

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5249
COMPANY NAME : IOI Properties Group Berhad
FINANCIAL YEAR : June 30, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board takes full responsibility for the oversight and overall performance of IOIPG Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place for the Company to meet its objectives and deliver sustainable performance.</p> <p>The Board establishes the vision and strategic objectives of IOIPG Group, directing policies, strategic action plans and stewardship of IOIPG Group's resources towards realising "Vision IOI".</p> <p>The Board is responsible for delivering shareholder value over the long-term, through the Group's culture, strategy, values and governance. The Non-Executive Directors have a particular responsibility for challenging the Group's strategy and monitoring the performance of Executive Directors against goals and objectives. To sustain culture dynamics, we will consistently reinforce and follow-through with every tenant of its culture. The Non-Executive Directors have a particular responsibility for challenging the Group's strategy and monitoring the performance of Executive Directors against goals and objectives.</p> <p>The Directors of the Board are selected on the criteria of proven skill and ability in their particular field of endeavour and a diversity of outlook and experience which directly benefits the operation of the Board as the custodian of the business. A full biography of each Board member is provided on pages 148 to 155.</p> <p>The Board plays a critical role in setting the appropriate tone at the top and is charged with leading and managing IOIPG Group in an effective, good governance and ethical manner. Each Director has a legal duty to act in the best interest of IOIPG Group. The Directors are, collectively and individually, aware of their responsibilities to the stakeholders for the manner in which the affairs of the Company are managed.</p>

The Board sets IOIPG Group's values and standards and ensures that its obligations to its stakeholders are understood and met.

Our Board functions summarise the work of the Board as having four (4) components, namely, formulating strategy, setting policies, supervising executive management and providing accountability. This arrangement also enables the Board's contribution to the Company's performance through strategy formulation and policy making, and its responsibility to ensure conformance to required results and maintenance of accountability to the shareholders and other interested parties.

Although a relatively mid-sized Board, it provides an effective blend of entrepreneurship, business and professional expertise in business and risk management, financial (including audit, tax and accounting), legal and technical areas of the industries IOIPG Group is involved in. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on IOIPG Group's business and direction. Considering the scope and nature of the operations of the Group, the Board believes that its composition represents an appropriate balance of Executive and Non-Executive Directors to achieve the promotion of shareholder interests and effective governance of the business, and yet allow for effective decision making.

The Directors are required by the Companies Act 2016 (the "Act") to prepare financial statements for each financial year which give a true and fair view of IOIPG Group and of the Company's state of affairs, results and cash flows. The Directors are of the opinion that IOIPG Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards and the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia.

The Directors having reviewed the business plans, capital expenditure commitments and expected cash flows are satisfied that the Company and the Group have adequate resources to continue operations for the foreseeable future and therefore continue to adopt the going concern basis in preparing these Financial Statements.

The Directors are satisfied that IOIPG Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of IOIPG Group and of the Company and which enable proper financial statements to be prepared. They have also taken the necessary steps to ensure that appropriate systems are in place to safeguard the assets of IOIPG Group, and to detect and

	prevent fraud as well as other irregularities. The systems, by their nature can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman's primary responsibility is to lead the Board, to ensure that it has a common purpose, is effective as a group and at individual Director level and that it upholds and promotes high standards of integrity, probity and corporate governance.</p> <p>As Executive Chairman, Tan Sri Dato' Lee Shin Cheng is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda. The Executive Chairman is also responsible for creating an environment for open, robust and effective debate. This includes ensuring, via the Company Secretary, that the Directors receive accurate, timely and clear information.</p> <p>Our Executive Chairman is the link between the Board and the Company. He is specifically responsible for establishing and maintaining an effective working relationship with the Chief Executive Officer ("CEO"), for ensuring effective and appropriate communications with stakeholders and for ensuring that members of the Board develop and maintain an understanding of the views of stakeholders.</p> <p>The Board Non-Executive Directors are appointed under the terms of letter of appointment which clearly defines role of Directors, including among others, the expectations in terms of independence participation, time commitment and continuous improvement. As part of their induction, new Directors also receive a comprehensive information pack and attend briefings with management to enable them to gain an understanding of the Group's businesses, key issues and operations.</p> <p>All Directors are advised of the likely time commitments required on appointment and are expected to devote sufficient time for the effective discharge of their functions. The Company provides Non-Executive Directors with appropriate support and facilities for consideration of the Company's strategy and performance, and a dialogue with the Executive Chairman is strongly encouraged so that any issues regarding conflicting commitments and time pressures can be addressed appropriately.</p> <p>Regular Board and Committee meetings are scheduled throughout the year and the Directors ensure that they allocate sufficient time to</p>

