STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") continues to reinforce the importance of good corporate governance in building a sustainable business, and is committed to ensuring that the highest standards of corporate governance are practiced throughout IJM Plantations Berhad and its subsidiaries ("the Group").

With the release of the Malaysian Code on Corporate Governance 2017 ("New Code") on 26 April 2017, the Board aspires to ensure that the principles and best practices as set out in the New Code are well understood, applied and reported for promoting greater internalisation of corporate governance culture within the Group.

The Board is pleased to present this statement which describes on how the Company has applied the principles as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") and the extent of its compliance with the principles. The reason for not applying specific principles in the Code is explained in this statement.

A. BOARD OF DIRECTORS

1. Composition of the Board

Six (6) of the eight (8) Board members are Non-Executive Directors and among the Non-Executive Directors, four (4) are Independent. The Chairman is one (1) of the Independent Non-Executive Directors.

Mr M. Ramachandran A/L V D Nair is the Senior Independent Non-Executive Director to whom queries or concerns relating to the Group may be conveyed by shareholders by way of writing to the Company’s registered address or electronic mail to csa@ijm.com or contact via Tel: +603-7985 8131.

The balance between Independent Non-Executive, Non-Executive and Executive Directors, together with the support from Management, is to ensure that there is an effective and fair representation for the shareholders, including minority shareholders. It further ensures that issues of strategy, performance and resources are fully addressed and investigated to take into account the long-term interests of shareholders, relevant stakeholders and the community in which the Group conducts its business.

The composition and size of the Board is reviewed from time to time to ensure its appropriateness and effectiveness. The profile of each Director is presented on pages 10 to 15.

2. Board Charter

All Board members are expected to show good stewardship and act in a professional manner, as well as uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities. The Board Charter sets out the role, functions, composition, operation and processes of the Board to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board Charter also acts as a source of reference and primary induction literature in providing insights to Board members and senior management.

The Board reviews the Board Charter from time to time and the last review was carried out in May 2016.

The details of the Board Charter are available for reference at www.ijm.com/plantation.

3. Roles and Responsibilities of the Board

The Board is primarily responsible for the Group’s overall strategic plans for business performance, overseeing the proper conduct of business, succession planning of key management, risk management, shareholders’ communication, internal control, management information systems and statutory matters; whilst Management is accountable for the execution of the expressed policies and attainment of the Group’s corporate objectives. The demarcation complements and reinforces the supervisory role of the Board. Nevertheless, the Board is always guided by the Board Charter which outlines the duties and responsibilities and matters reserved for the Board in discharging its duties.

In accordance with the Board Charter, the matters reserved for the Board include the approval of corporate plans, annual budgets (including the Key Performance Indicators ("KPI") under the Balanced Scorecard of the Group), new ventures, acquisitions and disposals of undertakings and properties of a substantial value, and changes to the management and control structure within the Group, including key policies and delegated authority limits.
The Board assumes, *inter alia*, the following responsibilities:-

(a) Reviewing and adopting a strategic plan for the Group

* the Board approves the strategic plan and ensure that the necessary resources are in place for the Group to meet its objectives and review Management’s performance;

* the Board reviews the capital budgets and regularly monitors their progress of utilisation throughout the year, using appropriate financial indicators and industry benchmarks;

* the Board reviews, challenges and approves the Management’s proposed strategic plan for the Group; and

* the Board reviews the strategies on promoting sustainability and focuses on economic, environmental and social aspects.

(b) Overseeing the conduct of the Group’s business

* the Board devotes sufficient time in learning about the Group’s businesses and understands them well enough to provide critical stewardship, and guides their performance not just year-to-year but in the long term; and

* the Board reviews the performance of the Group and it is measured against the KPI in four (4) areas, namely Commercial, Stakeholders, Efficiency and Infrastructure under the Balanced Scorecard of the Group.

(c) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks

* the Board reviews the adequacy and effectiveness of the Group’s risk management and internal control system which is embedded in all aspects of the Group’s activities;

* the Board ensures that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; and

* the Board sets the risk appetite within which the Board expects Management to operate; reviews the processes as well as responsibilities and assesses for reasonable assurance that risks have been managed within the Group’s risk appetite and tolerable ranges. The details of the key processes are set out in the Statement on Risk Management and Internal Control.

(d) Succession planning

* the Board focuses on management succession in alignment with the Group’s strategic challenges and through the Nomination & Remuneration Committee (“NRC”) assesses the calibre of the senior management and reviews the changes of key appointments in the Group.

(e) Communication with stakeholders

* the Board ensures the Company has in place procedures to enable effective communication with stakeholders, including the development and implementation of a shareholder communications policy for the Company.

(f) Reporting with integrity

* the Board ensures the adequacy and integrity of the Group’s financial and non-financial reporting including reviews of the appropriateness of accounting policies, internal controls and key risks of the Group.

