

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 78% for all projects (target: 75%)	Achieved satisfaction level of 6.9 out of 10	Achieved 94% (target: 80%)	Achieved 97% (target: 65%)	Achieved 89% (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.

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.

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.



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

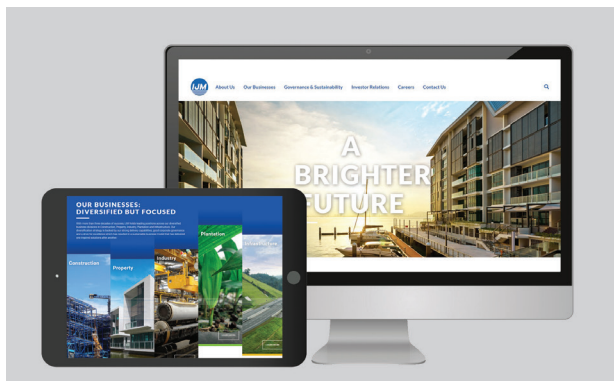
As part of the programme, a thorough brand audit exercise was conducted to gain a contextual understanding of internal and external stakeholder expectations and needs, opportunities and challenges and perceptions of the Group brand from stakeholders.

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. 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