gender equality and the empowerment of all women. Due to the nature of business, certain Divisions have a higher proportion of male employees versus female employees.



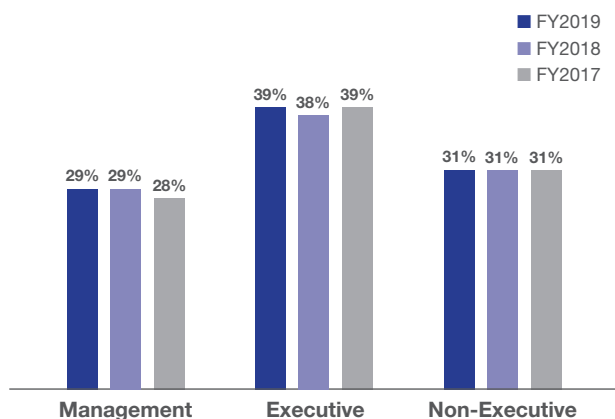
### Employees by Gender in FY2019





## ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

Women Representation by Employment Category



Women leaders participating in a workshop in conjunction with International Women's Day

### Employee compensation and benefits

In today's competitive business climate, benefits and compensation are important factors in attracting and retaining employees. We continue to add and evolve our programmes to meet our employees' needs and position IJM as their employer of choice. It is important to recognise our employees' performance through appropriate remuneration in line with the market and maintain a positive employee experience.

We listen to our employees and provide a wide range of wellness programmes that cater to their physical and mental health, and financial wellbeing. The expanded benefits are part of IJM Group's ongoing commitment to support greater work-life balance for employees across the Group. As a compassionate employer, we continuously review and revise employee benefits.

Work Benefits Introduced or Revised in Each Calendar Year since 2011

Legend: ✦ New ♦ Revised

2011	2013	2015	2016	2017	2018
<ul style="list-style-type: none"> <li>✦ Relocation cost</li> <li>♦ Per diem allowance</li> <li>♦ Hospitalisation and surgical benefit cascaded to all levels of employees</li> </ul>	<ul style="list-style-type: none"> <li>♦ Outpatient medical limits</li> <li>✦ Optical</li> <li>♦ Medical check-up extended to employees below the age of 45</li> <li>♦ Long Service Award and retirement gift choices</li> </ul>	<ul style="list-style-type: none"> <li>✦ Staggered hours</li> <li>✦ Family care leave of 3 days</li> <li>♦ Extended maternity leave for 30 days at half of the monthly basis salary</li> </ul>	<ul style="list-style-type: none"> <li>♦ Paternity leave increased from 2 to 3 days</li> <li>♦ Subsistence allowance incidental expenses for employees on-site</li> <li>♦ Term life coverage</li> <li>✦ Private retirement scheme</li> <li>♦ Personal accident coverage</li> <li>♦ Hospitalisation and surgical coverage</li> </ul>	<ul style="list-style-type: none"> <li>✦ Flexible working hours</li> <li>♦ Two Saturdays off (for those on-site)</li> <li>✦ Return trip for overseas assignee and air travel for assignee's family</li> <li>♦ International Assignment Policy</li> </ul>	<ul style="list-style-type: none"> <li>♦ Study and exam leave</li> <li>✦ Bereavement leave and contribution</li> <li>✦ Early release for expectant mothers and new fathers</li> </ul>

IJM Group introduced the paid parental leave benefit in addition to other employee benefits. Parental leave enables our female and male employees to take time off work following the birth of their child while maintaining their jobs.

Return to Work Rates after Parental Leave by Gender in FY2019

Gender	Female	Male
Total employees who went on maternity or paternity leave	73	166
Return to work rate	99%	100%

### Benefitting employees beyond their working years

On 2 October 2018, IJM was awarded the Highest Asset Under Management for Large Corporation at the CIMB Principal Corporate Private Retirement Scheme ("PRS") Conference 2018. This award recognises corporates that help their employees build a comfortable nest egg; proving our commitment towards our employees' well-being even beyond their working years. We are among one of the pioneers in the country who embraced corporate PRS for the benefit of our employees. We introduced the PRS in July 2016 as part of the financial wellness initiative to inculcate the habit of savings among employees for retirement.