4. Code of Conduct

The Board emphasises professionalism and exemplary corporate conduct at work and adheres to the principles and standards of business ethics and conduct as stipulated in the Code of Ethics and Conduct (“CEC”) of the Group. The principles of the CEC include:-

(a) avoid conflict of interest;

(b) exercise caution and due care to safeguard confidential information;

(c) avoid insider trading;

(d) ensure accuracy and reliability of records;

(e) avoid discrimination or prejudice in the workplace; and

(f) avoid acts of misconduct.
5. Roles and Responsibilities of the Chairman and the Chief Executive Officer & Managing Director

The role of the Independent Non-Executive Chairman and the Chief Executive Officer & Managing Director ("CEO&MD") are distinct and separate to ensure that there is a balance of power and authority. The responsibilities of the Independent Non-Executive Chairman includes but is not limited to leading the Board and ensuring its effectiveness, ensuring an efficient organisation and conduct of the Board’s function and meetings, promoting constructive and respectful relations between the Board and Management, and ensuring an effective communication with shareholders and other relevant stakeholders. The Independent Non-Executive Chairman did not previously hold the position of CEO&MD in the Group.

The CEO&MD focuses on the day-to-day management and the business of the Group, and is responsible for the implementation of the Board’s policies and decisions. The responsibilities of the CEO&MD, amongst others, are to develop and implement corporate strategies for the Group, to supervise the management team responsible for various functions contributing to the success of the Group, to ensure the efficiency and effectiveness of the operations of the Group, to assess business opportunities, and to bring materials and other relevant matters to the attention of the Board in an accurate and timely manner.

6. Independence

The Independent Non-Executive Directors play a crucial role of bringing objectivity to the decisions made by the Board. They provide independent judgement, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all stakeholders are taken into account and that the relevant issues are subjected to objective and impartial consideration by the Board.

The Board assesses the independence of an Independent Director through the Assessment of Independence of Independent Directors under the annual Board evaluation process. The assessment of independence is based on the criteria prescribed under the Main Market Listing Requirements ("LR") and the Corporate Governance Guide issued by Bursa Malaysia Berhad. During the financial year, none of the Independent Directors disclosed any relationships and/or transactions that could materially interfere with their independent judgements and decisions. The independence assessment undertaken for the financial year has shown that all the Independent Directors have demonstrated their ability to act independently. The Board was satisfied with the level of independence of all the Independent Directors.

With the aim of enhancing the overall Board effectiveness, the NRC and the Board have always considered the length of service of a Director as a key element in their review of any renewal of a Board position. The Company has adopted a policy to limit the tenure of independent directors to a maximum of 12 years. However, the retention of independent directors after serving a cumulative term of nine (9) years are subject to shareholders’ approval in line with the recommendation of the Code. The Board is mindful that the limitation of term of service may result in a significant loss to the Company by the exit of Board members who are making critical contributions. The Board also recognises that the benefits of experience and stability brought by the longer serving Directors are often in the best interest of the Company and its shareholders. Taking into consideration of the above, the NRC and the Board may exercise their discretion to recommend the retention of an Independent Non-Executive Director in the same capacity after serving a cumulative term of nine (9) years. In such a situation, the Board would provide the relevant justifications and seek the shareholders’ approval accordingly.

Having recognised the benefits of the long serving Directors, the Board also acknowledges that “fresh pairs of eyes and fresh blood” are critical for bringing new perspectives for the benefit of the Group. In order to strike a balance on the tenure of independent directors, the Board takes a moderate course of limiting the tenure to a maximum of 12 years.

To-date, two (2) of the Independent Non-Executive Directors, namely Tan Sri Dato’ Wong See Wah and Mr M. Ramachandran A/L V D Nair, have served the Board for more than nine (9) years.
Tan Sri Dato' Wong had completed his 9-year tenure on 16 August 2015, and was retained as an Independent Non-Executive Chairman by the shareholders of the Company at the Annual General Meetings ("AGMs") held on 21 August 2015 and 23 August 2016. Tan Sri Wong has developed a good understanding of the Group’s business operations over time and thus enabling him to challenge Management on the Group’s businesses and strategies in a constructive manner. He provides leadership for the Board and facilitates the Board to perform its responsibilities effectively through his independent and objective chairmanship. In addition to his exemplary leadership, Tan Sri Wong often demonstrates the values and principles associated with independence during Board discussions. He always seeks clarifications, when necessary, and expresses his views and debates issues objectively, besides challenging Management on important issues raised at various formal and informal meetings.

Mr Ramachandran, a renowned plantation industry expert, had completed his 9-year tenure on 28 May 2016, and was retained as an Independent Non-Executive Director following the approval of shareholders at the last AGM held on 23 August 2016. His vast experience and in-depth knowledge in the plantation industry complements the business of the Group. He often shares his insights and raises pertinent questions to the Management on various issues. Mr Ramachandran also demonstrates his independence and provides objective views during deliberations at all the Board and Board Committee meetings. He often brings balanced perspectives, highlights issues and/or provides suggestions on various areas including but not limited to strategies, operations, governance and sustainability. He is also able to provide constructive views and participates actively at all the formal and informal meetings.

