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SUSTAINABILITY STATEMENT

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COMMITMENT TO SUSTAINABILITY

Sustainability to IJM means providing products and services in a responsible manner – in a way that balances short- and long-term interests; and that integrates economic, governance, environmental and social considerations into decision making. Our commitment to operating responsibly is driven by a long-term mission to deliver sustainable value to our stakeholders and enrich lives with the IJM *Mark of Excellence*.

Enhancing sustainability was a major thrust that was identified under the Group's Strategic Blueprint FY2016-FY2020 and coincided with a new Sustainability Framework launched by Bursa Malavsia in October 2015, comprising amendments to the Listing Requirements and the issuance of a Sustainable Reporting Guide and Toolkit. Since then, we enhanced our sustainability disclosures by adopting best practices in reporting standards under the Global Reporting Initiative and also included quantitative measurements to track our progress, whilst allowing our stakeholders to better understand us. Annual materiality assessments were also performed by incorporating feedback from stakeholders and sustainability trends, better informing our business priorities. The established sustainability governance framework has also facilitated the management and operationalisation of our sustainability efforts.

As our sustainability journey continues, we are driven to create value that benefits all our stakeholders and will be aiming to share more of our ambitions through our Sustainability Roadmap that will be published on our Company's website this year.

We are pleased to share our responsible practices in FY2020 in the **Marketplace**, **Environment**, **Community** and **Workplace** sections of this Sustainability Statement ("Statement"). This Statement presents sustainability matters that are material to our stakeholders and to our business. The Statement should be read in conjunction with the Annual Report 2020 and other sustainability-related disclosures on the Company's website.

STATEMENT OVERVIEW

Sustainability reporting is important because it provides our stakeholders with a reflection on how our efforts in the financial year are aligned around our material topics and business priorities. The process of measuring, managing and disclosing our material sustainability impacts allow us to make informed decisions concerning the relationship of our activities and its impact on sustainable development.

Reporting period and scope

This Statement covers IJM Group's sustainability performance of its business operations in Malaysia and Indonesia for the financial year from 1 April 2019 to 31 March 2020. The operations in Malaysia and Indonesia accounted for 74% and 6% of the Group's total operating revenue in FY2020 respectively.

Performance data

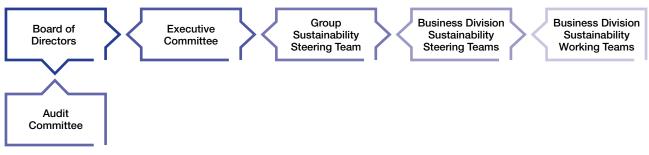
The Statement includes data from IJM's subsidiaries but excludes data from associates and joint ventures which are outside of Management's control. Data presented in this Statement, including the comparative data from the previous two years, have not been verified by any independent third party.

Frameworks and benchmarks

This report is aligned with relevant global and local disclosure frameworks and benchmarks, namely the Global Reporting Initiative ("GRI"), Bursa Malaysia's Sustainability Reporting Guidelines, FTSE4Good Bursa Malaysia Index, Sustainable Development Goals ("SDGs") and LBG Framework.

SUSTAINABILITY GOVERNANCE

In FY2017, IJM established a Group-wide governance framework for sustainability that defines and guides the Company towards impact-focused targets. The sustainability governance framework is available on the Company's website.



COMMITMENT TO SUSTAINABILITY

ENGAGING WITH STAKEHOLDERS

In December 2019, the World Economic Forum updated its guiding document for the modern era and issued a new Davos Manifesto, a set of ethical principles that guides companies to grow from a shareholder-centric view to a stakeholder-centric perspective to include shareholders, employees, customers and the community. As expressed in our Vision and Mission statements, creating long-term, sustainable value for all our stakeholders is of core importance to us. We strongly believe in collective efforts and inclusive partnerships for long-term positive impacts as set out in SDG 17.

Identified key engagement topics with various stakeholder groups in FY2020

| 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 | Annual general meetings Annual reports Bi-annual analyst briefings Company's website Investor conferences Regular meetings Scheduled site visits | Annual customer satisfaction surveys Customer satisfaction platforms i.e. phone calls, email, social media Events and scheduled site visits | Annual subcontractors/ suppliers HSE performance evaluations Briefings such as product/ technology briefing sessions Events and trainings Tender sessions |
| Key Topics Raised | Business outlook and strategy CEO&MD transition Covid-19 impact on business Environment, social and governance practices and commitments Financial and operational performance Impact of new government policies and regulations Risk management | Customer service and experience Environment, social and governance practices and commitments Health, safety and environment ("HSE") practices Product/service quality and support Responsible planting practices | HSE practices Legal compliance and contractual commitments New equipment/technology reliability and performance Product/service quality and delivery Workers' welfare and well-being |

We engage in meaningful dialogues with our diverse stakeholder groups, which help enhance our mutual understanding of interests, concerns and aspirations, as well as strengthen relationships. We also participate in industry association activities to learn, develop and contribute to a collective voice towards best practices for the industries we serve. The list of associations where our Group and Divisions are members of and active partners with, can be found on our Company's website.

| Regulators and Government Authorities | Media | Employees | Local Community, Industry Associations, Academia and Non-Governmental Organisations |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 to a wide spectrum of stakeholders. We rely on the media to disseminate information on the Group's financial performance, business updates 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 develop and retain the best talents. | We work in partnerships with the local community, industry associations, academia and non-governmental organisations to build positive relationships and ensure that we can deliver mutual benefits. |
| Annual reports Company representations at industrial association initiatives/technical working groups Compliance and certification exercises Consultations, briefings and trainings Periodic site visits and audits | Annual general meetings Annual reports Company's website Events and site visits e.g. media appreciation events, project launches Media relations e.g. press releases, press conferences and interviews | Annual performance appraisals Employee events and roadshows e.g. festive celebrations, annual dinners, IJM Games Employee wellness initiatives Regional Alignment Forums and townhall meetings Sports and social programmes via Kelab Sukan IJM, IJM Toastmasters Club Trainings and workshops Triennial MyVoice employee engagement surveys Workplace and intranet | Annual reports and social media Community outreach and development programmes Company's website and advertisements Educational briefings and site visits Events e.g. product launches and festive celebrations |
| Certifications and awards Compliance with laws and regulations Corporate governance HSE practices Industry updates and best practices Preparedness for the Malaysian Anti- Corruption Commission (Amendment) Act 2018 | CEO&MD transition Company events such as product launches, awards, community initiatives and sports programmes Company's financial and non-financial performance Company's strategy for growth and value creation Industry outlook i.e. project wins, order book replenishment, property sales | Changes in operations arising from Covid-19 pandemic which include employee welfare and health concerns, as well as new working arrangements due to government-imposed movement restrictions Employee engagement and development opportunities Regular health and safety practices Human rights | Community investment programmes and partnerships Company's branding and reputation Industry-related developments, research and knowledge sharing Regular local community engagements in the vicinity of our projects |

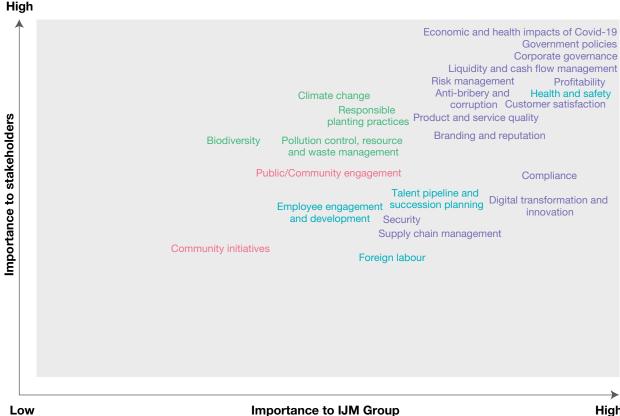
COMMITMENT TO SUSTAINABILITY

FY2020 MATERIALITY MATRIX

The Statement is our primary means of conveying our environmental, social and governance (ESG) practices to our stakeholders. The content of the Statement is determined after going through a detailed materiality assessment, a process for identifying and evaluating the sustainability topics that matter most to our stakeholders and our businesses. We also consider sustainability matters spelt out in the Statement on Risk Management and Internal Control, assessments by various financial and sustainabilityrelated rating agencies as well as research publications.

The annual process for determining material sustainability topics involves three steps: identification, prioritisation and validation. All business divisions, together with Group Services, identify and prioritise sustainability matters on the matrix along two axes: importance to stakeholders and importance to the IJM Group. The respective matrices are reviewed and validated by the Management of each Division before being consolidated into the IJM Group matrix and reviewed by the Group Management. The top right corner of the matrix underscores topics most material to our stakeholders and the IJM Group.

IJM Corporation Berhad's FY2020 Materiality Matrix



Importance to IJM Group

High

Legend: Marketplace, Environment, Community, Workplace

Supporting Sustainable Development Goals ("SDGs")

The SDGs are a universal call to action to end poverty, protect the planet and improve the lives as well as the prospects of everyone, everywhere. The 17 Goals were adopted by all United Nations Member States in 2015, as part of the 2030 Agenda for Sustainable Development.

In FY2020, the significant issues faced by the Group were in relation to the Covid-19 pandemic and its economic consequences as well as changes in the Malaysian Government that created policy uncertainty. Following this, the top five most material topics identified were under the Marketplace pillar as depicted in the top right corner of the materiality matrix.

The following table summarises the Goals that we believe align with our material issues.



| Top 5 Material Topics and Supporting SDGs | | | | |
|-------------------------------------------|-----------------------------|----------------------|------------------------------------|-----------------------------|
| Economic and health impacts of Covid-19 | Government policies | Corporate governance | Liquidity and cash flow management | Profitability |
| pages 56 to 101; 134 to 135 | pages 56 to 101; 181 to 360 | pages 136 to 138 | pages 56 to 101; 181 to 360 | pages 56 to 101; 181 to 360 |
| SDG 1, 3, 8, 10, 17 | SDG 1, 8, 9, 11 | SDG 5, 16 | SDG 8 | SDG 8 |





COMMITMENT TO SUSTAINABILITY

BUILDING BUSINESS AND COMMUNITY RESILIENCE TO COVID-19

In early 2020, the world grappled with the outbreak of an infectious disease caused by the novel coronavirus. On 11 February 2020, the World Health Organization ("WHO") officially named it the Coronavirus Disease-2019 or Covid-19. The impact of this pandemic, declared by WHO a month later, caused severe disruptions, widespread lockdowns and uncertainty globally. The world is still dealing with an unprecedented challenge that affects people, communities and economies everywhere.

On March 18, the Government implemented the Movement Control Order ("MCO") to address the Covid-19 outbreak in Malaysia which entailed a comprehensive restriction on movements and public gatherings nationwide, including the shutdown of business premises. With the exception of our Plantation, Port and Toll Divisions which fall under essential services, all IJM sites and offices in Malaysia were closed during the MCO which resulted in our employees working remotely from their own homes.

IJM has been closely monitoring the development concerning the Covid-19 pandemic with a primary focus on the safety and well-being of all our employees and associates. At all times, we have been striving to respond appropriately, adhering to the expert advice from the health authorities; while improving risk awareness and resilience in our operations and supply chains within this ever-changing environment. We have implemented prevention and control measures at all our office and operation sites, which include social distancing, wearing of masks, health declarations and temperature checks for our employees and visitors to our premises.

We assembled a cross-functional task force to provide support in the areas of human resources, health and safety, IT and communications in response to the Covid-19 situation. The Covid-19 working committee ensures constant communication with our employees via emails, SMS blasts, including intranet platforms. The regular emails from the Group CEO and Human Resources provide Covid-19 responses and situation updates, whereas the SMS blasts ensure that all our employees receive important announcements in a timely manner. The dedicated Covid-19 sites on the intranet features important guidelines and advisories, preventive personal health and wellness recommendations, useful resources and materials, work-from-home tips as well as the latest Covid-19 news media updates. Functional processes were put in place and adequate technology support were provided to enable our workforce to work from home each day while ensuring a smooth offsite operation.







We have been responding to the situation to make sure our employees, suppliers and customers are supported and we can maintain business continuity. While the majority of our employees rapidly adjusted to the new normal of working from home; our employees in the essential services continued to work on site to ensure operational continuity. The Plantation Division ensures the steady supply of crude palm oil to the refineries, while the Port and Toll Divisions maintain their infrastructure to facilitate connectivity of essential goods and services to the public.

In parallel, we are also stepping forward to ensure that our broader communities are supported. For example, IJM contributed RM1 million to The Edge Covid-19 Health Care Workers Support Fund. This fund provides financial assistance to healthcare workers who are infected while caring for Covid-19 patients.