	<p>discharge their duties effectively. Occasionally, Board meetings may be held at short notice, when Board-level decisions of a time-critical nature need to be made.</p> <p>The Board has at least eight (8) regularly scheduled meetings annually, with additional meetings for particular matters convened as and when necessary. Board meetings bring an independent judgement to bear on issues of strategies, risks, performance, resources and standards of conduct.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Executive Chairman is Tan Sri Dato' Lee Shin Cheng and the role of CEO is fulfilled by Mr Lee Yeow Seng. The Executive Chairman, who is the most senior executive in the Company, plays an instrumental role in providing the Company with strong strategic leadership and vision.</p> <p>Tan Sri Dato' Lee Shin Cheng is the father of Mr Lee Yeow Seng who had been appointed the CEO of the Company, a family controlled public listed company, since 2014 as part of a staged succession plan at the Company.</p> <p>Their roles are separate and there is a clear division of responsibilities to distinguish between the provision of leadership to the Board and the executive responsibility for the business direction, overall development and management of the Group's business</p> <p>The CEO implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned. He is also involved in the management of the sustainability, social and environmental responsibilities of the Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>Ms Chang Mei Yee is the Company Secretary and her role as Company Secretary is by Board appointment. Details of Ms Chang Mei Yee's role, experience and qualifications are set out in the Senior Management Team's section on page 159.</p> <p>The Company Secretary whose appointment and removal are subject to Board's approval, attend all Board and Board Committees' meetings. Ms Chang is responsible for the following in respect of effective Board operation:-</p> <ul style="list-style-type: none"> ➤ To ensure good information flows within the Board and its Committees, between senior management and Non-Executive Directors ➤ To facilitate Director induction and assisting with professional development; ➤ To advise the Board through the Chairman of all corporate governance obligations and developments in best practice; and ➤ To be responsible for communicating with shareholders as appropriate. <p>The Board has direct access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. These include obligations on Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with IOIPG Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary is responsible for ensuring good information flows within the Board and its Committees and between senior management and Non-Executive Directors. For each Board and Committee meeting,</p> <p>Where possible, the Directors are provided with a tailored Board pack at least one week prior to the meeting. Directors regularly receive additional information from the Company between Board meetings. Where a Director was unable to attend a meeting, they were provided with all the papers and information relating to that meeting and were able to discuss issues arising directly with the Executive Chairman and/or CEO.</p> <p>The Board reports include, amongst others, periodical financial and strategic development, financial performance relating to business plan, operational matters, sustainability, financial and corporate issues, performance of the various business units. The minutes of meetings of the Committees are circulated to all Board members.</p> <p>At each scheduled Board meeting, the Executive Directors provide operational and financial updates. Depending on the nature of the proposal to be considered, other senior management executives are invited to make presentations or participate in Board discussions to ensure that Board decisions are supported by a full analysis of each proposal.</p> <p>From time to time and where necessary, the Directors, whether as a group or individually, with the consent of the CEO, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant the same, as well as having direct access to senior operational management within the Group as required.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In discharging its functions and responsibilities, the Board is guided by the Board Charter and Capital Expenditure Policy which outline the duties and responsibilities of the Board, matters reserved for the Board as well as those which the Board may delegate to the Board Committees, CEO and management. The Board has a well-defined framework on the various categories of matters that require the Board's approval, endorsement or notations, as the case may be.</p> <p>The Board reserves full decision-making powers, amongst others, on the following matters (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or management):-</p> <ul style="list-style-type: none">(a) Conflict of interest issues relating to a substantial shareholder or a Director;(b) Material acquisitions and disposals of undertakings and properties not in the ordinary course of business;(c) Material investments in capital projects;(d) Annual budgets (including major capital commitments);(e) Material corporate or financial exercise /restructuring;(f) Declaration of Dividend and Directors' fees; and(g) Annual and interim results. <p>The Board is free to alter the matters reserved for its decision, subject to the limitations imposed by the Constitution and the law.</p> <p>All matters not specifically reserved to the Board and necessary for the day-to-day operations of IOIPG Group are delegated to management. Specifically, the responsibilities of management are, among others:</p>

	<ul style="list-style-type: none"> • Formulating, recommending and implementing the strategic objectives of the Company; • Translation of the approved strategic plan into annual operating and financial plans of the business; • Manage the Company’s human, physical and financial resources to achieve the Company’s objectives; • Operate within the delegated authority limits set by the Board; • Assumption of the day-to-day responsibility for the Company’s conformance with relevant laws and regulations, its compliance framework and all other aspects of the day to day running of the company; • Develop, implement and manage the Company’s risk management and internal compliance and control systems and operate within the risk appetite set by the Board; • Develop, implement and update policies and procedures; • Keep pace with industry and economic trends in the Company’s operating environment; and • Provide the Board with accurate, timely and clear information to enable the board to perform its responsibilities <p>The Board will review the Board Charter every two (2) years and make any necessary amendments to ensure they remain consistent with the Board’s objectives, current law and practices. The Board will undertake a review in the FYE 2019. Any amendments to the Board Charter will be made available on the Company's website at www.ioiproperties.com.my/Corporate-Governance</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors and employees are expected to safeguard the integrity and protect the reputation and performance of IOIPG Group by behaving ethically and professionally at all times.</p> <p>The Company's Code of Business Conduct and Ethics (the "Code") sets forth the standard of conduct and culture required for all officers, managers and employees of IOIPG Group. Adherence to the Code and to our other official policies is essential to maintaining and furthering our reputation for fair and ethical practices among our customers, shareholders, employees, communities and other stakeholders. Working with a strong sense of integrity is critical to maintaining trust and credibility. The Code covers all aspect of IOIPG Group's business operations, such as fairness, work environment and employment, environment, safety, health and security, company's assets and information, dealing with conflict of interest (including no bribes or kickbacks), communicating with the public, financial accounting and reporting accuracy and etc.</p> <p>In discharging its responsibilities, the Board is also guided by Code of Ethics for Directors issued by the Companies Commission of Malaysia. Directors are expected to conduct themselves with the highest ethical standards and corporate governance. The Directors are required to notify the Company of any potential conflicts of interest that may affect them in their roles as Directors of IOIPG under the Code. All potential conflicts of interest are recorded and reviewed by the AC and full Board.</p> <p>IOIPG Group communicates the Code of Ethics for Directors and the Code to all Directors and employees upon their appointment/employment. In addition, IOIPG Group encourages its employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of the Code and to disclose any improper conduct or other malpractices within IOIPG Group (i.e. whistleblowing) in an appropriate way.</p>