The NRC and the Board recognise the benefits of the experience and stability brought by Tan Sri Wong and the valuable insight and expertise of Mr Ramachandran, and are certain that their continued service will serve the interest of the Company and its shareholders. As such, the NRC and the Board would like to recommend the retention of Tan Sri Wong and Mr Ramachandran as the Independent Non-Executive Chairman and Senior Independent Non-Executive Director respectively. Accordingly, the Board will seek the approvals of the shareholders at the forthcoming AGM for Tan Sri Wong and Mr Ramachandran to continue as Independent Directors of the Company.

Tan Sri Wong and Mr Ramachandran has and will continue to abstain themselves from all deliberations and/or voting at the meetings of the Company pertaining to their retention as Independent Directors.

7. Board Diversity

The Directors have a diverse set of skills, experience and knowledge necessary to govern the Group. The Directors are professionals in the fields of agriculture, finance, accounting, engineering, property and public administration. Together, they bring a wide range of competencies, capabilities, technical skills and relevant experiences to support the needs of the Group to make it one of the foremost plantation companies in the country.

In evaluating candidates for appointment to the Board, the NRC and the Board will always evaluate and match the criteria of the candidates based on experience, skill, competency, knowledge, potential contribution and boardroom diversity (including gender, ethnicity and age).

During the financial year, the Board has appointed a woman Director, namely Datuk Dr. Choo Yuen May, as an Independent Non-Executive Director. She was with the Palm Oil Research Institute of Malaysia (PORIM)/Malaysian Palm Oil Board (MPOB) for 34 years and has vast knowledge and experience in oil palm research and development. As indicated in the Board Diversity Policy adopted by the Board, and in supporting the Government’s target for women to fill 30% or more of the decision-making positions in corporate Malaysia, the Board endeavours to appoint an additional suitably qualified woman Director by the end of year 2018 as well as to meet the 30% women Directors as soon as practicable.
8. Board Meetings

Board meetings (including Board Committees’ meetings) are scheduled in advance prior to the new calendar year, to enable the Directors to plan ahead and coordinate their respective schedules and/or events. The Board conducts at least four (4) scheduled meetings annually, with additional meetings convened as and when necessary. However, informal meetings and consultations are frequently and freely held to share expertise and experiences. Directors are also invited to attend the Board Committees’ meetings, where deemed necessary. During the financial year, four (4) Board meetings were held.

The attendance record of each Director is as follows:-

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<thead>
<tr>
<th></th>
<th>NUMBER OF MEETINGS ATTENDED</th>
<th>PERCENTAGE</th>
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<tbody>
<tr>
<td><strong>Executive Directors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joseph Tek Choon Yee</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Purushothaman a/l Kumaran</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Independent Non-Executive Directors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tan Sri Dato’ Wong See Wah</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>M. Ramachandran a/l V D Nair</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Pushpanathan a/l S A Kanagarayar</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Datuk Dr. Choo Yuen May (Appointed on 1 November 2016)</td>
<td>2/2</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Non-Executive Directors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tan Sri Dato’ Tan Boon Seng @ Krishnan</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Dato’ Soam Heng Choon</td>
<td>4/4</td>
<td>100%</td>
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</tbody>
</table>

Besides these Board meetings, the Directors also attended the annual Senior Management Forum of IJM Corporation Berhad (“IJM”) Group where operational strategies, performance progress and other issues are presented, discussed and communicated to the managers of the Group.

In fostering the commitment of the Board that the Directors devote sufficient time to carry out their responsibilities, the Directors are required to notify the Chairman before accepting any new directorships and such notifications shall include an indication of time that will be spent on the new appointments. In addition, assurances are given by the Directors that their new appointments will not affect their commitment and responsibilities as Directors of the Company. In the event that the Chairman has any new directorship or significant commitments outside the Company, he will also notify the Board. All Directors shall hold not more than five (5) directorships each in public listed companies.

During the annual Board evaluation, each Director was assessed whether he/she was able to devote adequate time and attention for Board meetings, Board briefings, Committee meetings and activities of the Company. Overall, the Board was satisfied with the commitment of all members of the Board and the time contributed by each of them. The time commitment of the Directors was demonstrated by the full attendance and time spent at the Board and Board’s Committee meetings during the financial year.

9. Access to Information and Advice

All Directors are provided with the performance and progress reports on a timely basis prior to the scheduled Board meetings. The Company had moved towards electronic Board and Board Committee papers since 2011. All Board papers, including those on complicated issues or specific matters and minutes of all Board Committee meetings, are distributed at least five (5) business days in advance electronically to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arise. The Company Secretary always ensures proper minutes of all deliberations and decisions of the Board and Board Committees are recorded. Where necessary, the services of other senior management or external consultants will be arranged to brief and help the Directors clear any doubts or concerns. The Directors may also seek independent advice at the expense of the Company, so as to ensure that they are able to make independent and informed decisions.
10. Company Secretary

The Board is supported by a qualified and competent Company Secretary to provide sound governance advice, ensure adherence to Board policies, rules and procedures, and advocate adoption of corporate governance best practices. The profile of the Company Secretary is provided on page 15. The Directors always have access to the advice and services of the Company Secretary especially relating to procedural and regulatory requirements such as company and securities laws and regulations, governance matters and LR. The Company Secretary undertakes continuous professional development and her details of trainings/seminars attended are available for reference at www.ijm.com/plantation.