In a separate effort, we coordinated with our partners and suppliers in response to calls for personal protective equipment for healthcare workers and other front-line responders battling the Covid-19 pandemic. Malaysia-China Kuantan Industrial Park ("MCKIP") partnered with its joint venture partner, Guangxi Beibu Gulf International Port Group as well as Jian Hui Paper, a MCKIP investor, to supply 200,000 face masks to various establishments in the Klang Valley. In addition, 50,000 face masks were contributed to the Pahang state government including the State's Disaster Operation Controlling Center.

Some additional 30,000 face masks secured from China by the MCKIP team and 3,000 latex gloves secured by our employees were also distributed to Wisma IJM's neighbouring community in Petaling Jaya, including the district police headquarters, hospital, municipality, fire station, non-governmental organisation and nursing homes.

In Indonesia, our Plantation Division assisted neighbouring villages, such as Desa Susuk Dalam, Desa Susuk Tengah, Desa Susuk Luar and Desa Marukangan in sanitising their common areas as well as conducted awareness briefings to the villagers on the importance of self-hygiene. Regular screenings for Covid-19 symptoms were also carried out on the villagers in neighbouring communities. Contributions of test kits, face masks, personal protective equipment, medicines, disinfectants and other necessities were extended to the local surrounding communities.

Dealing with this health crisis highlights the importance of cooperation with the different stakeholders. This challenging period serves as a catalyst to learn, adapt and adjust so that we will emerge stronger post the Covid-19 pandemic.







Employees in the essential services ensuring operational continuity





ADAPTING TO A CHANGING MARKETPLACE

As we step into the new decade and look back on our presence over the last 37 years, we have demonstrated our track record of business resiliency, adaptability to meeting the changing needs of our customers and workforce, compliance with evolving regulations, as well as upholding numerous environmental and social responsibilities. We value the positive reputation that we have built with our stakeholders across our footprint. We continue to be committed to high standards of corporate governance, upholding the trust in the IJM brand, ensuring customer satisfaction through our quality products and services. Our awards and accolades are listed on pages 10 and 11 of the Annual Report.



CREATING SUSTAINABLE VALUE FROM GOOD GOVERNANCE AND ETHICS

Sound corporate governance is a material sustainability matter to IJM and is critical in helping us shape strategy, manage risks and ensure long-term viability and business growth. IJM Group is a professionally managed company and is committed to delivering sustainable value 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 corporate governance framework and practices, as in the Corporate Governance Overview Statement on pages 102 to 111 of the Annual Report, demonstrate the robust board and management accountability to our stakeholders.

In July 2019, IJM took home three awards at the Minority Shareholders Watch Group (MSWG)-ASEAN Corporate Governance Awards 2018 - a recognition of our efforts to elevate our corporate governance disclosure and practices. IJM won the Excellence Awards for Corporate Governance Disclosure, ranking 10 out of the 100 companies; Industry Excellence Award for the Construction and Plantation industries based on the ASEAN Corporate Governance Scorecard assessment.



Business ethics and policies

In line with the Group's commitment to conduct its business professionally, ethically and with the highest standard of integrity, the Board and all employees of IJM Group are committed to upholding the highest standards of professionalism and exemplary corporate conduct in our daily operations by adhering to the Code of Conduct and Ethics. It sets out the principles and standards of business ethics and conduct, and each employee has a duty to read and adhere to it.

IJM Group has in place a number of Company codes and policies that establish the rules of conduct within the organisation; representing the main points of reference for all who work for and with us. These codes and policies can be found on the Company's website.

| Board Policy | Corporate Codes and Policies | Sustainability Policies |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Board Diversity Policy | Anti-Bribery and Corruption Policy Code of Conduct and Ethics for Employees Code of Business Conduct for Third Parties Corporate Disclosure Policy External Auditors Policy Privacy Policy Remuneration Policy Whistleblowing Policy | Community Investment Policy Diversity and Inclusion Policy Environment Policy Human Rights Policy Responsible Supply Chain Policy Occupational Safety and Health Policy Quality Policy |

Anti-bribery and corruption system

We remain committed to behaving professionally and with integrity in our business dealings with our customers, shareholders, business associates, third parties as well as towards one another. Pursuant to the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which took effect from 1 June 2020, we have implemented an Anti-Bribery and Corruption System ("ABCS") across the Group to strengthen our integrity, governance and anti-corruption framework. The Group practices a zero-tolerance approach against all forms of bribery and corruption, and upholds all applicable laws in relation to anti-bribery and corruption.

The ABCS, as a management system, comprises a manual which contains principles and policies that guide our ethical decisions. We enhanced and strengthened our business ethics framework by updating the IJM Code of Ethics and Conduct and developed a Code of Business Conduct for Third Parties ("CBC for 3rd Parties") and relevant policies and procedures on anti-bribery and corruption.

Compulsory internal e-learning on ABCS was conducted for all employees. Dedicated communication channels to create awareness and disseminate information on antibribery and corruption as well as to promote a culture of integrity and compliance have been set up on our intranet. Where applicable, relevant employees were sent for external training on corporate liability and corruption risk management. Each employee is expected to read, familiarise and strictly comply with the ABCS in carrying out their duties. Third parties performing work or services for or on behalf of IJM are also required to acknowledge conformity to the CBC for 3rd Parties as well as comply with all applicable laws and our ABCS manual. All investments including mergers, acquisitions, joint ventures and projects are reviewed for anti-bribery and corruption risk with appropriate due diligence conducted on the counter party and owners of the counter party, where relevant.

Integrity pledges were signed by the IJM leadership team to demonstrate top level commitment. We have in place control measures for compliance and to mitigate corruption risks which are assessed, monitored and regularly audited. In addition, we have in place robust testing and monitoring programmes to ensure that our control environment is effective. IJM Group continues to take all necessary measures and promote a culture of integrity through awareness campaigns and regular communications.



ADAPTING TO A CHANGING MARKETPLACE



The Port Division has been putting in additional measures to increase employees' awareness on ethics and integrity in their business. The Division collaborates with University Malaysia Pahang, who has created modules and conducted training programmes for the Port's management team and nominated successors on corporate governance between July and August 2019. The six training modules covered governance, risk and compliance, as well as acts and regulations pertaining to unethical behavior. The Malaysian Anti-Corruption Commission has also been invited to conduct awareness training on corruption for Port employees and business associates.

COMMITMENT TO QUALITY

Staying on top of the fast-changing business environment, especially in the diverse businesses we are involved in, requires tenacity for continuous improvement. We continue to be committed to our motto of *Excellence Through Quality*. This steadfast commitment stamps our Mark of Excellence in all our products and services.

All our business divisions implement management systems and are certified in accordance with relevant local and international benchmark standards. We build a culture of excellence by providing clear principles, unified standards and guidance for our processes and activities. This empowers our employees to take ownership and drive results through commitment and competency.

Our Construction, Property, Industry, Port and Toll Divisions are certified with the ISO 9001:2015 Quality Management System. The ISO 9001:2015 defines the way we operate to meet the requirements and satisfaction of our customers and stakeholders. This international standard promotes the adoption of a process approach, using the Plan-Do-Check-Act cycle with an overall focus on risk-based thinking aimed at taking advantage of opportunities and preventing undesirable results.

We are dedicated to exceeding industry standards for the quality and reliability of our products and services. The Construction Division's self-regulated assessment system, IJM Quality and Safety Assessment System ("IQSAS"), provides a quality assessment framework for civil engineering projects. The Quality Management Committee along with the Occupational Health and Safety Management Committee conducts an annual review of this Quality Management System and Safety and Health Management System. In this reporting period, the West Coast Expressway Sections 8 and 9 were completed and have been assessed with an IQSAS score of 81% and 84% respectively.

The construction industry also employs the Quality Assessment System in Construction ("QLASSIC"), a system to measure and evaluate the workmanship quality of a building construction work. QLASSIC assessments are carried out through site inspections, where marks are awarded if the workmanship complies with the CIS 7:2014 Construction Industry Standard following the first-time inspection principles.

In addition, the Construction Division contributes through the Construction Industry Development Board ("CIDB") and Master Builders Association Malaysia ("MBAM") in development initiatives relating to construction quality such as on the development of standards and training modules. In February 2020, the Property Division performed a CIDB QLASSIC assessment on the Sandakan Rimbayu Indah Phase 1C and achieved a score of 83%. In addition, the Property Division also achieved a QLASSIC score of 84% for Bandar Rimbayu in the reporting year.

Our Industry Division's products are certified with MS 1314:Part 4:2004 Precast concrete piles, SS EN 206:2014 Concrete, MS EN 206:2016 and CIS 21:2016 Ready-mixed concrete, JIS G 3137:2008 Small diameter steel bars for prestressed concrete, MS 1138:Part 3:2007 Prestressing steel and MS 1462 Metal scaffolding. The Division is also certified with the C60 Shoring system, BS 5975 Code of practice for temporary works procedures and the permissible stress design of falsework and BS EN 12812 Falsework.



at its Nilai factory



Our Plantation Division adheres to stringent production requirements and delivers the best quality products to meet customer demands and standards. The Division is governed by national and international certification standards such as the International Sustainability and Carbon Certification ("ISCC") for the Malaysian operations, Malaysian Sustainable Palm Oil ("MSPO") and Indonesian Sustainable Palm Oil ("ISPO"). The Division's processing operations and palm products are certified with Good Manufacturing Practice Plus. Also, all processing plants in the Malaysian operations are now certified with the MSPO Supply Chain Certification Scheme.

ENSURING CUSTOMER SATISFACTION

The satisfaction of our customers is paramount to the continuity of our business. A material topic to all our divisions, customer satisfaction determines our ability to secure new and repeated business as well as fortify our ongoing



relationships to achieve economic success. We strive to fulfil our customer needs and exceed their expectations with the IJM *Mark of Excellence*. Each Division adopts different targets and measures of customer satisfaction due to the diversity of its business.

| Construction | Property | Industry | Port | Toll |
|------------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------|
| Customer satisfaction survey | Customer satisfaction index | Customer satisfaction survey | Customer satisfaction survey | Highway users satisfaction survey |
| Achieved average 81% for all projects (target: 80%) | Achieved average 85% for all projects (target: 75%) | Achieved average 96% for all products and services (target: 80%) | Achieved 94% (target: 80%) | Achieved average 88% for all highways (target: 85%) |

For the Property Division, the Customer Satisfaction Index (CSI) measures satisfaction levels when customers make any interaction with IJM Land, while the Net Promoter Score ("NPS") indicates the willingness of our customers to recommend us to others. In the reporting year, the Division recorded an NPS of +15, indicating that IJM Land retains a positive level of customer loyalty that generates word-of-mouth referrals.



ADAPTING TO A CHANGING MARKETPLACE

The survey results prove that the Division's efforts have been reaping positive outcomes. Since 2018, the Property Division has carried out internal customer-centric trainings to attain enhanced levels of service excellence to elevate customer experiences namely;

- CX Chats Monthly employee sharing sessions on products and promotions
- Moment of Truth Programme Recognise exemplary employees who have delivered quality service
- GM Awards: VIP Role Models Empower employees to reward colleagues who demonstrate the IJM Land VIP Principles
- EXT Customer Survey Collect on-site customer feedback using dedicated QR codes

For highway concessionaires, road user safety is an important element in maintaining high standards of the highway service. The Toll Division does this through road safety audits, accident investigations and propose counter measures that are linked to the Malaysian Highway Road Accident Database and Analysis System ("MHRoad"). The MHRoad integrated database is formed by the Malaysian Institute of Road Safety Research (MIROS) and the Malaysian Highway Authority (MHA), that allows concessionaires to monitor traffic more effectively, identify accident-prone areas, as well as conduct analytical assessments of accident patterns.

On top of road user safety, the Toll Division does 24-hours monitoring through the Traffic Control and Surveillance System equipped with closed-circuit television and conducts regular traffic patrols along the highway. Readable Variable Message System is also placed at strategic locations to notify road users with customisable messages. In the reporting period, we installed blue flashing lights for traffic attentiveness at road curves, anti-skid traverse bars at designated locations to reduce overspeeding and improved on skid resistance through micro surfacing at motorcycle lanes. The highway is also equipped with users' facilities such as pedestrian bridges, highway lighting system and emergency telephones.









BRANDING AND REPUTATION

Beyond 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 market we operate in. The IJM brand is an important driver and a differentiation factor when we pursue new business opportunities and attract talent.