	<p>The Board has an established process for declaring and monitoring actual and potential conflicts. The Constitution of the Company allows the non-conflicted members of the Board to authorise a conflict or potential conflict situation.</p> <p>In addition, the Code is complemented with the Business Ethics, Compliance and Anti-Corruption and Anti-Money Laundering Policy (the “AC-AML Policy”). The Code and AC-AML Policy can be found on our website.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Whistleblowing Policy is to provide an avenue for all employees of IOIPG Group and all agents, vendors, contractors, suppliers, consultants and customers of IOIPG Group and members of public to raise concerns about any improper conduct within IOIPG Group without fear of retaliation and to offer protection for such persons (including the employees of IOIPG Group) who report such allegations.</p> <p>Any employee or member of the public who has knowledge or is aware that any improper conduct has been, is being, or is likely to be committed within IOIPG Group is encouraged to make disclosure by filling a prescribed Whistleblower Report Form and submit it through any of the following reporting channels:-</p> <ul style="list-style-type: none">(a) E-mail to informant@ioigroup.com or complete an online whistleblowing form on the IOIPG Group website, http://whistleblowing.ioiproperties.com.my(b) Fax to +(603) 8948 8233. Whistleblowing Secretariat – Head of Group Internal Audit, Tel: +(603) 8947 8888 (General line)(c) In person to the respective Head of Business/ Operating Unit, or its Head of Human Resource(d) In writing to one or more of the following persons as appropriate at: IOI Properties Group Berhad, Level 29, IOI City Tower, Lebuhraya IRC, IOI Resort City, 62502 Putrajaya, Malaysia <p>Chairman of GNRC Tan Sri Richard Koh Kin Lip (richard.koh@ioigroup.com)</p> <p>Chairman of AC Datuk Tan Kim Leong (kltan@ioigroup.com)</p> <p>Head of Group Internal Audit Jimmy Yee Yoke Seng (jimmy.yee@ioigroup.com)</p>

	<p>Executive Chairman Tan Sri Dato' Lee Shin Cheng (informant@ioigroup.com)</p> <p>CEO - Lee Yeow Seng (informant@ioigroup.com)</p> <p>COO (Property Development) Teh Chin Guan (cgteh@ioigroup.com)</p> <p>COO (Property Investment) Cheah Wing Choong (wccheah@ioigroup.com)</p> <p>Senior General Manager (Johor Properties) Lim Beng Yeang (limby@ioigroup.com)</p> <p>The Whistleblowing Policy can be viewed on our website.</p>	
<p>Explanation for departure</p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	:	
<p>Timeframe</p>	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Under the Company's Constitution, the number of Directors shall not be less than two (2) nor more than fifteen (15). As at 7 September 2018, the Board comprises eight (8) members, of whom three (3) are Executive Directors, four (4) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Directors. The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.	
		The Board and Governance, Nominating and Remuneration Committee ("GNRC") believe that all Non-Executive Directors demonstrate the essential characteristics of independence and bring independent challenge and deliberations to the Board. Despite our Chairman is an executive member of the Board, the Board has the majority presence of Non-Executive Directors, of whom four (4) are Independent Non-Executive Directors with distinguished records and credentials ensure that there is independence of judgement and balance of power and authority on the Board. The Executive Chairman encourages free expression of opinions and healthy debates by all directors, allowing sufficient time for discussion of issues and ensuring that all Directors are able to fully and actively contribute to the deliberations and the Board's decisions fairly reflect Board consensus. Notwithstanding the above, the Board operates in a manner that ensures the Directors exercise independent judgement and the interests of shareholders are always at the forefront when important decisions are made by the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will through the GNRC to review the size, composition structure of the Board and its effectiveness in FYE 2019.	
Timeframe	:	Within 2 years	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Board through its Board Charter has a policy which limits the tenure of its Independent Directors to nine (9) years.