Recognised at the CIMB Principal Corporate Private Retirement Scheme Conference 2018

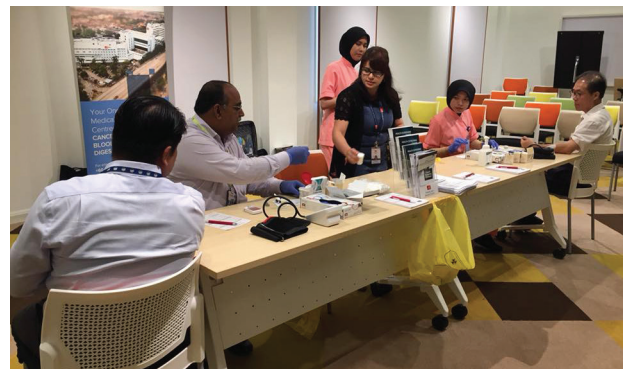
### Acting on employee engagements

Employee engagement measures the degree to which people are connected to the company they work for and is a core metric for measuring the health and success of the organisation. Following the feedback of the MyVoice Survey 2017, our business divisions constantly communicate with employees to keep them abreast on business direction and operational progress. These engagements are performed through different means such as regional meetings, townhalls, newsletters, emails and the internal Workplace platform by Facebook. IJM Group has also reviewed the performance management framework and processes, as well as remuneration structure to raise reward differentiation. The next MyVoice Survey will take place in early 2020.

We continue to engage our employees and learnt that our employees feel connected to the Company when we provide a fair and secure workplace. We want all our employees to feel valued and recognised for the part they play in our success. It is also important they feel healthy, motivated and at their best, not just at work but in everything they do. We continue to run employee wellness programmes in the four areas – emotional, financial, physical and environmental wellness. This year, we centered our wellness programmes around family, finances, mental and physical health.



Senior Management Forum 2018 themed *Waking Up to a New Reality*



Health check-up booth during the International Men's Day event



160 Port employees getting updates from the Management at the Townhall in early 2019



## ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

Sports and recreation help bind our employees through shared experiences and shared achievements. Our Kelab Sukan IJM ("KSIJM") organises a variety of sport and recreational activities throughout the year. We also provide a platform for the IJM Toastmasters Club, initiated in 2004 by our own employees, to provide exposure on public speaking and leadership skills.



Employees practice their public speaking and leadership skills through the IJM Toastmasters Club

### IJM Games 2018

Our Plantation Division hosted the 12th edition of the biennial IJM Games. The 3-days event saw 5 business divisions, 10 sports, 267 medals, 408 athletes, 324 volunteers and 790 people gathered in Sandakan, Sabah. The games, themed *Celebrate Diversity, Celebrate Extraordinary*, brought together employees from different backgrounds competing with mutual respect, friendship and fair play. The IJM Games reveal the unifying power of sports and dedication to excellence and achievement, the same exuberance shown in our work culture. IJMers' inherent passion for sports shines through in events like this and is amplified through community-based sporting events organised throughout the year at the national and grassroots level.



Oath-taking, marking the opening of the IJM Games 2018 hosted by the Plantation Division

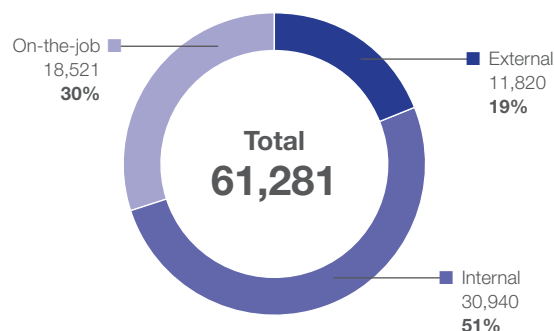


KSIJM committee members organised the annual dinner 2018 themed *The Greatest Show*

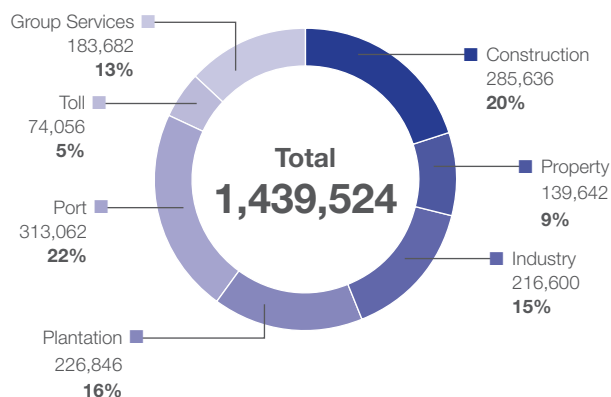
### Learning and development

A clear focus on learning and development is crucial to ensuring we keep our people engaged, productive and successful at every stage of their careers. In FY2019, IJM Group invested more than RM1.4 million in 3,944 employees over 61,281 training hours. We also launched the IJM learning and development micro-learning series initiative in November 2018 to deliver bite-size learnings through online platforms.