At IJM, our commitment to meeting the needs of our stakeholders is expressed in our brand promise: *Delivering Inspired Solutions*. For us, it is the guiding philosophy that drives all our business decisions and actions, and steers us both internally and externally. For our clients and customers, it is a promise that we will continue to leverage our decades of experience and know-how to find and reinvent solutions that will inspire better benefits for all.

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



IJM Land: The trusted value creator

IJM Land's brand reputation as a trusted value creator has served the Property Division well through the years. Its belief of delivering quality products with good customer service at the price that fulfills the hopes of all tiers of purchasers, builds brand presence and loyalty. IJM Land developments are recognised by its hallmarks of thoughtful design, accessibility and connectivity. Its efforts in creating enduring value are not only recognised by the numerous prestigious accolades we have acquired but also affirmed by homeowners and the community at large. Beyond IJM Land's role as a property developer, it sees itself as being a lifestyle integrator and community builder with the responsibility of creating spaces that benefit the neighbourhood, community and society at large. IJM Land finds new ways to enrich the lives of its homeowners and deliver solutions that really matter to them. Constant conversations with its customers have kept IJM Land up-to-date, as it evolves with the homebuyers' lifestyle needs and housing preferences to create liveable spaces that they love. At the end of the day, branding is how IJM Land makes a difference and remains relevant in its customers' lives.



Kuantan Port rebranding

For almost five decades, the establishment of Kuantan Port as a premier seaport has boosted the livelihood and economy of Malaysia's east coast region. Throughout this journey, the Port has experienced numerous changes and expansion to keep up with the evolving shipping business and global trade landscape and increasing demand from foreign direct investments.

The completion of Kuantan Port's New Deep Water Terminal in 2018 was a game-changing development for the Group – one that will see the Port doubling its capacity and transforming the Port into a major transshipment hub on the east coast of Malaysia for trade in and out of Asia.



ADAPTING TO A CHANGING MARKETPLACE

Along with this development, Kuantan Port embarked on a rebranding exercise, giving the Port a new look and feel that reflects how far the Port has come and where it is today. This rebranding exercise also symbolises the Port's readiness to embrace and connect to opportunities of the future while making a mark on its employees, investors, customers and the local community.

The Port's rebranding exercise culminated in the launch of a new logo – the most visible symbol of the brand; a brand promise that is the guiding philosophy that drives all its business decisions and actions; a brand identity guideline to ensure the correct and consistent application of Kuantan Port's core identity elements across all communications; and the implementation of the new brand identity on internal and external communication touchpoints including stationery, signage, advertising and livery.

FOSTERING DIGITALISATION AND INNOVATION IN PRACTICE

IJM has been undertaking digital transformation and innovation initiatives to enable and integrate technology into all areas of our businesses. The implementation of our digital backbone with SAP for Enterprise Resource Planning, Human Capital Management and e-Procurement is ongoing with phased rollouts continuing until the end of 2020. While a few of our businesses have started using some components of the SAP system, fine tuning of processes across all businesses are expected to continue into 2021.



Our investment in SAP Ariba for strategic sourcing, which was initiated in May 2019 for cost reduction and procurement transparency purposes, has been yielding good results with all Divisions ramping up their procurement spend through the system. The SAP implementation is supported by coordinated change management initiatives such as nationwide roadshows, user training, as well as regular email and intranet messaging, to prepare our staff with an understanding of business expectations and the required digital skills to effectively use the system.

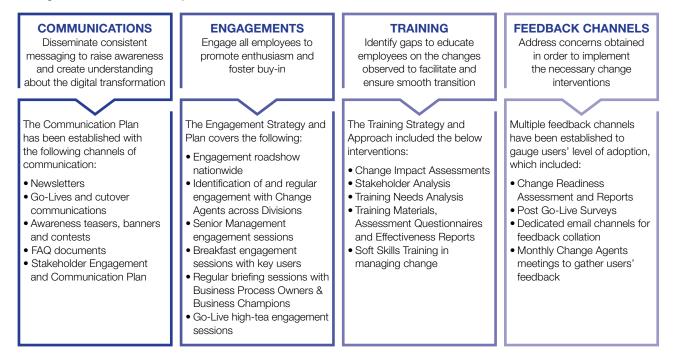




Innovation brainstorming workshop to generate new ideas

Digital transformation: The four pillars of change management

Change management workstream has been established to ensure that our employees have a smooth transition in the journey of digital transformation as they embark on a new system and new ways of working. There are four key pillars in the Change Management framework, namely:



Build innovation: Four-pronged approach

the process from ideation

to pilot projects

collaboration

For businesses to stay relevant and resilient, we need to develop innovative processes and business models. The continuous journey of embedding innovation within the Group consists of a four-pronged approach which covers culture building, process innovation, leveraging on collaborations and strategic investments.



creation

ADAPTING TO A CHANGING MARKETPLACE

Building Information Modelling

Building Information Modelling ("BIM"), which entails the digitalisation of construction information on construction projects, has continued to expand in scope and scale. BIM is now adopted for nine ongoing projects compared to three projects when we first started in 2016. BIM allows the involvement of all relevant disciplines among our Construction Division personnel throughout the project's development. The utilisation of BIM technology during the pre-construction phase facilitates the team by enabling early visualisation and planning using 3D model-based simulation, reducing friction during construction. BIM has become an increasingly crucial tool during construction, promoting better coordination between trades and subcontractors benefitting from every phase of the project life cycle. Upon project completion, modifications and additional input included in the BIM model significantly eases work for renovation and facilities management.

The use of BIM is also in line with the Construction Industry Transformation Programme ("CITP") for all public and private projects using BIM to adopt national specifications for construction by 2023. IJM is collaborating with Universiti Teknologi Malaysia (UTM) to conduct research on a reallife building for modeling and analysis using BIM tools and computational methods. The findings of the research will develop a BIM-based method to increase the level of automation for Green Building Index assessment and Industrialised Building System supply chain management.



Flexi home

In line with enhancing housing affordability through creative design concepts and cost optimisation, our Property Division introduced the flexi home layout in its developments, namely Ara Impian at Seremban 2, as well as Livia and Starling at Bandar Rimbayu. These houses have an openplan with flexible layouts, where the structural design of the home can be personalised to the different needs of homebuyers or expanded when future needs arise.

Industrialised Building System – the smarter way to build

We are always finding ways to improve productivity in a sustainable manner. On 8 August 2019, IJM held a groundbreaking ceremony for a fully automated Industry 4.0 Industrialised Building System ("IBS") facility that marked the Company's venture into producing IBS precast products. The construction of this IBS facility represents our industry commitment through the alignment with the CITP. The CITP agenda is aimed at shaping a modern, sustainable and productive construction industry in Malaysia.

The 200,000 sq ft factory is located at the growing industrial hub of Bestari Jaya, Kuala Selangor. It is built on a 25-acre site with an annual output capacity of 500,000 sq m (equivalent to 3,000 homes) that is set to be completed in 2021. The RM165 million facility showcases our capabilities in providing end-to-end digital IBS solutions – from design, costing, manufacturing to delivery and on-site installation.

A controlled manufacturing environment ensures product consistency enabling us to deliver increased end product quality to our customers. The adoption of the IBS system improves productivity as the construction period is shortened by up to 40% compared to the conventional method. It also reduces dependency on foreign labour while upskilling our local workforce. The system also has an aesthetic versatility where it enables customisable design requirements to allow efficient use of living space. This leads to a sustainable construction with lower carbon footprint and wastage apart from providing a safer and more conducive workplace.

The state-of-the-art fully automated Industry 4.0 IBS facility marks IJM's venture into producing a wide range of IBS precast products that cater to diverse building applications – from affordable housing, low- and high-rise residentials, commercial buildings to public infrastructure such as schools and hospitals.



Plantation digital supervision

In FY2017, the Plantation Division initiated the use of digital devices in its supervision of estate operations. The digital supervision enabled the Division to utilise GPS signals on Android hand-held devices to track plantation activities through a web-based backend system. In the conventional method, information on the crops and the productivity of harvesters were manually recorded and subsequently transferred to the administrative system. By using this digital data logger, in-field information is better analysed, reducing human error and facilitating an improvement in efficiency and response time. The reports are a useful toolkit for the supervisory staff and management to rectify any shortcomings in the fields, faster and more accurately. Presently, the digital devices are used in all Plantation estate operations in Malaysia. Subsequently, the system will be extended to apply into other plantation management activities, such as in pest, disease and agronomy monitoring.

Highway Digitalisation Excellence Award

In July 2019, the Toll Division received a Highway Digitalisation Excellence Award (HDEA) at the Highway Concession Conference 2019 under the category of Workplace Modernisation (Document Management and Work Order System). This award recognises leading players in the highway industry who keep their services at the very best through creative and innovative ideas, right technologies, devices and instruments.



SECURITY

Security is a material issue for all our Divisions. We believe in the right to security: for the public and our customers, residents, employees and partners.

The Property Division recognises the importance of safety and security at our townships. Security is built into the design of its townships and facilities using an approach called Crime Prevention through Environmental Design (CPTED) principles. Most of our development parcels have single ingress and egress points to screen off intruders, while pedestrian walkways and motorised lanes are separated by buffers to deter snatch thieves. To ensure quieter and safer neighbourhoods, we have introduced cul-de-sac layouts and traffic calming measures, whilst bright light emitting diodes ("LED") street lighting contributes to overall urban safety. Physical elements such as landscaping and perimeter fencing are used to enhance homeowners' sense of belonging and responsibility. We also collaborate with local law enforcement agencies and the police. The local force conducts regular patrols throughout the townships to maintain the safety and security of township residents.

The Industry Division implements a number of security measures for the transport, storage, handling, use and disposal of explosives at all quarry sites. All workers handling the explosives are trained with relevant safety procedures in accordance with all national regulations and health and safety standards. All relevant authorities are pre-informed of any planned use of explosives at the quarry sites.

ADAPTING TO A CHANGING MARKETPLACE

As the locations of our estates are in the interior, the operating units within the Plantation Division are always attentive to the surrounding areas. The Division works closely with related local government agencies to safeguard the estates and associated facilities in order to provide a secure environment for the employees living in the operating units. Internal security personnel enhance the security patrolling and form the *Rukun Tetangga* patrol teams in order to be always watchful and alert. During the nationwide Movement Control Order, the Division adopted a closed-door policy to protect its employees from visitors entering the premises without prior management approval.

The Port Division's security regulations are based on the International Ship and Port Facility Security ("ISPS") code. The ISPS code is an essential maritime regulation for the safety and security of ships, ports, cargo and crew. There are strict requirements for entrance permits under the National Security Council, unauthorised access restrictions to ships and port facility areas, as well as control of port facilities through CCTV surveillance and physical patrolling.

CCTV cameras are also installed at toll plaza areas to monitor highway movements; and at gated walkways assigned to our toll collectors and operational staff for their safety. Additionally, security guards are appointed around the toll plaza areas to ensure that only employees are allowed to enter authorised areas.

Data security and privacy

Digitalisation and information technology systems are becoming increasingly important in our operations. As a result, cybersecurity is central to managing the risk of data or information loss that could impact our business operations. We value our customers' trust and are committed to safeguarding their privacy by ensuring security of the collection, storage and handling of their personal information. We protect our customers' personal information in accordance with the Personal Data Protection Act (PDPA) 2010.

In the area of providing security for digital information and service management, we are certified with both the ISO/IEC 27001:2013 Information Security Management System (ISMS) and ISO/IEC 20000-1:2011 Information Technology Service Management System (ITSMS). During the reporting year, there were no cases of complaints filed by external parties or regulatory bodies nor cases of non-compliance concerning breaches of customer privacy or identified leaks, thefts or loss of customer data. The Privacy Policy, in both English and Bahasa Malaysia is available on the Company's website.

RESPONSIBLE SUPPLY CHAIN

Our supplier base is large making our supply chain both complex and deep. We extend IJM's values and principles to our suppliers, service providers and contractors in order to foster trust and long-term mutual benefits with all our stakeholders. IJM's Responsible Supply Chain Policy, available on the Company's website, sets out the same expectations from our operations to our supply chain: good ethics, healthy and safe workplace, minimise the risk of violating human and social rights, good environmental practices and ensure strict compliance to local laws and regulations. We address responsible sourcing issues through a multifaceted approach, including supplier assessments, audits and direct engagements.

As an example, in January 2020, the Port Division engaged with all stevedore companies to obtain their commitment on the prevention of fatalities and injuries. These stevedore companies provide waterfront manual workers to load and unload cargoes to and from ships that dock at the port. The engagement involved the Kuantan Port Authority, 11 stevedore companies, and the Port Division's management. Top hazards and accident types were identified and discussed; resulting in a contractor management plan in accordance to the ISO 45001:2018 to monitor contractors' operations and OSH capabilities.