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>With a view to achieve a sustainable and balanced development, the Company sees increasing diversity at the Board and senior management levels as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In any appointment, number of aspects has been considered to maintain a diversified Board and senior management team which will help in the growth of the Group and to have better governance in the Group, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. An inclusive culture helps us to respond to our increasingly diverse global customer base. The Company's deep roots in many geographical regions and an international approach inform our perspective on diversity. All appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board and workforce.</p> <p>The Board believes that collectively the Directors have a diverse and relevant range of skills, backgrounds, knowledge and experience to ensure effective governance of the business. The members of the Board contribute across industry knowledge, international experience perspectives and specific subject matter expertise in a range of strategic, operational and financial aspects that are critical to the long-term success of IOIPG Group. This means that the Board maintains a focus on its composition, thereby working to ensure that the Executive and Non-Executive Directors continue to have an appropriate balance of skills, experience and independence.</p> <p>We have a non-exhaustive list of the mix of skills, experience, characteristics and attributes that the Board will consider for any new appointment, which is published in our website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Although it has not set any objectives applying specifically to the composition of the Board within a formal policy, the Board intends to continue with its current approach to diversity in all its aspects, while at the same time seeking Board members of the highest calibre, and with the necessary experience and skills to meet the needs of the Company and its shareholders. Rather than adopting quotas or other similar objectives, the Board prefers to adopt a more flexible approach focused on appointing on merit while having due regard to the benefits that can be gained from diversity.	
		More specifically, the Board views gender and cultural diversity among Board members as important considerations when reviewing its composition. The Board recognises, in particular, the importance of gender diversity. Currently, women make up 12.5% of the full Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will through the GNRC to continue reviewing the size, composition structure of the Board and its effectiveness from time to time. At the same time, we will engage with the Institute of Corporate Directors Malaysia (ICDM) for all corporate governance initiatives.	
Timeframe	:	Within 2 years	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The GNRC keeps the Board’s balance of skills, knowledge, experience and the length of service of individuals under constant review. In respect of supplementing the skill set of the Board, there is an established procedure for the appointment of new Directors. In brief, the GNRC identifies the set of skills and experience required and selects individuals to take Board positions on review of their individual merits, regardless of gender, race, religion and age.</p> <p>The procedure for the appointment of new Directors is rigorous and transparent. There are no changes to the composition of the Board occurred during the 2018.</p> <p>Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, management or external parties including the Company’s contacts in related industries, and finance, legal and accounting professions. The GNRC meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board and where applicable, to the Committees. The selection and nomination of Directors of the Company is depicted in the flow chart which can be found in our website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The GNRC is responsible for oversight of the structure, size, composition and succession planning of the Board and senior management, overall compliance with corporate governance standards and is also responsible for setting the remuneration policy for the Board and ensures that no Director is involved in decisions affecting their own remuneration.</p> <p>The GNRC comprises exclusively three (3) Independent Non-Executive Directors as follows:-</p> <p>Tan Sri Dato' Sri Koh Kin Lip (Chairman) Datuk Tan Kim Leong @ Tan Choong Min (Member) Datuk Dr Tan Kim Heung (Member)</p> <p>The GNRC reviews the independence of Directors annually according to the criteria on independence set out above. In essence the above guidance is designed to ensure that all directors are able to act in the best interests of the Company at all times. In addition to the annual review by the GNRC, each Independent Non-Executive Director also submits an annual declaration to the Company.</p> <p>Tan Sri Dato' Sri Koh Kin Lip is our Senior Independent Non-Executive Director, is responsible for providing support to the Executive Chairman and provides an independent point of contact for shareholders.</p> <p>Having considered the combined roles, functions and responsibilities of our GNRC, Tan Sri Dato' Sri Koh Kin Lip, the senior Independent Non-Executive Director has been regarded as the most suitable Independent Non-Executive Director to assume the chair. His appointment was further constituted by the Terms of Reference of the GNRC. The full term of reference of GNRC is available on our website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board evaluation comprises Performance Evaluation of the Board and various Board Committees, Director's Peer Evaluation and Assessment of the independence of the Independent Directors. The assessment of the Board is based on four (4) main areas relating to board structure, board operations, board and Chairman's roles and responsibilities and Board Committees' role and responsibilities.</p> <p>For Director's Peer Evaluation, the assessment criteria include abilities and competencies, calibre and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings including his or her contribution to Board processes and the business strategies and performance of IOIPG Group. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and IOIPG Group and his or her involvement in any significant transaction with IOIPG Group.</p> <p>When considering the re-nomination of Directors for re-election or appointment, the GNRC also considers the competing time commitments faced by Directors with multiple board representations. In addition to current review procedures of the attendance records, the appointment letter has put in place for Directors to consult the Chairman of the Board with regard to accepting any new appointments as Directors on listed companies and notifying the Board on any changes in their external appointments. This would allow the Director to review his or her time commitments with the proposed new appointments.</p> <p>The Board conducts an annual evaluation of its own performance, that of each of its principal committees, the AC, GNRC and RMC, and that of individual Directors. However, this year in March, the entire performance evaluation process was externally defined and conducted by KPMG Management & Risk Consulting Sdn Bhd ("KPMG") in accordance with this Practice 5.1 of CG Code. KPMG is an independent professional company and it has no commercial relationship with the Group.</p>

The process covered a variety of aspects associated with board effectiveness, including the composition of the Board, the content and running of Board and Committee meetings, corporate governance, risk and crisis management, succession planning and the Directors' continuing education process.

The process commenced with a questionnaire being circulated to all Directors by KPMG. The questionnaire was designed to obtain Directors' comments regarding the performance of the Board including any recommendations for improvement. Completed questionnaires were returned directly to KPMG who held brief follow up discussions with each of the Directors individually to clarify any points raised in the questionnaire.

KPMG representatives conducted evaluations of performance individually with each of the non-executive and the executive Directors and also enquired if they had any views they wished to express on the performance of any other Director. The non-executive Directors also evaluated the performance of each executive Director.

Finally, KPMG prepared summary reports on the performance of the Board, of the Committees and of the Chairman. Each Board member, with the participation of the KPMG representatives, considered the summary report as part of its annual review of its own performance and terms of reference and recommended any changes it considered necessary.