The roles and responsibilities of the Company Secretary include advising the Board on its roles and responsibilities, assisting in the induction of new directors, advising the Board and Management on governance matters, LR and related statutory obligations, monitoring corporate governance developments and assisting the Board in applying governance practices, managing, attending and recording minutes of all Board, Board Committee meetings and shareholder meetings, and ensuring proper upkeep of the statutory registers and records.

11. Committees Established by the Board

In order to assist in the execution of the Board’s responsibilities for the Group, certain functions have been delegated by the Board to Committees. Clear defined terms of reference have been given to these Committees to enable them to operate effectively. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairmen of the respective Committees report to the Board the outcome of the Committee meetings and such reports are included in the Board papers.

The Board Committees of the Company and their composition are as follows:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Chairmen</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audit Committee</strong></td>
<td>Pushpanathan A/L S A Kanagarayar – Chairman</td>
</tr>
<tr>
<td></td>
<td>M. Ramachandran A/L V D Nair – Senior Independent Non-Executive Director</td>
</tr>
<tr>
<td></td>
<td>Datuk Dr. Choo Yuen May – Independent Non-Executive Director</td>
</tr>
<tr>
<td></td>
<td>Dato’ Soam Heng Choon – Non-Executive Director</td>
</tr>
<tr>
<td><strong>Nomination &amp; Remuneration Committee</strong></td>
<td>M. Ramachandran A/L V D Nair – Chairman</td>
</tr>
<tr>
<td></td>
<td>Pushpanathan A/L S A Kanagarayar – Independent Non-Executive Director</td>
</tr>
<tr>
<td></td>
<td>Dato’ Soam Heng Choon – Non-Executive Director</td>
</tr>
<tr>
<td><strong>Securities and Options Committee</strong></td>
<td>M. Ramachandran A/L V D Nair – Chairman</td>
</tr>
<tr>
<td></td>
<td>Joseph Tek Choon Yee – CEO &amp; MD</td>
</tr>
<tr>
<td></td>
<td>Dato’ Soam Heng Choon – Non-Executive Director</td>
</tr>
</tbody>
</table>
STATEMENT ON CORPORATE GOVERNANCE

(a) Audit Committee

The Audit Committee was established on 26 April 2003 comprising entirely of Non-Executive Directors, with a majority of them being Independent Directors. The authority empowered by the Board to the Audit Committee include the authority to investigate any activity within its terms of reference and the Committee has unrestricted access to any information of the Group. The profiles of the Audit Committee members are set out in the Profiles of the Board of Directors & Secretary on pages 10 to 15. The details of meetings and activities of the Audit Committee are set out on pages 45 to 48 of the Audit Committee Report and the terms of reference are available for reference at www.ijm.com/plantation.

(b) Nomination & Remuneration Committee

The NRC which was established on 26 April 2003, comprises exclusively of Non-Executive Directors with a majority of them being Independent Directors. Mr M. Ramachandran A/L V D Nair, the Senior Independent Non-Executive Director, is the Chairman of the NRC, and the other members are Mr Pushpanathan A/L S A Kanagarayar and Dato’ Soam Heng Choon.

The activities of the NRC for the financial year included the following:-

(i) review of the Balanced Scorecard of the CEO&MD and the Group;

(ii) review of the salaries, bonuses & incentives for senior management of the Group;

(iii) review of the appointment of the new Director and Audit Committee member;

(iv) assessment and evaluation of the effectiveness of the Board and individual Directors through the annual Board evaluations [including the CEO&MD and the independence of Independent Non-Executive Directors];

(v) assessment and evaluation of the effectiveness of the Audit Committee through the annual Audit Committee evaluations;

(vi) review of the tenure of service for Independent Non-Executive Directors;

(vii) review of the retention of Independent Non-Executive Directors and re-appointment and re-election of Directors at the AGMs; and

(viii) revision of the terms of reference of the NRC and Audit Committee.

All recommendations of the NRC are subject to endorsement of the Board.

The NRC meets as required. Two (2) meetings were held during the financial year and the attendance record of each member of the NRC is as follows:

<table>
<thead>
<tr>
<th>NUMBER OF MEETINGS ATTENDED</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>M. Ramachandran A/L V D Nair</td>
<td>2/2</td>
</tr>
<tr>
<td>Pushpanathan A/L S A Kanagarayar</td>
<td>2/2</td>
</tr>
<tr>
<td>Dato’ Soam Heng Choon</td>
<td>2/2</td>
</tr>
</tbody>
</table>

(c) Securities and Options Committee

The Securities and Options Committee was established on 21 November 2007 combining the roles and responsibilities of the Share Committee and Employee Share Option Scheme Committee which were previously established on 26 April 2003 and 19 August 2003 respectively. The function of the Securities and Options Committee is to regulate the securities transactions of the Company.