A similar engagement was done with a Port customer, Alliance Steel and its transporters, to identify hazards within the port and public area. As a forward commitment to reduce accidents, the Port Division implemented the Machinery Permits to ensure that all lorries that come through the port meet the Road Transport Department's specifications and are roadworthy.



European Union to appreciate the supply chain from seed to oil



Supporting the local industrial ecosystem

The Government supports the local industry, especially in their capabilities and capacities to meet the global standard requirements. One such platform is the Industrial Collaboration Programme that provides opportunities and a competitive edge for local industry players in the global supply chain and market. Leveraging on the programme, the Construction Division collaborated with a local company, Mudahjuta Industries Sdn Bhd and has successfully developed a locally designed, sourced and fabricated high-performance board that has high impact and superior fire-resistant properties.

This non-combustible fire protection board involves the adoption of green technology in its development and meets stringent international standards. The central cementitious core design includes 30% of components formulated with waste materials from blast furnaces and cement plants and harvested rainwater. The Construction Division supported the tests at SIRIM's test laboratory and obtained the local Fire and Rescue Department's approval for the board to be made available to the local and international construction market, including our own construction projects.



MANAGING ENVIRONMENTAL IMPACT

We are determined to operate responsibly to safeguard the environment. In consideration of the impact of our activities on both the environment and surrounding communities, we set ourselves stringent environmental standards and strive to exceed regulatory requirements. We manage our emissions, optimise energy and water use, respect biodiversity and ecosystems, as well as reduce the generation of pollution and waste in our operations.

IJM's commitment to protect the environment is an intended outcome of our Environmental Management System ("EMS"). Our Environment Policy makes this everybody's responsibility, including those in our supply chain. The Construction and Industry Divisions continue to be certified with the ISO 14001:2015 while the Property Division was successfully certified with the ISO 14001: 2015 on 25 October 2019.

RESPONDING TO CLIMATE CHANGE

Environmental concerns were prominently featured in the World Economic Forum's annual Global Risk Report 2020. The top five global risks in terms of likelihood and severity were climate-related such as extreme weather events, failure of climate-change mitigation and adaptation, biodiversity loss and ecosystem collapse, natural disasters as well as human-made environmental damage and disasters.

With the last decade being the warmest on record, the effects of climate change are becoming increasingly noticeable around the world. Governments, businesses and society each have respective roles to play in mitigating climate change if we are to stay within the aspirational 1.5°C of the Paris Agreement. Recognising this, IJM supported



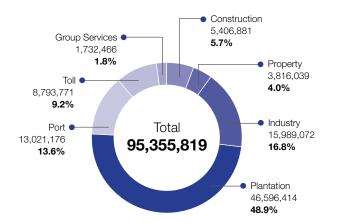


the launch of the Climate Governance Initiative Malaysia in May 2019, which was formed to work with various stakeholders in developing mutually supportive outcomes to address climate change.

At the last Group Strategic Visioning session, the Board was briefed on climate change and how the present CO₂ emission pathways presents risk and opportunities to the Group's various businesses. In line with SDG 13, we are building internal capacity to address the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Enhancing energy efficiency

Improving energy efficiency is one of the main ways we manage our greenhouse gas ("GHG") emissions as a means of climate mitigation. As a sustainable business practice, we strive to improve our energy efficiency and use renewable energy in our energy mix as much as possible. As a Group, we consumed 95.4 million kWh of energy in FY2020 where 40% of our energy was generated by renewable sources such as biomass and solar energy. The Plantation, Industry and Port Divisions constitute 79% of the total Group energy consumption.

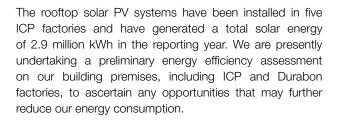


Total Energy Consumption by Division in FY2020 (kWh)

Total Renewable and Non-renewable Energy Consumption in FY2020 (kWh)



Rooftop solar photovoltaic ("PV") systems have been progressively installed at the Industry Division's factories since 2016 to help mitigate carbon emissions at its operations. The Division's renewable energy usage avoided a total of 5,758 tonnes in CO₂ emissions since FY2017.

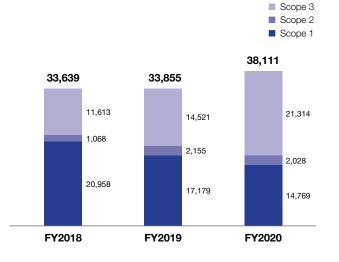


| Factories | Kapar | Jawi | Senai | Ulu Choh | Lumut |
|----------------------------------------------|---------|---------|---------|----------|---------|
| Solar capacity (kWp) | 445 | 700 | 666 | 900 | 776 |
| Total solar energy generated in FY2020 (kWh) | 471,122 | 729,007 | 272,212 | 922,002 | 528,160 |

Tackling carbon footprint

We track our carbon footprint emissions in Scope 1, Scope 2 and Scope 3 in accordance with the Greenhouse Gas

Total CO₂ Reduction by Source for Industry Division (tCO₂e)



Protocol. In FY2020, the Industry Division recorded a 13% increase in the total carbon reduction from the previous year. The biggest reduction was seen in Scope 1 and Scope 3 at 39% and 56% respectively in the reporting year.

Note:

- Scope 1: Direct CO₂ emissions that are emitted from sources owned or controlled by our organisation such as from stationary combustion of light fuel oil, diesel and natural gas to produce steam
- Scope 2: Indirect CO₂ emissions that are consumed by our organisation such as purchased electricity for factory use, that may be offset by using renewable energy such as solar PV systems
- Scope 3: Other CO₂ emissions by related activities not owned or controlled by our organisation such as cement purchased for our consumption

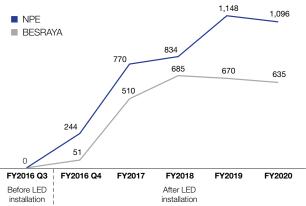
MANAGING ENVIRONMENTAL IMPACT

The Plantation Division closely monitors and measures emissions from its business activities using toolkits that are aligned to the EU Renewable Energy Directive, guidelines from the ISCC 205 – Greenhouse Gas Emissions 3.0 and the Greenhouse Gas Protocol accounting standard. In the reporting year, the Plantation Division saw a 7% increase in total carbon emissions to 231,679 tonnes of carbon dioxide equivalent ("tCO2e") from last year, mainly due to the increased volume of Palm Oil Mill Effluent ("POME") generated, arising from the Division's additional crop production. However, a reduction was observed in the GHG emissions intensity for both the estate and palm oil mill operations, compared with the base year FY2016. The operational emissions and reduction strategies are reported in detail in the IJM Plantations Berhad's Annual Report 2020.

We often engage with our customers for feedback to improve our operational efficiency and value of service. In FY2020, the Port Division purchased four units of hybrid Rubber Tired Gantry ("RTG") cranes to replace the existing conventional diesel-powered yard equipment. At the Port, RTG cranes are used to stack and move containers at the yard. The hybrid RTG cranes are powered partly by electricity allowing for fuel savings of 60%. The new automated equipment will reduce emissions, cut cost and noise while making container handling safer, more productive and reliable. In another effort to conserve energy, the Division is exploring shore power to reduce diesel consumption and cut exhaust emissions when the tugboats are not in use or when on standby. Another initiative of the Port Division is replacing conventional bulbs to LED for all high masts with the main objective to save energy. The replacement will be done in stages in the next reporting period and is expected to see 40% in energy savings.

One of the ways the Toll Division addresses its carbon footprint is through the use of energy saving equipment. Since the installation of LEDs, Besraya Highway ("BESRAYA") and New Pantai Expressway ("NPE") have seen a total reduction of 6,643 tCO2e. This resulted in corresponding cost savings of 49% and 46% for BESRAYA and NPE respectively against the base year FY2016.

Annual CO₂ Emissions Reduction Following Installation of LED Lighting (tCO₂e)





On 4 December 2019, the Toll Division received the Silver Award at the Malaysia Green Highway Index ("MyGHI") 2018 ceremony for our Kajang Seremban highway ("LEKAS"). The MyGHI manual promotes sustainable green highway construction and its assessment system measures the level of greenness throughout the planning, designing and construction of highways in Malaysia. The LEKAS highway integrates both transportation functionality and ecological sustainability that encourages urban growth while securing environmental stewardship.

Our involvement with industry and stakeholders

IJM sits on the committee that develops the CIDB's Sustainable Infrastructure Rating Tool ("Sustainable Infrastar") which was launched in March 2019. The Sustainable Infrastar addresses environmental concerns for the construction industry, and complements other existing tools such as CIDB's Malaysian Carbon Reduction and Environmental Sustainability Tool (MyCREST) for building construction and the MyGHI by the Malaysian Highway Authority. The West Coast Expressway (Banting to Taiping – Section 4) was used as a pilot project to develop the Sustainable Infrastar rating tool. The rating tool covers infrastructure construction, including highways and roads, railways, water treatment plants, airport rail links, jetties and marinas, sewerage pipe networks, wastewater treatment plants and telecommunication networks.

For the fourth year, IJM continues to sponsor the World Class Sustainable Cities Conference 2019 themed *Next KL2040* – a 20-year plan for the Kuala Lumpur city. This event, held on 19 September 2019, brings together government agencies, city and industry experts, academicians and non-governmental organisations to address challenges of a livable and sustainable Kuala Lumpur and other cities in Malaysia, through better planning, technology and social innovation. On 6 October 2019, the Property Division honoured the Seberang Perai City Council's elevation to city status through a tree planting programme.



Together with the local authorities and communities, 5,555 Malayan Yellow Dwarf coconut tree saplings were planted in 40 locations throughout Seberang Perai. The programme is in line with the local council's target to turn Seberang Perai into a low carbon city by 2022.

Mitigating through green buildings

By constructing green buildings, we help reduce the impact that buildings have on climate change. At IJM, we work to build environmentally friendly buildings with construction features that ensure efficient use of resources such as water and energy. The market and clients' demand for green buildings sets the tone for our growing list of project portfolios with green building certifications that support SDG 9, to build resilient infrastructure, promote sustainable industrialisation and foster innovation.

List of IJM's completed green building projects

Green Building Index (GBI)

Menara Binjai

Naza Tower

Uptown

Utama

Platinum Park Phase 3 –

• Somerset Damansara

• The Starling Damansara

- The Address
- Bandar Rimbayu
- G Tower
- Kondominium Altitude 236
- The Light Linear
- The Light Point
- The Light Collection I
- The Light Collection II
- The Light Collection III
- The Light Collection IV

Green Real Estate (GreenRE)

Pantai Sentral Park (Parcel 2)

Leadership in Energy and Environmental Design (LEED)

Menara Prudential

Menara Prudential, a 27-storey Grade-A office tower at the heart of Kuala Lumpur, is the Group's only investment property. The building was recently constructed and has been tenanted since June 2019. Energy and water consumption data for FY2020 were 5.0 million kWh and 40,368 m³ respectively. As a green building, Menara Prudential features several smart and sustainable office building attributes such as the use of smart meters for energy efficiency, rainwater harvesting system, advanced security features as well as being disabled friendly.

PRESERVING BIODIVERSITY AND LAND USE

We recognise our duty to minimise any potential impacts of our activities on biodiversity and the surrounding ecosystem. Our projects undergo the Environmental Impact Assessment ("EIA") prior to project approval and implementation. We seek to minimise our impact on the ecosystem and where appropriate, carry out biodiversity conservation activities.

We have found ways to incorporate biodiversity into our property projects. A prominent feature of The Light Collection project in Penang is the waterways teeming with marine life. As the residential phase has been completed and handed over to the residents, the maintenance of the 1.5 acres salt-water waterways is undertaken by marine aquatic professionals, overseen by the residents' association. The marine life includes corals, turtles and fish species such as baby sharks, blue tang, angelfish, clownfish, pomfret, stingray and threadfin.

Our 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.

MANAGING ENVIRONMENTAL IMPACT



Responsible planting practices and biodiversity protection

The Plantation Division's commitment to No Deforestation, No Peat and No Exploitation, established in February 2019, ensures no deforestation of High Conservation Value ("HCV") and High Carbon Stock (HCS) areas for any new plantings.

The Division implements conservation of HCV areas, areas defined as natural habitats which are rich in biodiversity, and make efforts to rehabilitate the ecosystem found within the Division's concession areas. One of its estates, Minat Teguh, has demarcation and buffer zones along its 6km boundary with the Kabili-Sepilok Forest Reserve. This acts as a wildlife transition zone between the gazetted forest reserve and the estate.