The main conclusion from the evaluation process was that the Board, its Committees and individual Directors are performing well. Many of the areas identified as excellent in the assessment were further supported by comments and examples from Board members, both during the assessment and in the follow up discussions. Comparative analysis was conducted where the same questions were asked of Board members to identify trends. The process in respect of the year under review was concluded at the September 2018 Board meeting, with a number of next steps being agreed, with particular reference to succession planning, strategic management and Board meeting format.

Evaluation has provided our Board and its committees with the opportunity to consider how group culture, cohesiveness, composition, leadership and related meeting and information processes and governance policies influence performance. In addition to helping identify areas for potential adjustment, the evaluation provided an opportunity to remind Directors of the importance of group dynamics and effective Board and Committee processes in fulfilling Board and Committee responsibilities.

The reviews of the Board's Committees did not raise any significant problems and concluded that the Committees are operating effectively.

	<p>In respect of the 2018 annual performance evaluation it was concluded that each Director continues to perform effectively and to demonstrate commitment to his or her role.</p> <p>The Board intends to continue to comply with the CG Code that the evaluation should be externally facilitated at least every three (3) years and expects to commission the next externally facilitated review in 2021.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has in place a remuneration framework (which covers all aspects of remuneration) for the Directors and the key senior management personnel. The objective of the Group's remuneration policies is to provide fair and competitive remuneration to its Board and senior management personnel in order for the Company to benefit by attracting and retaining a high-quality team.</p> <p>Based on the remuneration framework, the remuneration packages for the Executive Directors and key senior management personnel comprise a fixed component (in the form of a base salary and, where applicable, fixed allowances determined by the Group's Human Resource policies) and variable components (which would normally comprise bonuses) together with benefits-in-kind, if any, which is determined by IOIPG Group's overall financial performance in each financial year which are designed to reward performance that supports our strategy and creates sustainable long term value for shareholders.</p> <p>There are no termination, retirement and post-retirement benefits that may be granted to Directors and the top five key management personnel (who are not the Executive Chairman and CEO) except for those payment pursuant to statutory requirements.</p> <p>Executive Directors are eligible to participate in the Company's Employees' Share Option Scheme ("ESOS") and on the same basis as other eligible employees. During the FYE 2018, the Company did not grant any share options under the ESOS to all Executive Directors.</p> <p>The Company provides Directors' and Officers' Liability Insurance and may provide an indemnity to the fullest extent permitted by the Companies Act 2016, the cost of such liability insurance is set out in the Directors' Report.</p> <p>The following four (4) principles continue to underpin our approach in the management remuneration framework:-</p>

	<ul style="list-style-type: none"> ➤ Simple - The framework should be simple and transparent for all stakeholders to understand. ➤ Competitive and fair - Attracting and retaining leaders of the necessary calibre requires remuneration arrangements that are reasonable in the markets in which we compete for talent and which fairly reflect the appropriate market rates for the skills and experience of the individual. At the same time, we always remain cognisant of the need to ensure value for money and to reflect our status as an established listed Group. ➤ Performance - There should be a performance related element of the package which rewards performance in areas that are most important for our stakeholders. There should be no reward for failure. ➤ Aligned with employees - Where possible, remuneration structures will be aligned across the organisation. <p>In 2018, KPMG has completed performing the remuneration review of Directors and senior management for IOIPG, by undertaking an analysis with a view of providing recommendations as to how the remuneration framework for the Directors and senior management can be better structured. The remuneration policy is published in our website.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The GNRC reviews the independence of Directors annually according to the criteria on independence set out above. In essence the above guidance is designed to ensure that all directors are able to act in the best interests of the Company at all times.</p> <p>In addition to the annual review by the GNRC, each Independent Non-Executive Director also submits an annual declaration to the Company. At the date of this Statement, the Board has five (5) Non-Executive Directors. Based on the above criteria, of the five (5) Non-Executive Directors, four (4) are considered to be independent and one (1) is considered to be non-independent.</p> <p>Our GNRC's Terms of Reference is available on the Company's website, has been reviewed and expanded its scope to include the remuneration of senior executive management.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Each of the Directors receives a base fixed Director's fee and meeting allowance for each Board and general meetings that they attend. The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them. Non-Executive Directors will receive a fixed fee, with additional fees if they are members of Board Committees, with the Chairman of the Board Committees receiving a higher fee in respect of his service as chairman of the respective Committees. The fees for Directors are determined by the full Board with the approval from shareholders at the AGM. No Director is involved in deciding his own remuneration. The structure of the fees payable to Directors of the Company for FYE 2018 is disclosed in CG Overview Statement.</p> <p>The details of the remuneration of Directors of the Company comprising remuneration received/ receivable from the Company and subsidiary companies during the FYE 2018 are disclosed in CG Overview Statement.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>While the Company notes the need for corporate transparency in the remuneration of its key senior management executives, the Company notes that the disclosure of details in excess of the above may be detrimental to its business interests, given the competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, where poaching has become common place. Hence, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues. The Company further believes that the interest of the shareholders will not be prejudiced as a result of such non-disclosure of the identity and remuneration of the Company's top five (5) senior management personnel who are not Directors.</p> <p>The Company has identified the Chief Operating Officers and Chief Financial Officer ("CFO") who are the most senior management personnel outside the Board as its key senior management personnel. Since the position of the CFO is vacant during the financial year, we had excluded the CFO position in the list.</p> <p>To provide some insight on the level of remuneration paid to the senior management team, the Company has taken step to disclose the aggregate total remuneration paid to the members of the top two (2) key senior management personnel. The aggregate remuneration of the key senior management personnel for FYE 2018 is approximately RM2.782 million.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will further discuss the outcome of the reviews with the GNRC.
Timeframe	:	Within 3 years