The terms of reference of the Securities and Options Committee are available for reference at www.ijm.com/plantation.
12. Board and Board Committee Evaluation

The Board undertook a formal and rigorous annual evaluation of its own performance, that is the Board as a whole and that of the Individual Directors for the financial year ended 31 March 2017 via an in-house e-Evaluation System. The Board evaluation comprises a Board Assessment by Individual Directors, Self & Peer Assessments and Assessments of Independence of Independent Directors (collectively referred to as “the Assessments”). Based on the results of the Assessments, the NRC was satisfied with the performance and effectiveness of the Board.

The assessment of the Board by Individual Directors was based on specific criteria, covering areas such as the Board composition and structure, principal responsibilities of the Board, the Board process, the CEO&MD’s performance, succession planning and Board governance. There were no major concerns from the results of the assessments. In order to further enhance the Board governance, the Board will be implementing a regular session to be attended by Non-Executive Directors without the presence of Executive Directors to address any areas of concern, prior to each of the Board meetings in the current financial year.

For Self & Peer Assessments, the assessment criteria included contributions to interaction, roles and duties, knowledge and integrity, governance and independence and risk management. The criteria for assessing the independence of an Independent Director included the relationship between the Independent Director and the Group and his involvement in any significant transactions with the Group.

The Board also undertook an evaluation on the Audit Committee via the e-Evaluation System to review its performance and determine whether the Audit Committee had carried out its duties in accordance with its terms of reference. The assessment criteria included the oversight over the effectiveness and quality of the internal and external audits, risk management and internal control and financial reporting. The Board was satisfied with the performance and effectiveness of the Audit Committee.

The process of the assessment and evaluation of the Board and Audit Committee is as follows:

- **Company Secretary advises Directors to perform the assessment and evaluation**
- **Directors complete and submit the Board assessment and evaluation forms**
- **The Company Secretary extracts evaluation reports from the e-Evaluation system**
- **The Company Secretary presents the post evaluation reports to the NRC**
- **The Board receives the post evaluation reports and agrees on action plans for improving areas of weaknesses, if any**
- **The Board reviews the post evaluation reports and recommendations by NRC for improvement, if any**
- **NRC presents the post evaluation reports to the Board and reports areas of weaknesses, if any**
- **NRC reviews the post evaluation reports and identifies areas of weaknesses, if any**

The Board acknowledges that the Board evaluation shall be facilitated by a professional independent party periodically in order to achieve a greater objectivity to the assessment by providing an unbiased perspective on a Director’s performance and contribution. As such, the engagement of an independent expert will be looked into at the appropriate time as may be determined by the Board.
13. Appointment to the Board

The NRC is responsible for making recommendations for the appointment of Directors to the Board, including those of subsidiaries and associated companies. In making these recommendations, the NRC considers the criteria such as the required mix of skills, experience and knowledge, which the Directors bring to the Board.

In identifying the candidates for appointment as Directors, other than relying on the recommendations from the existing Board members, Management and/or major shareholders, the NRC will also explore independent sources to identify suitably qualified candidates. During the financial year, Management had recommended Datuk Dr. Choo to NRC for her appointment as an Independent Non-Executive Director of the Company.

The process for the appointment of Non-Executive Directors (both the Independent and non-Independent Directors) to the Board is as follows:-

- NRC reviews annual Board assessments & evaluations
- NRC determines skills matrix
- Source for the candidate
- The Board approves the appointment of the candidate
- NRC recommends to the Board for appointment
- NRC evaluates and matches the criteria of the candidate, and will consider diversity, including gender, where appropriate

The Company, from time to time, also uses the services of retired Executive Directors for specific roles in the Company’s operations for specific periods. These Directors are paid remuneration for their services accordingly.

14. Re-election and Re-appointment

The Articles of Association provides that every new Director appointed by the Board be subjected to re-election at the immediate AGM. Furthermore, one third (1/3) of the Board shall retire from office by rotation and be eligible for re-election at every AGM, and all the Directors including the CEO&MD should submit themselves for re-election at least once in every three (3) years.

Tan Sri Dato’ Wong See Wah and Mr M. Ramachandran A/L V D Nair, both of whom are above the age of 70, were re-appointed pursuant to Section 129 of the Companies Act 1965 at the last AGM of the Company held on 23 August 2016 to hold office until the conclusion of the next AGM. Their term of office, therefore will end at the conclusion of the forthcoming 32nd AGM.

With the Companies Act 2016 coming into force on 31 January 2017, and having repealed Section 129 of the Companies Act 1965, there is no longer an age limit for Directors. The re-appointment of Tan Sri Wong and Mr Ramachandran will be proposed to shareholders for approval, so that they will continue in office as Directors from the date of the 32nd AGM and thereafter be subject to retirement by rotation pursuant to the Articles of Association of the Company.