The Plantation Division has set aside 5,299 hectares of HCV areas in its Malaysian and Indonesian operations for conservation, biodiversity protection and rehabilitation purposes. Poaching is not allowed in these conservation areas and at the adjacent gazetted forest reserves. Regular encroachment and anti-poaching patrols are conducted to monitor any illegal activities. Flood prone areas and wetlands are rehabilitated where suitable tree species are identified and planted in both in-situ and ex-situ rehabilitation sites. Furthermore, IJM Plantations undertakes climate adaptation efforts through tree planting, preservation of riparian reserves and high conservation areas, as well as having water catchment ponds.

For more information on our efforts, please refer to the IJM Plantations Berhad's Annual Report 2020.

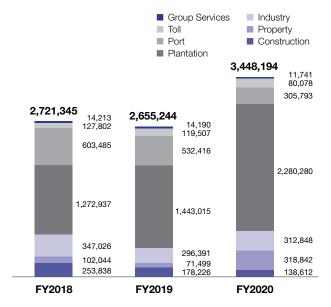
WATER USE

The World Economic Forum's Global Risk Report 2020 identified water crises as one of the top five global risks by impact. As a business, we acknowledge that water is a critical resource and we are committed to managing our water use and discharges. 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.

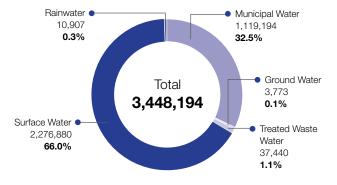


In this reporting period, IJM Group consumed a total of 3.45 million m³ of water. The Plantation and Property Division were the largest consumers, accounting for 75% of our total water consumption. The increase in water consumption by the Group is partly due to enhancements in our environmental management system that has better enabled us to include additional data from our supply chain. During the reporting year, we have been in full compliance with water quality and quantity permits, standards and regulations.

Total Water Consumption by Division (m³)



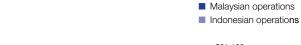
Total Water Consumption by Source in FY2020 (m³)





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. At one of the construction projects, MRT V203, we implement a water treatment system where chemical agents are applied to the water discharged from the site. Similar efforts were previously undertaken at other construction projects at appropriate stages of their construction cycle. Any discharge of water from the construction site will be channeled through this system, which reduces the suspended solids content to below 50 mg/litre. The treated water can either be discharged into the public drainage system or recycled for further use.

Similarly, at our Plantation Division, stringent water management plans and audits are in place to deal with the wastewater generated from palm oil milling activities, comprising different suspended components. Generated POME is treated to meet the stipulated limits and channeled to the fields for land irrigation. River water samples are periodically collected and tested with parameters to ensure no hazardous agrochemicals contaminate the water sources.



Total POME Generated from Oil Palm Mill Operations (m³)

501,048 457,151 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501,048 501

TREATED WATER SAFE FOR DRINKING

At the Plantation Division, treated water supply is provided to all employees and their dependent's living in the operating units. Treated water samples are tested to ensure the quality is in compliance with the World Health Organization (WHO) drinking water standards.

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; The Light Waterfront, Penang; and residential projects in Sandakan |
| 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 |

PREVENTING POLLUTION

IJM upholds the highest level of environmental standards in managing potential environmental risks and pollution at our work sites. We regularly monitor the quality of water discharge, air, noise and vibration levels, including spills at all our sites. Each business division has proper procedures in place to prevent operational spills. No significant spills were reported for the Group during the reporting period. The environmental quality monitoring is carried out to ensure compliance with regulatory limits as defined in the EIA approval conditions or relevant Malaysian standards.

Erosion and sedimentation can cause environmental pollution if not controlled properly. IJM has in place best management practices to control erosion and sedimentation impacts from our activities, that arise mainly from earthworks. All project sites implement suitable practices for erosion and sedimentation control which includes silt traps, check dams, silt fences and slope protection.

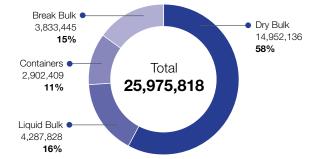
MANAGING ENVIRONMENTAL IMPACT

In FY2020, nine Property Division projects, all with more than 50 hectares each, performed the EIA. The Division adapted the Environmental Quality Monitoring Programme at its projects to monitor and protect the surrounding environment from risks of pollution. The Division is in compliance with the EIA requirements on water quality, silt trap discharge, and air, noise and vibration levels.

The Industry Division monitors air, water and noise quality. At our quarries, apart from the sprinkler system applied at our production areas, dust pollution is minimised through road spraying exercises with collected rainwater. Fugitive dust are also controlled by limiting vehicle speed at 15 km per hour at operating areas. Where possible, the Division also uses *Kelat Paya* trees to create dust barriers to protect roads and the surrounding environment. We have also employed hydroseeding on loose soil on slopes to catalyse grass growth for soil erosion control. Hydroseeding involves the application of slurry, combining seeds and mulch to ensure quick growth, and is now widely used to control soil erosion on hillsides. Over 5,000 sq ft of sloping ground at each site have now been planted using the technique.

The Port Division handles various forms of bulk cargo, and continuously seeks to improve its handling methods for productivity gains, health and safety practices as well as to minimise the environmental impacts. In July 2019, the Port Division completed the installation of a CB6 conveyor system that consists of a ship loader, stacker (bucket wheel) reclaimer, belt conveyor and corridor as well as the steel structure of the transfer station. The new conveyor system decreases the likelihood of cargo spillage at port roads, berth areas, trenches and the sea, Moving forward, the Division will extend the use of this system to other types of bulk cargo such as iron ore and manganese ore. Ongoing efforts to reduce air pollution in the port area are the use of water retention ponds, sprinklers and washing bays at the yard area and exit gate to ensure that cargo trucks are cleaned before going back onto public roads.

Port Division's Throughput by Cargo Type in FY2020 (Freight Weight Tonnes)









Heavy downpours and surrounding developments around our highways can cause flash floods. Our Toll Division has taken a few measures to minimise the impact of these flash floods by coordinating with neighbouring project developments, conducting routine cleaning work, desilting, pumping via portable water pumps, upgrading the drainage and constructing retention sumps. The Toll Division has also put in counter measures to eliminate the risk of slope failure through a combination of hydroseeding and vibromat protection or gabion and permanent sheet piles.



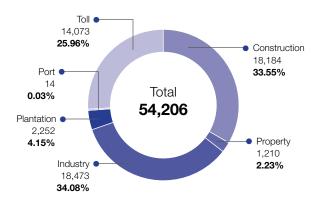
RESPONSIBLE HANDLING OF RAW MATERIALS

Aggregates, cement, concrete, sand, steel, timber and diesel constitute the main components of our raw materials mix. Materials like these are essential inputs to the development of the commercial and residential buildings, transportation and industrial infrastructures that drive economic growth. While we are unable to control the demands of our clients, we strive to make the most efficient use of these materials. We remain committed to source raw materials responsibly from reliable vendors; where raw materials are produced in a responsible manner.

REDUCING AND MANAGING WASTE

We aim to reduce the amount of waste we generate and to reuse or recycle materials. We also ensure that waste is disposed in accordance with the highest standards of environmental practices. In FY2020, IJM Group generated 54,206 tonnes of wastes, mainly from the Construction, Industry and Toll Divisions. In the reporting period, 19% of our waste footprint was reused or recycled.

Total Scheduled and Non-Scheduled Waste Generated in FY2020 (MT)



Recycling and reusing waste

The Construction Division manages wastes according to the requirements set by the law and industry certifications such as the Green Building Index. Wastes such as timber, steel and concrete are segregated at the point of generation. We also designate waste collection points at construction sites where licensed contractors are responsible for the waste disposal. We make best efforts to reduce the amount of waste sent to the landfills by recycling and reusing construction wastes on-site. Moving forward, the Division intends to work on identifying the source of waste generation at the planning stage and explore means to reduce the waste before it is generated.

Reused or Recycled Construction Waste

| Waste Type | Reused (MT) | Recycled (MT) |
|------------|-------------|---------------|
| Timber | 17 | 722 |
| Steel | 17 | 401 |
| Concrete | 4,311 | 3,048 |

In the reporting year, IJM was awarded the Certificate of Appreciation by the Solid Waste and Public Cleansing Management Corporation (SWCorp) for our Best Practices on Construction Solid Waste Management at the Affin Bank Project at TRX.

MANAGING ENVIRONMENTAL IMPACT



Since January 2016, our Industry Division has been reclaiming concrete waste generated from operations. The concrete reclaimer is used to segregate sand, aggregates and slurry effluents from unused concrete resulting in cost savings and effective waste management. In FY2020, the system reclaimed 382 tonnes of sand and 479 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 903 m³, is reused for concrete batching, truck washing, sprinkler systems and cleaning purposes.

Our Plantation Division generates oil palm biomass which includes chipped trunks from replanting, fronds, empty fruit bunches, shredded fibre and shells, which are effectively utilised and recycled as organic matters back to the fields, or as a fuel source, reducing the use of fossil fuels.

By-products Generated from Mill Operations

| Raw Material | Percentage Recycled from Raw Materials | Usage |
|------------------------|-------------------------------------------|----------------|
| Fibre | 100% | Fuel |
| Shell | 98% | Fuel |
| Empty fruit bunches | 95% | Mulch and fuel |





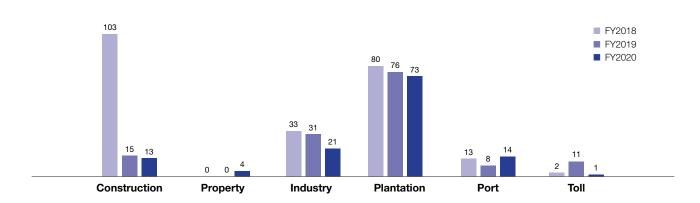
Handling scheduled wastes

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 leakage that may contribute to the generation of scheduled wastes.

In FY2020, our Construction and Industry Divisions received notifications of non-compliance with environmental laws and regulations relating to storage of scheduled wastes exceeding the allotted time limit of 180 days.



Scheduled Wastes by Division (MT)



E-waste or electrical and electronic equipment wastes can be a valuable resource as different materials within the equipment can be recycled and reused as new raw materials if treated properly at the end of life. IJM practices the disposal of this scheduled waste as set under the Environment Quality (Scheduled Wastes) Regulations 2005, via contractors registered with the State Environmental Department.

Electrical and Electronic Equipment Wastes (By Number of Units)

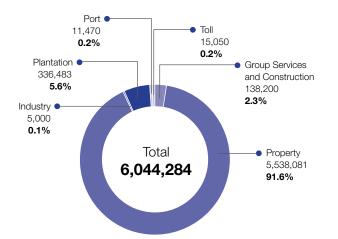
| E-waste Type | | 2018 | 2019 |
|-----------------------------------------------------------------------------------------------|----|------|------|
| Monitors | 96 | 50 | 80 |
| Desktop computers | 78 | 101 | 80 |
| Notebook computers | 59 | 39 | 24 |
| Printers | 37 | 31 | 47 |
| Servers | - | 27 | - |
| Others i.e. scanner, fax machine, AVR, UPS, keyboard, hard disk, projector, network equipment | 56 | 122 | 2 |

INVESTING IN COMMUNITIES

We strive to play a positive role and create mutually beneficial relationships with the communities where we operate and in the wider society. We invest in community projects so that neighbouring communities can benefit from social and economic development. We are guided by our Community Investment Policy and our programmes are focused largely in the areas of community development, sports and education; with immense consideration for local community needs and priorities. We work with the locals, governments and non-governmental organisations to ensure the programmes we support are beneficial to the people that need them.

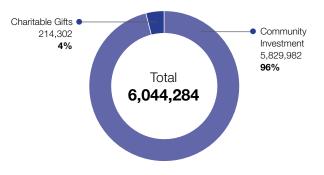
We abide by the LBG Framework, the global standard for measuring corporate community investment, which helps us understand the scale and value of the Company's investment to support the community. In FY2020, IJM Group contributed RM6.04 million to the community, amounting to 1.2% of the Group's pre-tax profit.

Our motivations matter too – 96% of our efforts are strategic community investments where we consciously invest resources to bring about social and environmental change where we operate; with the remaining 4% invested as charitable gifts which are often regarded as a response to short-term events.