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	Please refer to answer in Practice 7.2 above.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is satisfied that Datuk Tan Kim Leong who is the Chairman of Audit Committee ("AC"), has relevant financial experience.</p> <p>Our Chairman of the AC of the Company is neither the Chairman of the Board nor other Board Committee's Chairman as our Board acknowledges that the AC being an independent, objective body, it should function as the Company's independent watchdog to ensure the integrity of financial controls, combined assurance and effective financial risk management.</p> <p>The Board is also satisfied that the AC, as a whole, have competence relevant to the sector in which the Group operates including a wide range of skills, expertise and experience arising from the senior positions they hold or held in other organisations, which is vital in supporting effective governance. The Chairman of the AC reports to the Board as necessary on the activities of the AC.</p> <p>The AC also has explicit authority to investigate any matter within its terms of reference. It has full access to and co-operation of management and full discretion to invite any Director or executive officer to attend its meetings. The AC has reasonable resources to enable it to discharge its functions properly.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Conflict of interest is one primary concern of the Company for ensuring external auditor's independence. Objectivity and independence may be threatened where an officer or employee of an audit client who is in a position to exert direct and significant influence over the preparation of the financial statements has recently been a partner in the audit firm or a member of the audit engagement team.</p> <p>The AC of the Company has addressed these concerns by requiring a 'cooling-off' period between the partner's or professional employee's departure from the audit firm and his or her joining the audit client. Such restriction is stated in the policy to assess the suitability, objective and independence of the external auditor is available on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced and comprehensible assessment of IOIPG Group's financial position and prospects and ensures that the financial results are released to Bursa Securities within the stipulated time frame and that the financial statements comply with regulatory reporting requirements. In this regard, the Board is assisted by the AC in overseeing and governing IOIPG Group's financial reporting processes and the quality of its financial reporting.</p> <p>The AC of the Company is responsible for reviewing, assessing and monitoring the performance, suitability and independence of external auditors, based on the policy approved by the Board on 27 August 2015, further information on the policy and how the AC in discharging its responsibilities are available on the Company's website and AC Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The AC's membership remains unchanged during FY2018 and comprises three (3) following members, who each satisfy the "independence" requirements contained in the Listing Requirements of Bursa Malaysia. The biography of each member of the AC is set out in the Profile of Directors section:</p> <p>Datuk Tan Kim Leong @ Tan Chong Min Chairman Independent Non-Executive Director</p> <p>Datuk Lee Say Tshin Member Independent Non-Executive Director</p> <p>Datuk Dr Tan Kim Heung Member Independent Non-Executive Director</p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>AC's effectiveness hinges on a number of critical factors, including knowledge, experience, commitment and de facto independence of its members; the AC's leadership, the AC's dynamics and chemistry; and the AC's quality interaction with management and auditors (internal and external).</p> <p>Majority members of the AC who have the necessary financial, banking experience, commercial expertise and capital markets skills required to meet their responsibilities and provide an effective level of challenge to management, have relevant financial experience.</p> <p>The Board through GNRC is responsible for ensuring that all Directors receive ongoing training and development. Our Directors are conscious of the need to keep them properly briefed and informed about current issues. During the financial year, AC members of the Board who have attended various training programmes, forums, conferences and seminars including specific integrated reporting briefing are disclosed in the "Board Development" section of the CG Overview Statement and our website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a framework to formulate and review risk management policies and internal control framework. Further information on that is published in our website and also presented in the:-</p> <ul style="list-style-type: none"> • Statement on Risk Management and Internal Control; • AC Report • Risk Management Committee ("RMC") Report <p>The Group adopts an Enterprise Risk Management ("ERM") framework which was formalised in 2002 and it was further reviewed by RMC in FYE 2018, details of which are in RMC Report.</p> <p>The ERM is consistent with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers, and Bursa Malaysia's Corporate Governance Guide and also in line with ISO 31000, Risk Management – Principles and Guidelines (which is a standard relating to risk management codified by the International Organisation for Standardisation. ISO 31000 provides a standard on the implementation of risk management).</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility for ensuring the maintenance of a sound system of internal controls and risk management. We have a risk management framework in place that provides the foundations and organisational arrangement for how we manage risks across the Group. There are clear procedures and defined authorities for the following:-</p> <ul style="list-style-type: none"> • Financial reporting, with clear policies and procedures governing the financial reporting process and preparation of the financial statements. There is a clear and documented process of required controls. Each reporting location prepares an annual self-assessment of compliance with these controls, which is assured during planned risk assessment visits. • Comprehensive monitoring and quantification of business risks, under the direction of the RMC. The Group's approach to risk management and the principal risks facing the Group are discussed in more details in the Statement on Risk Management and Internal Control as well as RMC Report of the Group on pages 179 to 187. • Capital investment thresholds with detailed appraisal, risk analysis and authorisation. <p>The Board has established a framework to formulate and review risk management policies and risk strategies, which can be found on our website under corporate governance section, and Statement on Risk Management and Internal Control and RMC Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit and Risk Management Committee (now Audit Committee) of the Company was established on 29 May 2013 in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The AC members are the Non-Executive Directors of the Company, whom of three (3) Independent Non-Executive Directors of the Company. For an effective risk management and internal control framework, the Board had on 15 September 2017 decided to delegate the oversight role of risk management function of the Group into a separate Board Committee, called "Risk Management Committee ("RMC)". The Chairman of RMC is Datuk Lee Say Tshin.</p> <p>A summary of the material risks that could affect IOIPG Group (including any material exposure to economic, environmental and social sustainability risks) are monitored for changes in their exposure and are reported to the Board and RMC during the course of the year, along with their related controls and action plans.</p> <p>Also core to our risk management framework are the activities we undertake to monitor and review its design and implementation. In respect of the FYE 2018, the RMC satisfied itself that the framework continues to be sound and will only review IOIPG Group's risk management framework as and when it is necessary. Further details, please refer to RMC Report.</p>