#### Training Hours by Type in FY2019



#### Learning and Development Spending by Division in FY2019 (RM)







Employees undergoing value adding training

We continue to invest in development programmes to enhance our employees' leadership competencies through the Leadership Accelerated Development Programme ("LEAD"). The second cohort of the two-year programme commenced early 2018 and saw 15 participants enhancing competency through a variety of leadership modules such as global mindset, resilience, learning agility and digital proficiency. LEAD provides exposure to these promising leaders to develop the capabilities needed to perform well and keep up with a fast paced and dynamic environment.

## PROTECTING HUMAN RIGHTS

We believe that societies, economies and businesses thrive when human rights are protected. We recognise our responsibility to human rights in all aspects of doing business. In running an ethical business, our Human Rights Policy stipulates our commitment to treating people with dignity and respect within the Group and throughout our supply chain. We are committed to developing and retaining a diverse and inclusive workforce, free of unlawful discrimination, harassment and retaliation.

We do not tolerate any discrimination, harassment or retaliation by employees including sexual harassment, degrading or offensive comments or jokes, violence, intimidation or threats. On 7 December 2018, our managers received training on identifying harassment in the workplace. We enforce the policy by providing employees a method to report concerns through whistle blowing. We promptly investigate all complaints and take appropriate responsive actions when warranted.

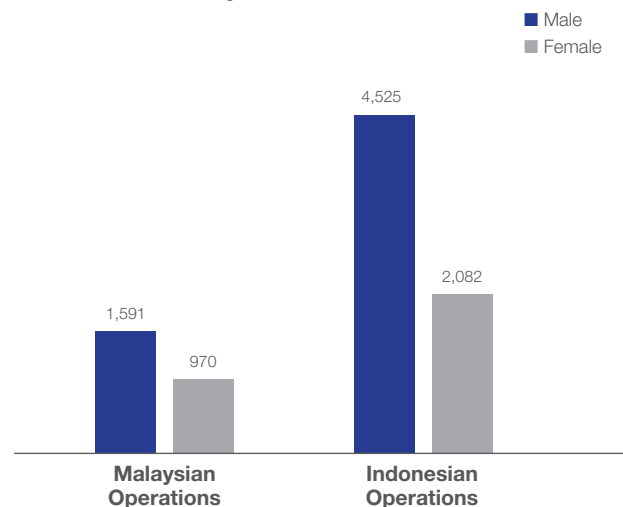
We do not tolerate child labour and any form of forced labour in our direct operations. IJM Group does not and will not employ any person below the age of 18 in Malaysia and 17 in Indonesia.

IJM ensures our employees earn a fair wage. In line with the revision of the Minimum Wages Order (Amendment) 2018 at the end of 2018, the minimum wage throughout Malaysia has been increased to RM1,100. The previous minimum

wage was RM1,000 in Peninsular Malaysia and RM920 in Sabah, Sarawak and Labuan. The Plantation Division, which has operations in Indonesia, adheres to the minimum wage agreements set by each Indonesian provincial government and observes all related guidelines and revisions in the agreements.

The plantation industries that we operate in relies heavily on guest workers. Our guest workers are hired directly by the Plantation Division, who are mostly from Indonesia. We are committed to protecting these workers' rights. We comply with all applicable labour laws, rules and regulations in the countries where we operate.

## Plantation Workers by Gender in FY2019



Legalisation process with the Indonesian Consulate for workers in Sugut region

We respect the rights of our employees to associate and to collectively bargain in accordance with national laws. We recognise union representation, which amounts to 2% of the Group's workforce, all of whom are from the Port Division. The communication of the collective bargaining agreements is performed in English and Bahasa Malaysia.