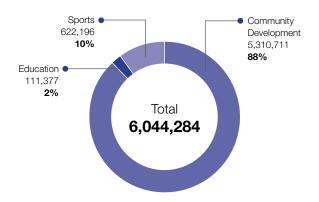


Expenditure by Division in FY2020 (RM)





Supported Causes by Community Investment Pillars in FY2020



DEVELOPING AND WORKING WITH COMMUNITIES

Core to our work within the sustainability space is building and maintaining strong relationships with communities. We are committed to collaborating with willing partners to generate economic benefits and improve community well-being.

We believe everyone deserves a safe place to live; it can transform the quality of lives for people and their families. One major concern, due to population growth and urbanisation, is affordable housing. The concern around housing affordability is not just about being able to afford to buy or rent a house, but also being able to afford to live in one. This goes beyond meeting the maintenance of the house, with considerations for transport, infrastructure and services in its surrounding areas. During the year, the Property Division undertook projects where 671 affordable houses were built in the Klang Valley, Negeri Sembilan and Sabah, amounting to RM184 million.

Beyond our role as a property developer, we see ourselves as a community builder where we create spaces that benefit the communities at large. In a number of our townships, we have gone beyond the requirements stipulated by the local councils. In our Shah Alam 2 township, we have built a RM5 million Central Park as part of our contribution to our community of residents, by which 80% live within a 10-minute walk to the park. Completed in September 2019, the 11-acre park features an open air amphitheatre, children's play area, multipurpose courts, a skateboard rink and gazebos that encourage residents to lead a healthy outdoor lifestyle. With over 500 trees and 1,290 shrubs planted, the park facilitates community integration apart from improving human health and wellness.

The Property Division's decade-long commitment to the signature Home Rehabilitation Programme benefitted another family. Structural repairs were made to a once dilapidated house in Senawang, Negeri Sembilan ensuring

a safe, sanitised, functional and aesthetically pleasing home environment for the family of four. Some of the changes made to the house were replacements to the damaged ceiling and piping, washroom fitted with disabled-friendly facilities, including a refitted kitchen. Such projects leverage our expertise as a contractor and property developer and are done annually in collaboration with the State Social Welfare Department, contractors and suppliers. In 2019, we managed the renovation works, with the support of our contractors and suppliers, for the Genetic Clinic at the Penang General Hospital so that patients with genetic diseases can receive proper medical attention in a comfortable environment.

Our business divisions adopt a philosophy of shared prosperity with our neighbouring communities - when they prosper, we do well too. For example, our Plantation Division has offices in the local towns of Sabah, namely Sandakan and Balikpapan where it provides the local communities with both employment and business opportunities. The multiplier effects on the business supply chain is able to bring and secure positive economic impacts to the local communities.







INVESTING IN COMMUNITIES









In particular, the first Rurality Project in Malaysia started in June 2015 with farmers providing fresh fruit bunches to our Plantation Division's mill in Desa Talisai. The project aims to support farmers to develop their resilience for better productivity and livelihoods through income diversification opportunities, productivity training and connecting farmers to external stakeholders for information sharing and better decision making. Other efforts to elevate the livelihoods of the local communities are improving rural road infrastructure, access to clean water, breast health awareness programmes and youth sports development programmes.

The Plantation Division's operations in Indonesia assists local villagers to develop their land, including land preparation, provision of quality planting materials for cultivation of oil palms under the Plasma and Kemitraan schemes. The schemes have uplifted the living standards of the surrounding local communities and helped to alleviate poverty. A total of 7,459 hectares of outgrowers' schemes have been developed to date.

The Toll Division engages with the neighbouring residents' associations on safety and traffic planning matters, especially when there are construction or maintenance works. In FY2020, several community-based dialogue sessions were held to obtain feedback and concerns of the residents and traders around the Salak South Garden. The feedback and interest of these stakeholders are critical in ensuring the smooth construction of Kuchai Link 2 Project that links BESRAYA and crosses-over the Kuchai Entrepreneur Business Center and NPE (Kuchai Link 1).

We put high priority on our customers' as well as our employees' health and safety too. The Toll Division runs road safety awareness campaigns, *Ops Selamat*, in collaboration with the Royal Malaysia Police at its highways.

ENCOURAGING SPORTS PARTICIPATION AND PROMOTING HEALTH

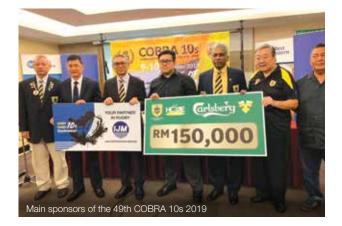
As a business, we are motivated by the benefits and values offered from the competitive nature, determination and discipline of sports. We want to cultivate a healthy and cohesive society where everyone has equal opportunities to enjoy sports - whether they are playing, watching or cheering for any event. In FY2020, 10% of our community expenditure was focused on sports such as public running and cycling events as well as grassroots rugby.

We continue to support the COBRA Rugby Club, the oldest rugby club in Malaysia. IJM has been an ardent supporter of the club as well as a main sponsor for the COBRA 10s for over the past two decades. Our support has been instrumental in ensuring the club is able to host the 10-a-side rugby tournament every year. In Sabah, the Plantation Division's rugby development programmes are carried out through the Academy of Rugby Excellence. This effort of nurturing sports development among school children in Sabah is via a tripartite partnership between the Sabah Education Department, Sabah Rugby Union and Eagles Rugby Club. Aside from encouraging rugby excellence, the intention of the programme is geared towards inculcating character-building traits such as leadership, teamwork and discipline through sports.

The Property Division continued its signature IJM Land Half Marathon at its Seremban 2 township for the fourth year, attracting more than 10,600 participants in 2019. Through this event, RM52,480 was raised to support two charities - Pertubuhan Hospice Negeri Sembilan and Malaysia Lysosomal Diseases Association.



IJM-Allianz Duo Highway Challenge 2019







INVESTING IN COMMUNITIES







We use our property and infrastructure spaces as a platform to highlight the importance of adopting a healthy and active lifestyle. We ran the fifth edition of the Run With Me 2019 at the Bandar Rimbayu township. Themed *Dinosaur on the Run*, it drew 2,200 community members. The fun-filled non-competitive run offers a carnival-like atmosphere that fosters family bonding and new friendships.

IJM also sponsored the IJM-Allianz Duo Highway Challenge at two of its highways – BESRAYA and NPE. The event connects customers, communities and employees through a shared passion for running. The BESRAYA Highway Challenge saw the participation of 7,000 runners. The NPE Highway Challenge attracted more than 9,000 participants, with a new international category introduced that attracted participants from various countries.

In addition, the Property Division sponsored the running mobile application for the Penang Bridge International Marathon 2019 which benefitted 25,000 runners. The application provides runners with the latest updates including live tracking, runner's guide, event programme, road closure information and running course map.

Our Divisions support various other sporting events campaigning for health awareness. The Property Division has supported the Relay for Life Penang in the last decade that is intended to advocate cancer awareness. The Port Division organised the First Girl Cerebral Palsy in Cross Border Cycling Expedition to create awareness on cerebral palsy and promote the values of openness and inclusiveness towards differently abled people.

IJM is once again one of the main sponsors of the RHB LEKAS Highway Ride 2019. Over the last three years, the cycling event has gained momentum to become Malaysia's No. 1 closed highway night cycling event, attracting more than 4,500 participants both from local and international cycling communities.

Our Industry Division continues to support students from Sekolah Kebangsaan Tok Muda in the area of nonmainstream sports since 2016. In FY2020, the Division contributed RM5,000 to the school for the continual support of sports development.

FOSTERING THE NEXT GENERATION THROUGH QUALITY EDUCATION

We invest in inclusive, quality education because we believe it has a profound positive impact on the society and provides people with the opportunity to access decent work. We do this through our scholarship and academic excellence awards, mentoring programmes, industry exposure through site visits, university outreach initiatives as well as learning and development programmes.

IJM continues its tradition of the Scholarship Award Programme established in 1994 that has benefitted more than 330 students to date. In FY2020, we awarded 14 students with scholarships totalling RM635,000 to pursue their tertiary education in various fields of studies. Selected from a group of 816 applicants, these students will pursue their choice of studies in different disciplines including civil engineering, mechanical engineering, quantity surveying and accounting. On top of financial assistance, the awarded scholars are supported by IJM employees as mentors for guidance. The mentorship will continue when they join IJM upon graduation. At the award ceremony, 45 IJM employees' children who performed well academically in their SPM, O-Level, IGCSE, STPM and A-level examinations were also presented with the Academic Excellence Awards.

IJM was also involved in the previously known *Skim Latihan 1Malaysia* (SL1M), which has been rebranded as the *Professional Training and Education for Growing Entrepreneurs* (PROTÉGÉ) launched in early 2019. This entrepreneurial and marketplace training programme is aimed at developing and guiding youths towards jobs that meet current industry needs. We welcomed 21 trainees into the 8 months programme and 14 of them were offered work with the Company upon programme completion in FY2020.







INVESTING IN COMMUNITIES

IJM supported the Association of Science Technology and Innovation ("ASTI") Young Inventors Challenge 2019, aimed at promoting science, technology and innovation among secondary school students from ASEAN countries. This year's competition theme revolved around SDG 12 on responsible production and consumption. In addition to a token sponsorship, IJM had a representative on the ASTI organising committee who were responsible for vetting through the invention proposals received from 446 participants from ten countries.

In a separate event, the Construction Division held an awareness campaign on 3 April 2019 in conjunction with Environmental Day at Sekolah Kebangsaan Kampung Batu, Jalan Ipoh Kuala Lumpur. This year's theme, *Protect our Species*, draws attention to the rapid extinction of species across the world, which is directly linked to human activities that cause climate change, deforestation and pollution. This campaign was attended by 200 primary school students.











IJM LAND DESIGNER AWARDS 2019

In the true innovative and nurturing spirit of IJM Land, we held our very own IJM Land Designer Awards ("iLDA") last year with the theme of *Modern Family & Space*. iLDA aims to nurture young talent and uncover the excellent ideas from participants aged 40 and below. With a budget of RM120,000, the two selected finalists, from 116 concept entries, implemented their

IJM LAND DESIGNER AWARDS' 19

designs for an apartment unit at IJM Land's very own Kalista 2 Executive Apartments in Seremban 2. IJM Land awarded an aspiring young interior designer the coveted Best Young Interior Designer of iLDA 2019 on 20 November 2019 based on design concept, design innovation, colour concept, green and sustainable design, and space management.



IJM believes in fostering a culture of continuous innovation and creative thinking. The Property Division continues to support the Asia Young Designer Award ("AYDA") which is in its sixth year. This year's AYDA, in collaboration with Nippon Paint Malaysia, saw a total of 1,230 submissions of architectural or interior design projects from 45 universities.

Besides nurturing the next generation of architectural and interior design talents, AYDA serves as a platform to inspire students to develop their skills through cross-learning opportunities and networking with key industry players. Our employees also served as mentors and supported the judging of this competition.

AYDA is also supported by the Ministry of Education, Malaysian Institute of Architects, CIDB, the youth wing of the Real Estate and Housing Developers' Association, the Malaysian Green Building Confederation, and the Malaysian Institute of Interior Designers.

The Plantation Division, in collaboration with the Montfort Youth Training Centre, Malaysian Estate Owners and Eurostar Tractors (M) Sdn Bhd, started a course in oil palm plantation conductorship programme in July 2019. The programme aims to respond to the market demand for trained and skilled manpower for the industry, with a primary target of youths who are orphans, from single parents, and poor families from the rural interiors of Sabah.





A large part of IJM Group's success is attributed to our dedicated and inspired employees. Recognising that they are our most important resource, we ensure that our workplace promotes a robust talent pipeline through meritocracy, our employees are fairly remunerated and our workforce thrives in an inclusive work culture. We are committed to providing a safe and healthy workplace for our employees so they feel motivated and at their best.

PROVIDING A SAFE AND HEALTHY WORKPLACE

We recognise that safety and health at work is fundamental and requires continuous effort. IJM's Occupational Safety and Health Policy, available both in English and Bahasa Malaysia on the Company's website, underscores our commitment to provide safe and healthy work conditions at all our operations. Our suppliers, service providers and contractors are expected to have the necessary safety and health measures in place to minimise workplace risks and hazards. Health and safety risks and opportunities are determined in the Organisational Context, Risk and Opportunities Register which takes into consideration all existing projects or any potential new projects pursued by the Company. Construction and Industry Divisions successfully upgraded the Occupational Safety and Health ("OSH") Management System standard certification from the preceding OHSAS 18001 to the latest standard, ISO 45001:2018. During the year, the Port Division too obtained the ISO 45001:2018 certification. Adopting this risk-based approach addresses new requirements and builds on the effectiveness of the Company's OSH management system. Among the main aspects of the upgraded management system are emphasis on leadership and participation among employees. In the process of maintaining certification to ISO 45001:2018, our health and safety data is verified by SIRIM as part of their audit criteria.