The list of Directors who are subject to re-election or re-appointment are presented to the NRC for endorsement. The Directors who are subject to re-election or re-appointment are assessed through the Self & Peer Assessments under the annual Board evaluation. The assessment criteria and process undertaken are disclosed in Section A item 12 of this Statement. The recommendations of the NRC will then be presented to the Board and shareholders for approval.
15. Directors’ Training

All Directors have attended the Directors’ Mandatory Accreditation Programme organised by Bursa Malaysia Securities Berhad (“Bursa Securities”). Our Directors have attended conferences, seminars and training programmes from time to time covering areas such as finance, governance, sustainability, risk management, regulatory laws, rules and guidelines. An induction briefing is also provided by our Company Secretary and senior executives to newly appointed Directors.

The Company is aware of the importance of continuous training for Directors to enable them to effectively discharge their duties, and will on a continuous basis, evaluate and determine the training needs of the Directors. The Board has undertaken an assessment of the training needs of each Director through the Self & Peer Assessment during the financial year.

During the financial year, all the Directors have attended various in-house and external training programmes, workshops, seminars, briefings and/or conferences. The trainings attended by the Directors were related to corporate governance, finance, industry knowledge and sustainability.

The details of each of the Directors’ Training and participation in activities of the Group are available for reference at www.ijm.com/plantation.

Updates on companies and securities legislations, and other relevant rules and regulations, such as amendments to the LR together with the summary of enforcement related press releases of the Companies Commission of Malaysia, Bursa Securities and Securities Commission, were provided to the Board quarterly, together with the Board papers, in order to acquaint them with the latest developments in these areas.

Where possible and when the opportunity arises, Board meetings will be held at locations within the Group’s operating businesses to enable the Directors to obtain a better perspective of the businesses and enhance their understanding of the Group’s operations. As part of the induction programme for the new Director, Datuk Dr. Choo had visited both the Sabah and Indonesian operations during the financial year. Other than Datuk Dr. Choo, some of the other Directors had also visited the estates and mills in Sabah and Indonesia.

B. REMUNERATION

The remuneration policy of the Company is based on the philosophy of giving higher weightage on performance-related bonuses. These are entrenched in the remuneration policy for Executive Directors and senior management, which are reviewed annually by the NRC. The Group also participates in industry specific surveys by independent professional firms to obtain current benchmarking data for the Group.

The performance of Directors is measured by the Directors’ contribution and commitment to both the Board and the Group. The Executive Directors’ and senior management’s remuneration depend on the performance of the Group during the financial year, which is determined based on the individual KPIs and aligned to the Balanced Scorecard of the Group. The KPIs comprises quantitative and qualitative targets. The strategic initiatives or KPIs set for the CEO&MD for the financial year encompass four (4) main areas of consideration, namely, Commercial, Stakeholders, Efficiency and Infrastructure. The weightage of the areas of consideration may be adjusted to accommodate the aspiration of the Group. The quantitative targets under Commercial included annual revenue, profit before tax and cost of production, and the qualitative targets under the other three (3) areas included stakeholders’ engagement, human capital management and sustainable operations management.

In addition to the basic salary and bonus & incentives for all its employees, including the Executive Directors, the Group provides benefits-in-kind such as private medical care and cars in accordance with the Human Resource Manual – Scheme and Conditions of Service of the Company.

The eligible employees (including Executive Directors) of the Group are also participating in the Long Term Incentive Plan implemented by IJM, which comprise of the Employee Share Option Scheme and Employee Share Grant Plan.

In the case of Non-Executive Directors, the remuneration philosophy is to establish a remuneration structure that commensurates with the contribution and level of responsibilities undertaken by a particular Non-Executive Director. A review of the remuneration for the Non-Executive Directors was undertaken for the financial year to ensure that the remuneration is fair and reasonable compared to other companies of a similar nature, size and complexity.
Directors’ Remuneration

The details of the remuneration of Directors during the financial year are as follows:

A. The Directors’ total remuneration consists of different components as shown in the table below:

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<thead>
<tr>
<th></th>
<th>SALARIES RM’000</th>
<th>FEES RM’000</th>
<th>BONUS, INCENTIVES &amp; OTHERS RM’000</th>
<th>BENEFITS-IN-KIND RM’000</th>
<th>TOTAL RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Directors</td>
<td>1,712</td>
<td>–</td>
<td>2,113</td>
<td>114</td>
<td>3,939</td>
</tr>
<tr>
<td>Non-Executive Directors</td>
<td>–</td>
<td>743</td>
<td>42*</td>
<td>–</td>
<td>785</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,712</td>
<td>743</td>
<td>2,155</td>
<td>114</td>
<td>4,724</td>
</tr>
</tbody>
</table>

* Meeting allowance paid/payable to the Non-Executive Directors for Board and Board Committees meetings attended during the financial year.