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC of the Company is responsible for monitoring and reviewing the effectiveness of the Group's Internal Audit function.</p> <p>The Group's internal audit function is carried out by the Internal Audit ("IA") Department, which reports directly to the AC on its activities based on the approved annual Internal Audit Plan. The planning process for the year's audit work is undertaken by the internal audit team, led by our Group Head of IA. Themes from prior year audits, key risk areas and fundamental controls feed into the selection of the audit area and segment, which is approved by the AC. Consideration is given to the appropriate mix of IT and manual controls to be tested.</p> <p>The function comprises a dedicated in-house team of qualified professionals based in Putrajaya. The internal audit function is independent of management and has full access of all IOIPG Group's entities, records and personnel.</p> <p>The appointment, resignation and dismissal of the Group Head of IA is reviewed and approved by the AC. The AC also provides input on the annual performance appraisal of the Group Head of IA. The Group Head of IA has unfettered access to the AC, the Board and Management.</p> <p>The role of IA is to provide objective assurance to the AC and the senior management that operations and functions are efficient and effective, and that processes have a robust control environment. The Group Head of IA attends and reports at each AC meeting on reviews conducted during each quarter. The Group Head of IA met with the AC two (2) times in FYE 2018. The Board discharged its responsibility for monitoring the operational effectiveness of the internal control and risk management systems throughout the financial year and up to the date of approval of the Annual Report. For further details, please refer to AC Report.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group’s Internal Audit (“IA”) function reports functionally to the AC of the Board. This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit recommendations and planned corrective actions, and gives the Internal Audit staff the authority needed for full, free and unrestricted access to all operations, records, property and personnel within the Group. In performing its function, Internal Audit has no direct responsibility or authority over any of the activities it reviews. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor’s judgment. The Head of IA will confirm to the Board annually the organisational independence of the IA activity. The activities of the Group’s IA function are guided by Internal Audit Charter and Annual Audit Plan that are approved by the AC. The Group IA function is carried out in accordance with The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors (“IIA”) Global.</p> <p>Building up a balanced pool of resources is critical to an effective internal audit function. The Group’s IA Department is made up of 8 dedicated in-house team of qualified professionals based in Putrajaya. IA personnel are not related to people who work for or have business relationships with the Group or have served in some official capacity previously or provided significant services to the Group in the past. The Group Head of IA is an associate member of the IIA Malaysia and he was graduated with a Bachelor of Accounting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company strives to maintain an open and transparent channel of communication with its stakeholders, institutional investors and the investing public at large with the objective of providing as clear and complete picture of IOIPG Group's performance and financial position as possible. The Company believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders. However, whilst the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.</p> <p>The AGM is the principal forum for dialogue with shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of IOIPG Group. In addition, the Company uses the following key investor relation activities in its interaction with investors:-</p> <ul style="list-style-type: none">• Meeting with analysts and institutional fund managers;• Participating in road shows and investors conferences, both domestically and internationally; and• Participating in teleconferences with investors and analysts. <p>At the last AGM held on 27 October 2017 ("2017 AGM"), there was a total of 1,441 valid proxy forms and certificates of corporate representative received by the Company, representing approximately 80% of the Company's share capital. Based on our records, a total of 1,009 shareholders (including proxies and corporate representatives) registered at the 2017 AGM of which approximately 450 shareholders/proxies were present and attended the 2017 AGM.</p> <p>IOIPG Group has also established several websites with the main one being www.ioiproperties.com.my for shareholders and the public to access corporate information, financial statements, news and events related to IOIPG Group on a timely basis. Material facts and presentation materials given out at above functions are made available on IOIPG Group's website to provide equal opportunity of access for</p>