Safety and health milestones

| 1995 Established IJM's Safety and Health | 2000 First Malaysian | 2006 Certified | 2008 Upgraded to | 2012 Upgraded to MS 1722:2011 | | 2019 Upgraded to ISO 45001:2018 |
|-------------------------------------------------------|----------------------------------------------------------------|-------------------------|---------------------|--------------------------------------------|-----------|----------------------------------------------|
| Department and OSH Management System | construction company to be certified OHSAS 18001:1999 | MS 1722: Part 1 2005 | OHSAS 18001:2007 | MS 1722:2011 | \rangle | 150 45001:2018 |
| | | | | | | I |



We carry out Chemical Health Risk Assessment ("CHRA") in compliance with the Occupational Safety and Health (Use and Standard of Exposure Chemical Hazardous to Health) Regulations 2000 requirements, at operational areas where hazardous chemicals are utilised at both ongoing and new project sites. The objective of this assessment is to determine the health risk to workers who may be exposed to hazardous chemicals. The results from the assessment will determine the need to carry out subsequent processes such as Chemical Exposure Monitoring and Medical Surveillance at the workplace.



For our Construction Division, this assessment has been carried out at 5 project sites throughout FY2020, where approximately 150 assessments were conducted on various chemicals at the workplaces involved. From the assessments, the Division identified one project that required further Chemical Exposure Monitoring.

At our Port Division, the CHRA is conducted every 5 years in order to study the chemical hazards at the port, associated risks and the mitigation actions required.







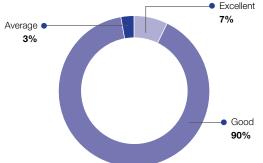




IJM makes every effort to ensure that all necessary requirements are met within its operations, and aspires to go beyond compliance whenever possible. We employ a high degree of self-regulation, carrying out processes of monitoring and measurement at our workplaces. We conduct regular site consultations and provide advisory and guidance to elevate the projects' performance. In addition, we conduct internal audit programmes to evaluate the construction projects' performance and its Health, Safety and Environment ("HSE") management system. A total of 61 HSE consultation programme sessions and 15 HSE internal audits were carried out in FY2020.











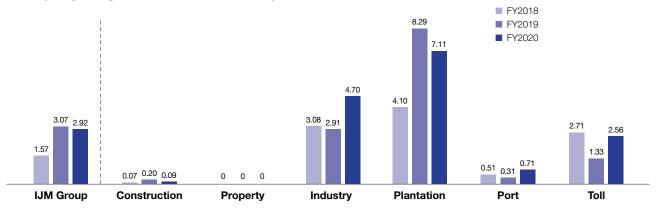
CIDB RECOGNITION

In the reporting period, IJM received a Certificate of Appreciation during the CIDB's Safety and Health Assessment System in Construction ("SHASSIC") Day, in recognition of IJM projects' performance. The SHASSIC audit programme looks at the contractors' safety and health management and practices for various aspects of construction activities. The following IJM construction projects achieved a 5-Star rating in the SHASSIC audits – Kuchai Link 2 (BESRAYA), HSBC's new headquarters at TRX, West Coast Expressway Section 3 and Seremban 2 development.



Managing and monitoring our safety and health performance

In FY2020, the Group recorded a Lost Time Injury ("LTI") frequency rate of 2.92. This indicator reflects the number of incidents occurring every 1 million working hours. The Group documented a reduced total of 175 accidents across all divisions during the reporting period as compared to the previous year.

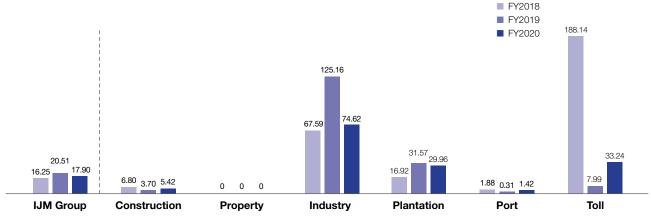


LTI Frequency Rate (per 1 million man-hours worked)

Note: Property Division incidences are accounted for under the Construction Division

In FY2020, the Group recorded a severity rate of 17.90. The severity rate measures the amount of time lost due to work-related injuries occurring for every 1 million working hours.





Note: Property Division incidences are accounted for under the Construction Division

In FY2020, there were six fatalities involving two IJM employees, three subcontractors and a site consultant. IJM regrets all fatalities at the workplace and continues to tighten internal safety controls, assess the risk of fatalities and have regular employee and worker engagements on accident prevention and safety.

One of the fatal cases that occurred on 5 August 2019 was categorised as a fall from height case, where the site consultant fell through an opening after encroaching into a restricted area. The Construction Division had immediately stopped operations for the entire work section to facilitate the investigation and determine the root cause of the accident. Another fatal case had occurred on 29 September 2019, where a subcontractor's worker was struck by a falling object during a lifting operation due to a mechanical

issue. The root cause of the accident was presented to the authorities and enhancements were made to the existing safety devices of the machinery. The change was also shared with other industry players through MBAM to prevent similar incidents from recurring. The Construction Division has since communicated with all site personnel as well as made necessary enhancements to the current operational controls and HSE management system procedures.

On 31 July 2019, a subcontractor's worker lost his life when rocks and earth fell on the excavator cabin during a slope repair work at one of the quarries. The Industry Division has since tightened the standard operating procedures for excavation and slope repairing activities. In addition to enhancing training and assessments, the Division also strengthened quarry face and slope stability inspections.

On two separate occasions at the Plantation Division, a worker suffered fatal injuries after being hit by falling fresh fruit bunches (FFB) while harvesting on 25 January 2020; while another worker fell from a tractor on his way back to the living quarters on 4 February 2020. The Plantation Division has since reviewed all operations that pose safety hazards and potential safety risks, revised standard operating procedures with stricter accident mitigating measures and retrained workers in accordance to the Hazard Identification, Risk Assessment and Risk Control (HIRARC).

At the Port operations, a stevedore contractor fell into the hopper conveyor system during the cargo loading process on 22 December 2019. In view of this occurrence, the Port Division enhanced preventive actions such as inspecting and removing all obstacles at the operations area that led to the accident and improved the standard operating procedures for cleaning and handling of the conveyor. The Division also conducted a full investigation of the machineries and the contractor rental areas to evaluate safety controls. In addition, frequent toolbox talks and awareness are also conducted for workers.

We will continue to pursue our targets of zero fatality and zero accidents and tackle safety issues by ensuring our work progresses in accordance with the IJM OSH management system. Zero fatality and zero accidents targets are key performance indicators included in the incentive packages for all project directors.

Deepening OSH awareness and competencies

IJM recognises the importance of developing the OSH knowledge and competencies among our people. The success and high level of sustained OSH performance is dependent on their capability and motivation to execute and implement work processes. We encourage a culture of ownership when it comes to occupational safety by supporting them to prioritise safety as well as improve their awareness and competencies through engagements and promotional programmes.

Several HSE campaigns were organised throughout the reporting period. On 30 April 2019, the Construction Division launched the annual HSE campaign with the theme *Zero Fatality – Take Ownership for a Safer Workplace*. This campaign provides a platform for all construction projects to emulate HSE practices thereby empowering all our people to take ownership and share the sentiments of the Company. At the project sites, the project teams ensure that all parties involved at the workplace are on the same page in ensuring a healthy and safe workplace. Each site sets up their respective joint management-worker health and safety committees. The combined participation allows the direct participation of workers from all job levels to contribute to OSH-related discussions.









In FY2020, the project sites conducted 384 On-Job-Training sessions for a total of 1,429 participants, which involved our employees and subcontractors. The training covered topics such as working at height, scheduled waste management, housekeeping arrangement, chemical management as well as the use of plant and machinery. Understanding the operational and demanding nature of construction projects, IJM created a platform, *Micro Learning*, that allows for condensed learning at sites, whereby the HSE department is able to address high impact topics arising from issues affecting HSE performance at sites.

The Port Division organised a road safety awareness within the Kuantan Port's operations to increase the awareness level among the employees and port users. Government agencies such as the Road Transport Department and the Royal Malaysia Police were invited to share their recommendations on road safety including legislative provisions.



Road safety is a material topic for the Toll Division too. Mock up accidents are performed by the Toll Division in collaboration with certain government agencies – the Fire and Rescue Department, Royal Malaysia Police and State Health Department – to assess the level of readiness and efficiency in managing an emergency situation, including the cohesiveness of our communication.

In FY2020, the Construction and Industry Divisions received a cumulative summon of RM4,700 due to non-compliance relating to mosquito breeding, conducting a test run on a newly installed overhead crane before obtaining a Certificate of Fitness and delay in the audiometric test at one of the quarries.





COLLABORATING AND SHARING BEST PRACTICES WITH THE INDUSTRY AND ACADEMIA

We believe that our businesses can benefit through impactful collaborations. We work with stakeholders such as regulatory authority bodies, academia and non-governmental organisations on industry matters to elevate standards of practice through improving or innovating processes and operations.

In FY2020, the Construction Division was involved in various collaborations:

- IJM's Head of HSE department was appointed as the Subject Matter Expert (SME) Buddy by the CIDB for their CITP Thrust Output KPI to reduce the number of accidents in the construction industry
- IJM was appointed as a member of the technical committee to review CIDB's new standards on various OSH aspects including:
 - CIS 14 Guidelines on construction activities at night
 - CIS 15 Guidelines on prevention of fall at construction sites
 - CIS 16 Guidelines for works at confined areas
 - CIS 25 Construction activities risk assessment (CARA-HIRADC)
- IJM was appointed as the industry representative in the NIOSH Committee for competency of Site Safety Supervisor
- · Sharing session with the DOSH on beam launching best practices and methods
- Involvement and support in various MBAM programmes, including its multiple subject matter expert discussions as well as Safety and Health conference
- · Sharing session with crane industry experts on crawler cranes, including specifications and safe operations

Our Property Division was invited by DOSH Malaysia who conducted a pilot study to verify the practicalities of the Guidelines on the Occupational Safety and Health in Construction Industry (Management) (OSHCIM). Between August 2018 to December 2019, DOSH shared the implementation methods of OSHCIM with our employees. This included engagements with our consultants, architects and contractors to identify the practical ways occupational safety and health risks of a project can be managed and minimised at the design planning stage. Identifying the risks before the construction work commences, reduces risks further into the project.

The Port Division signed a Memorandum of Understanding on 24 March 2018, entering into a collaboration with Universiti Malaysia Terengganu ("UMT"). Both the industry and academia stand to benefit from this collaboration that fuses the academia's theoretical and research capabilities with the practical know-hows of the industry. In FY2020, three students majoring in maritime management concluded their yearlong industry placement at Kuantan Port after completing their 3-year degree at UMT. In addition, four Port employees delivered lecture sessions for the students, sharing their knowledge and experience in the areas of occupational safety and health administration, marine safety, container management system, logistic management and liners system.





DECENT WORK FOR ALL

Our businesses will benefit from greater productivity that comes from a healthy, secure and motivated workforce. IJM upholds the principle of diversity of workforce, equal opportunity, non-discrimination and fair treatment in all aspects of employment. This includes recruitment and hiring, compensation and benefits, working conditions and career development. We support SDG 8 which aims to promote inclusive and sustainable economic growth, full and productive employment and decent work for all.

Embracing a diverse and inclusive workforce

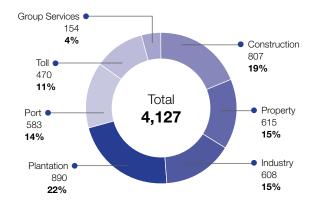
As at 31 March 2020, IJM Group has a total strength of 4,127 employees across our business divisions. The biggest employers are the Plantation, Construction and Property Divisions who collectively employ 56% of the total workforce (excluding workers). Permanent full-time employees make up 87% of the total IJM workforce while contract full-time employees make up the remaining 13%.

In FY2020, 64% of IJM's total Malaysian workforce were Bumiputra, 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 49% of non-Malaysians in Sabah, East Malaysia and in its Indonesian operations, while Group Services employs 2% of non-Malaysians.