B. Aggregate remuneration of each Director:

<table>
<thead>
<tr>
<th></th>
<th>RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Directors</td>
<td></td>
</tr>
<tr>
<td>Joseph Tek Choon Yee</td>
<td>2,029</td>
</tr>
<tr>
<td>Purushothaman A/L Kumaran</td>
<td>1,910</td>
</tr>
<tr>
<td>Non-Executive Directors</td>
<td></td>
</tr>
<tr>
<td>Tan Sri Dato’ Wong See Wah</td>
<td>180</td>
</tr>
<tr>
<td>M. Ramachandran A/L V.D. Nair</td>
<td>153</td>
</tr>
<tr>
<td>Pushpanathan A/L S A Kanagarayar</td>
<td>158</td>
</tr>
<tr>
<td>Tan Sri Dato’ Tan Boon Seng @ Krishnan</td>
<td>92</td>
</tr>
<tr>
<td>Dato’ Soam Heng Choon</td>
<td>148</td>
</tr>
<tr>
<td>Datuk Dr. Choo Yuen May (Appointed on 1 November 2016)</td>
<td>54</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4,724</td>
</tr>
</tbody>
</table>

C. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

1. Dialogue between the Company and Investors

The Company places great importance in ensuring the highest standards of transparency and accountability in the disclosure of pertinent information to its shareholders as well as to potential investors, analysts and the public.

Timely announcements and disclosures to Bursa Securities are made, including the release of financial results on a quarterly basis, with the view to providing the shareholders and the investing public with an updated overview of the Group’s performance and operations.

The Group and Company’s full year audited financial results are released within two (2) months after the financial year end. A comprehensive annual report is released within four (4) months after the financial year end.

The Group conducts regular dialogues with financial analysts. At least two (2) scheduled IJM Group Briefings are held each year, usually coinciding with the release of the IJM Group’s second and final quarterly results, to explain the results achieved as well as the strategies going forward.

The Company also participates in several institutional investor forums both locally and outside Malaysia. The summary of the Group’s investor relations activities during the financial year and additional corporate information and/or disclosures of the Group are available for reference at www.ijm.com/plantation.

Any information that may be regarded as material would not be given to any single shareholder or shareholder group on a selective basis except to the extent of their representation on the Board.
2. General Meetings

The AGM is the principal forum for dialogue with shareholders. The notice of meeting and the annual report for 2017 are sent out to shareholders at least 28 days before the date of the meeting in line with the recommendation in the New Code.

All Directors had attended the AGM held during the financial year. At the AGM, a presentation was given to shareholders by the CEO & MD to explain the Group’s strategy, performance and major developments, including the responses to questions raised by the Minority Shareholder Watchdog Group (“MSWG”) in relation to the operational and financial performance of the Group, which were submitted by MSWG prior to the AGM. The Board encourages shareholders to participate in the question and answer session at all general meetings.

Shareholders are encouraged to be aware of their rights with regards to the convening of general meetings and appointment of proxies. The details of the shareholder’s rights are available for reference at www.ijm.com/plantation.

At the last AGM, all shareholders were briefed on the voting procedures by the poll administrator prior to the poll voting and an independent Scrutineer was appointed to validate the votes cast and announce the poll results.

The extract of minutes of general meetings (including the list of attendance of Directors, pertinent questions raised by shareholders and the respective responses, and outcome of the voting results) are made available to the shareholders and public for reference at www.ijm.com/plantation.

A press conference is normally held after each AGM and/or General Meeting of the Company to provide the media an opportunity to receive an update from the Board on the proceedings at the meetings and to address any queries or areas of interest.

3. Dividend Policy

The Company is committed to the payment of annual dividends. The quantum of dividends is determined after taking into account, inter alia, the level of available funds, the amount of retained earnings, capital expenditure commitments and other investment planning requirements.

The dividends for the current and preceding financial years are set out in the Management Discussion & Analysis on page 18. The details of the dividends (including unclaimed dividends) and other distributions are available for reference at www.ijm.com/plantation.

4. Openness and Transparency

The Group has established a comprehensive website at www.ijm.com/plantation, which includes a dedicated section on Investor Relations, to support its communication with the investor community. In the Investor Relations section, the information available includes the financial information, announcements and securities holdings of the substantial shareholders.

The Group has also included a Corporate Governance section on the website where information such as the Board Charter, CEC, Corporate Disclosure Policy, Diversity and Inclusion Policy, Board Diversity Policy and External Auditors Policy are made available to the shareholders and the public.

To better serve stakeholders of the Group, a feedback page on the website provides an avenue for stakeholders to suggest improvements to the Group via email: ijmir@ijm.com. In addition, stakeholders who wish to reach the Group can do so through the ‘Contact Us’ or ‘Feedback’ page.

Investor queries pertaining to financial performance or company developments may be directed to the Senior Manager (Investor Relations) of IJM, Mr Shane Guha Thakurta (Tel: +603-7985 8041, Fax: +603-7952 9388, E-mail: shanethakurta@ijm.com), whereas shareholder and company related queries may be referred to the Company Secretary, Ms Ng Yoke Kian (Tel: +603-7985 8131, Fax: +603-7952 1200, E-mail: csa@ijm.com).
D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board takes responsibility for the Company’s and Group’s announcements of quarterly unaudited and yearly audited financial statements. These reports are submitted to Bursa Securities within the prescribed period. The Board aims to present a balanced assessment of the Group’s position and prospects in these reports. This applies to other price sensitive public reports and reports to regulators as well.

The Audit Committee assists the Board in overseeing the financial reporting, which includes, adherence to the appropriate accounting standards, review of reasonableness of accounting policies used, integrity of the processes and controls in place.