	<p>other shareholders and the investing public and to allow them to write in to IOIPG Group if they have questions.</p> <p>The Board maintains a dialogue with shareholders, directed towards ensuring a mutual understanding of objectives. Its primary contact, facilitated by the Head of Investor Relations, is through the CEO. During the financial year, IOIPG Group had approximately forty-one (41) meetings with analysts and investors. IOIPG Group enjoys a relatively high level of coverage and exposure to the investment community.</p> <p>Besides the above, management believes that the Company’s Annual Report and Sustainability Report are a vital and convenient source of essential information for existing and potential investors and other stakeholders. Accordingly, the Company strives to provide a high level of reporting and transparency that goes beyond mandatory requirements in order to provide value for stakeholders.</p> <p>The Board believes its practices in this area are consistent with both the CG Code concerning dialogue with shareholders and good governance</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>We believe that we need to remain relevant to survive in a challenging business environment and to be relevant requires regular interaction with important stakeholder groups. The value of the stakeholder engagement process can be greatly enhanced while the risk of missing important perspectives be reduced by formalizing the implementation of a formal stakeholder engagement framework.</p> <p>The Board also places considerable emphasis on the need for our business to be sustainable for the long term, to meet the expectations of our stakeholders and inform our commitments to community society. For further details on the stakeholder engagement, you can refer to our 2018 Sustainability Report.</p> <p>Currently, the Group has yet to adopt an integrated reporting. Executive management acknowledge that an integrated reporting is far more than simply combining a financial report and a sustainability report into a single document.</p> <p>We have indeed already been operating on an integrated basis but had not formalised these processes into an integrated management model. Integrated reporting ("IR") has spurred the concept of integrated thinking; indeed, we believe that adopting integrated thinking throughout the business is more critical than preparing the annual integrated report. In addition, there is a need for internal systems that measure, monitor, and report on the non-financial performance figures. Collecting this information on par with financial information has been labour intensive for us.</p> <p>We believe that a company's IR journey should be built on the foundational steps. In this aspect, a cross-functional team reporting to the CEO has been formed in FYE 2018 to be charged with creating an integrated report.</p>

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

Measure	:	In 2017, the Board has set a timeline of three (3) years for the adoption of the IR. Since then, we have in November 2017 and June 2018 organised a briefing on IR by PricewaterhouseCoopers and Black Sun Pte Ltd, Singapore. Black Sun Pte Ltd has provided a high level of comments on IR. This external review checks alignment against the IR framework and gives us feedback on readability and connectivity.	
Timeframe	:	Within 2 years	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The 2017 AGM was held on 27 October 2017 and the Notice convening the AGM was sent to shareholders on 29 September 2017, which was 28 days' notice prior to the 2017 AGM. In addition to sending the notice, the Company also published the AGM Notice on its website and the information still remains on its website. Under the Companies Act 2016, an AGM should be called by giving at least 21 days' notice of the meeting. Nevertheless, the Board will provide for a 28 days' notice period for its 2018 AGM because we believe it is beneficial for the shareholders as they will get sufficient time to make an informed decision regarding the AGM business agenda of the company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Chairman of the AC was not available at the 2017 AGM due to his pressing commitment precluded him from attending the 2017 AGM.	
		All Directors were present or attended the most recent AGMs. The Chairmen of the RMC and GNRC are available at the 2017 AGM to take any relevant questions.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	All Directors will attend the 2018 AGM unless illness or another pressing commitment precludes them from attending the AGM.	
Timeframe	:	Others	2018

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The law and regulations concerning AGMs, together with accepted market practices, vary among the jurisdictions. We have reviewed the CG Code recommendation that companies encourage greater shareholder participation at AGMs by allowing shareholders to vote in absentia via such methods as email, fax etc. Following advice that the present legal and regulatory environment is not entirely conducive to absentia voting methods (particularly email voting), we have decided to defer the introduction of absentia voting methods until an appropriate time.</p> <p>Based on the latest Record of Depositors of the Company as at 18 September 2018, 48% of total shareholders of the Company is from Klang Valley. As stated in the Constitution of the Company, Notice of AGM together with proxy form and AGM Guide are sent to shareholders. The Company allows its shareholders to vote in absentia or by proxy, provided that the proxy shall have been appointed by the shareholder himself or by his duly authorised attorney or representative provided further that it is filed at the registered office of the Company for at least 48 hours before the AGM. Hence, we believe that the shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at our AGM.</p> <p>The Company's website is the key communication channel for the Company to reach its shareholders and general public. The Investor Relations section enhances the investor relations function by including all announcements made by the Company, financial results, annual reports, corporate presentation, financial calendar as well as enquiries. The shareholders and general public may direct their enquiries on the Company via "Enquiries" and the Company's Investor Relations team will endeavour to reply to these queries in the shortest possible time.</p> <p>All shareholders of the Company receive the annual report of the Company and the notice of AGM, which is also advertised in the press</p>

	<p>and released via Bursa Link. The chairmen of the RMC, GNRC and the external auditors were present at the last AGM, and the full Board plans to attend the 2017 AGM, which provides an opportunity for all shareholders to question the Directors in person. Historically, the Company's AGMs have been well attended.</p> <p>It has always been the practice for the Chairman to provide ample time for the Q&A sessions in the AGMs and for suggestions and comments by shareholders to be noted by management for consideration.</p> <p>The Company has been implementing poll voting for all the resolutions set out in the Notice of AGM via electronic means since 2016 AGM to expedite verification and counting of votes. In addition, the Company will appoint one (1) scrutineer to validate the votes cast at the AGM.</p> <p>The Company, through its Polling Agent, ensures that all valid proxy or corporate representative or attorney appointments received are properly recorded and counted.</p> <p>The Chairman announces the electronic poll voting results at the AGM, and the poll results are announced on the same day through Bursa Link service and on the Company's website www.ioiproperties.com.my. All resolutions at the 2017 AGM were passed without a significant proportion of votes against.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	<p>The Board will need to further seek guidance from regulators and also to carefully study and assess what is the best practice solutions over time in terms of system infrastructure, technical support, costing and readiness of shareholders, before adopting this practice.</p>
<p>Timeframe</p>	<p>:</p>	<p>Others</p> <p>Within 5 years subject to annual review by GNRC</p>