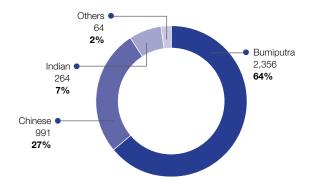
Attracting and retaining the right employees is essential to achieving our business goals and maintaining a competitive edge. Our Employee Value Proposition ("EVP") sets standards of high performance in the various industries we serve. The EVP ensures that the like-minded candidates are drawn to IJM and existing employees remain productive and focused. The majority of new employees are hired via online job portals, employee referral programme and IJM Scholarship Award Programme.



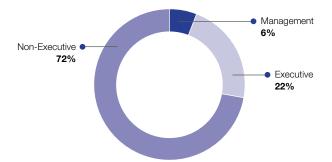
Employees by Division as at 31 March 2020

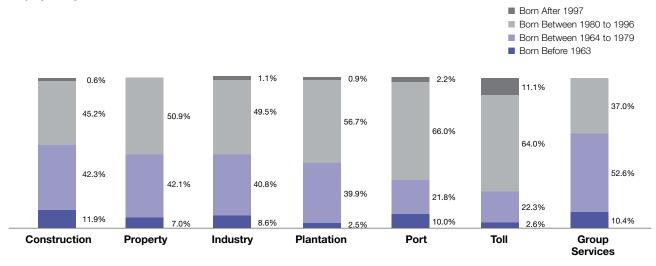


Malaysian Employees by Ethnicity as at 31 March 2020



New Employee Hires by Employee Category in FY2020





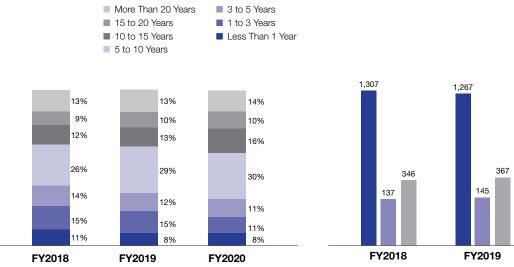
Employees by Generation as at 31 March 2020

About 70% of our employees have been with IJM for more than five years and 14% of the workforce have been with the Company for more than 20 years. In the reporting year, we honoured 89 employees with the 20-year Long

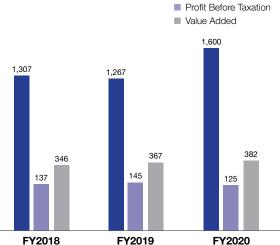
Workforce by Length of Service

Service Award. Apart from highlighting their achievements, the award aims to recognise our employees for their commitment and loyalty to IJM.

Revenue



Productivity per Employee (RM'000)



AWARDED AS MALAYSIA'S 100 LEADING GRADUATE EMPLOYERS 2019

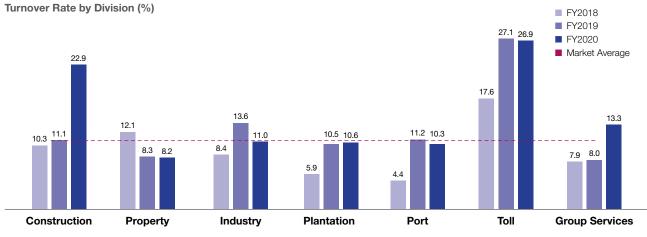
IJM was voted as Malaysia's 100 most desired graduate employers for 2019 by local students and graduates in an annual national survey. The Graduate Choice Award is acknowledged and recognised by the Ministry of Education Malaysia, Malaysia Digital Economy Corporation and the Career Development Centre Club Malaysia.

Over the years, we have actively promoted IJM's appeal as an employer of choice among undergraduates in local universities and schools through the Inspire to

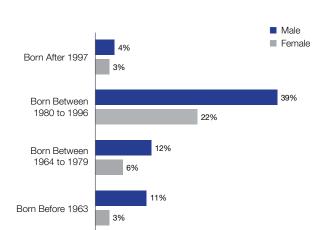
Innovate and leadership programmes. Last year, the Inspire to Innovate programme attracted more than 300 undergraduates from engineering and architecture backgrounds to participate in designing innovative



township concepts. The programme was structured for undergraduates to have a feel of the real considerations that developers and architects undertake when designing a particular project.



Note: Market average turnover rate is as published in the Korn Ferry's Compensation and Benefits Report 2019



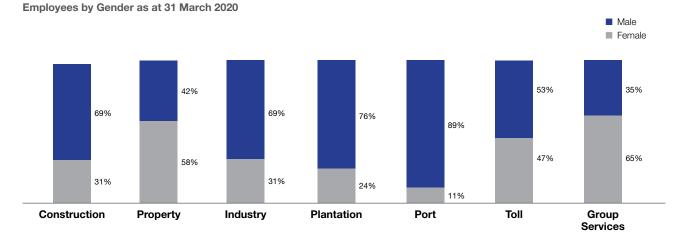
Employee Turnover by Generation and Gender in FY2020

An attractive working environment that is good to work in keeps our employees engaged and interested. Our employee turnover rate continues to remain lower than the national average of 11% for most of our Divisions. The Construction Division saw an increase in turnover rate mainly arising from natural separation upon completion of projects, whereas the Toll Division hires many part-timers where high turnover rates are normal. IJM continues to offer competitive salaries and benefits, creating opportunities for growth whilst recognising and appreciating employees in a timely manner.

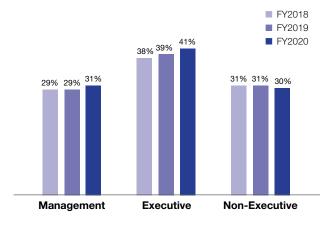


Retaining women in the workforce

As women make up roughly half of the global population, we believe that unlocking the female talent through gender diversity and inclusion efforts can be a differentiating factor. We take initiative to attract and retain qualified women in our workforce. Women make up about one-third of our total workforce – 31% in management roles, 41% in executive roles and 30% in non-executive roles.



Women Representation by Employment Category







In the reporting year, 75 female employees went on maternity leave and continued to remain employed with IJM upon their return. We are proud of the 100% retention rate of these women.

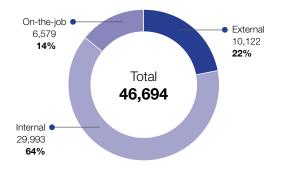
| Gender | Female | Male |
|----------------------------------------------------------|--------|------|
| Total employees who went on maternity or paternity leave | 75 | 98 |
| Return to work rate | 100% | 100% |

Developing and engaging our workforce

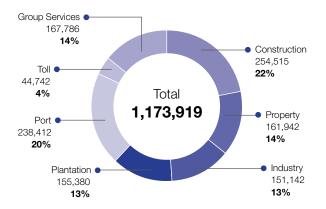
In early 2020, we implemented a new human resource system, which allows for more transparent regular performance and career development review. Continuous Performance Management (CPM) facilitates regular checkins between employees and their managers to improve performance. Employees are able to track their progress towards their set goals; and include updates of their daily work activities and achievements. This provides an avenue for meaningful performance-oriented conversation with their managers who can then provide effective feedback and coaching, when required.

We are committed to enhancing the continual professional and personal growth of our employees. In FY2020, IJM invested RM1.2 million in learning and development, where our employees clocked over 46,600 training hours. We offered a wide spectrum of learning and development programmes in FY2020 to enhance our employees' potential, covering technical programmes, emergency response preparedness and crisis management, leadership skills, selling skills and other soft skills.

Training Hours by Type in FY2020



Learning and Development Spending by Division in FY2020 (RM)



Employee engagement is a critical driver of organisational performance as we seek to achieve our business objectives. We know that engaged employees create value and drive performance. We engage with employees through different means such as annual forums and townhall meetings, employee events and the triennial MyVoice employee engagement surveys.



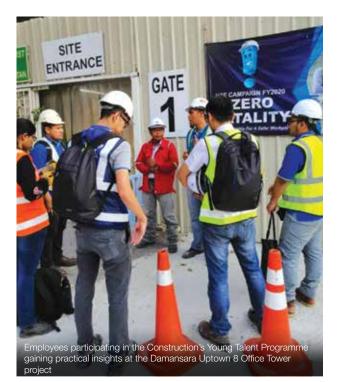






Building global mindsets and talents

We are aware that for any business to succeed, it must identify, develop and support leaders that will drive future strategies. Effective succession planning is a material issue for the Group and therefore essential for continued business success. In this reporting period, the second cohort of employees completed their Leadership Accelerated Development Programme ("LEAD"). Since its launch in 2015, 88 high potential employees from junior and middle management levels across divisions and departments have participated in the two-year programme. One-fifth of the LEAD participants have been promoted since graduating from the programme.





The Young Talent Programme ("YTP") was launched as part of the Group's Strategic Blueprint FY2016-FY2020 to build global mindsets and talents. Through this fiveyear programme, new hires and young engineers are able to develop holistic skills in engineering, quantity surveying and project management by being exposed to different major construction modules such as site management and supervision, tenders and contracts, surveying, health and safety. Since its first launch in 2014, 34 young engineers, quantity surveyors and architecture executives have benefitted from the YTP. Through the separate Graduate Associate Programme, newly hired graduates are put on job rotations for two to three weeks in various departments for wider job exposure.

Another initiative under the Group's Strategic Blueprint FY2016-FY2020 is the establishment of a Career Pathing Framework for identified job functions across the Construction, Property and Industry Divisions. Through this programme, identified employees benefit by having greater clarity on their career progression prospects that are accompanied by structured training focusing on their competencies and technical and soft skills. The programme will be expanded to cover more job functions and will be included into the succession and career development module of the new human resource system.

The Group supports talent mobility and gives the opportunity for employees to expand their professional career through cross functional projects and short-term assignments by allowing them to spend 10% to 20% of their time with another department or project. Employees are also allowed to be seconded to another department to learn other skills. Besides this, IJM has enhanced its international assignment policy, remuneration package, orientation as well as allowance for family visits to encourage overseas postings and a global mindset among our employees to support the Group's overseas expansion.

RESPECTING HUMAN RIGHTS

We recognise our responsibility to respect human rights across our business operations. Our Human Rights Policy, available on the Company's website, provides guiding principles in the areas of diversity and inclusion, workplace security, child labour, and exploitations in all forms - forced labour, slavery, human trafficking and sexual exploitation, health and safety, as well as community rights especially in locations where we operate.

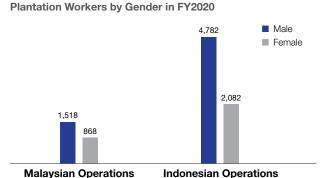
We do not tolerate child labour and any form of forced labour in our direct operations. IJM Group does not and will not employ any person below the age of 18 in Malaysia and 17 in Indonesia. We respect the rights of our employees to freedom of association and collective bargaining in accordance with national laws. We recognise unions, which represent 2% of the Group's workforce, all of whom are with the Port Division. The communication of the collective bargaining agreements is performed in English and Bahasa Malaysia.

We comply with all applicable labour laws, including working hours and overtime, in the countries where we operate. Employment law in Malaysia is governed by the Employment Act 1955 that sets out minimum benefits offered to applicable employees. Under the Minimum Wages Order 2020, effective 1 February 2020, the minimum wage is RM1,200 per month in major cities in Malaysia. Minimum wage rates payable to areas not encompassing the listed 56 cities and municipal council areas is at RM1,100 per month. 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 industries we are involved in - construction, industry, plantation and toll roads - greatly benefit from the employment of foreign workers. The majority of these workers are hired by our subcontractors, with the exception of our Plantation Division. As stated in our Responsible Supply Chain Policy, we expect our subcontractors to ensure that their foreign workers receive fair treatment such as equality in terms of wages, work hours, holidays, terminations, nondiscrimination, freedom of association, access to complaint mechanisms and other established protection policies.



Plantation Division briefed workers on new and revised company policies



At the Plantation Division, medical treatments in the clinics are provided free of charge to all our employees and their dependents. The Division has a total of 22 clinics and 6 ambulances with full-time certified hospital assistants or nurses in every operating unit. Visiting medical officers cum occupational health doctors and health officers from the local health departments make regular visits to these clinics. The local communities are also able to access these medical facilities, treatments and ambulance services during emergencies. Workers' children are provided vaccinations and vitamins at the clinics and through local health outreach programmes.

The Plantation Division funds four Humana Learning Centers in collaboration with the Humana Child Aid Society Sabah to provide basic education for guest workers' children aged between 5 to 12 years of age living in the estates around Sabah. This is on top of the two Community Learning Centers which house secondary school aged children, six kindergartens and 25 care centers for babies, toddlers and pre-school children at its estates.



Guest workers at the Plantation Division involved in recreational activities



Foreign workers receiving training at the Construction project site