2. Directors’ Responsibility Statement

The Companies Act 2016 (“the Act”) requires the Directors to cause the preparation of the financial statements for each financial year in accordance with the provisions of the Act and applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

The Directors have ensured that Management, in preparing the financial statements:

- adopted appropriate accounting policies which were consistently applied;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- considered the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operations for the foreseeable future.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the provisions of the Act.

The Directors have also taken such steps as are reasonably available to safeguard the assets of the Group, and to prevent fraud and other irregularities.

3. Risk Management and Internal Control

The Board is responsible for establishing and maintaining a sound risk management and internal control system to ensure that the shareholders’ investments, stakeholders' interest and assets of the Group are safeguarded. The Board through the Audit Committee evaluates the adequacy and effectiveness of the internal control system by reviewing the actions taken on lapses, recommendations of internal auditors and Management responses.

The Group’s Statement on Risk Management and Internal Control, which provides an overview of the risk management framework and state of internal control within the Group, is set out on pages 49 to 52.

4. Relationship with the Auditors

Through the Audit Committee, the Board has a direct relationship with the external auditors. The role of the Audit Committee in relation to the external auditors is set out on pages 45 to 48. The external auditors were invited and had attended all the Audit Committee meetings and AGM during the financial year.

The Audit Committee (together with the Chief Financial Officer and Chief Audit Executive) had undertaken an assessment on the suitability of the external auditors for the financial year pursuant to the External Auditors Policy, which has outlined the guidelines and procedures for the assessment and monitoring of external auditors. The details of the External Auditors Policy are available for reference at www.ijm.com/plantation.

The criteria for the External Auditors Assessment include quality of services, sufficiency of resources, communication and interaction, independence, objectivity and professional skepticism. There were no major concerns from the results of the assessment of the External Auditors. The Audit Committee was satisfied with the external auditors’ technical competency and audit independence.
5. Audit and Non-Audit Fees

The external auditors and their affiliated firms/corporations can be engaged to perform non-audit services that are not, and are nor perceived to be, in conflict with their role as the external auditors. The Group adopts the following three (3) basic principles for non-audit services:

(a) external auditors cannot function in the role of Management;
(b) external auditors cannot audit their own work; and
(c) external auditors cannot serve in an advocacy role for the Company and its subsidiaries.

The details of audit and non-audit fees for the financial year ended 31 March 2017 are set out in the Audit Committee Report.

6. Related Party Transactions

Related party transactions of the Group for the financial year are disclosed in Note 31 to the Financial Statements. Except for those disclosed in Note 31 to the Financial Statements, there were no material contracts of the Group involving Directors and major shareholders during the reporting period.

The Audit Committee had reviewed the related party transactions that arose within the Group to ensure that the transactions were fair and reasonable, not detrimental to the minority shareholders and were in the best interests of the Company.

E. SUSTAINABILITY

The Board places great importance on business sustainability and embraces it as an integral part of the Group’s business philosophy and corporate culture.

The Statement and Report on Sustainability which provides an overview of the sustainability framework, practices and activities, is set out on pages 53 to 95 and is available for reference at www.ijm.com/plantation under the Nurturing Sustainability section.
F. CODES AND POLICIES

1. Board Diversity Policy

The Company recognises that Board diversity enhances decision making capability and quality of the Board’s performance, and it believes that a truly diverse Board will leverage differences in perspective, knowledge, skill, industry experience, background, age, ethnicity, race and gender amongst the Directors, and these differences will be considered in determining the optimum composition of the Board. A Board Diversity Policy was adopted to set out the approach to achieve diversity on the Board.

The details of the Board Diversity Policy are available for reference at www.ijm.com/plantation.

2. Code of Ethics and Conduct

The Board has made a commitment to create a corporate culture within the Group to operate the businesses in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. The CEC of the Group which sets out the principles and standards of business ethics and conduct of the Group is applicable to all employees (including full time, probationary, contract and temporary staff) and Directors of the Group.

The CEC states that no Directors or employees shall use price sensitive non-public information, which can affect the prices of the securities of the Company when it becomes publicly known, for personal benefit. All the Directors and principal officers are advised on a quarterly basis their obligations to comply with the LR in relation to dealings in the securities of the Company prior to the release of the quarterly financial results.

The CEC also provides that Directors and employees should avoid involving themselves in situations where there are real or apparent conflict of interest between them as individuals and the interest of the Group. In addition, the Directors or employees shall avoid any situation in which they have interest in any entity or matters that may influence their judgment in the discharge of responsibilities. In the event the Directors are interested or deemed interested in any proposal, they will abstain from Board deliberation and also abstain from voting in respect of the resolution relating to the proposal.

The details of the CEC are available for reference at www.ijm.com/plantation.

3. Whistle-Blowing Policy

The Board encourages employees and associates to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Company. The Whistle-Blowing Policy adopted by the Company provides and facilitates a mechanism for any employee and associate to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse.

The Whistle-Blowing Policy is posted on the Company’s website at www.ijm.com/plantation for ease of access for reporting by employees, associates and third parties of the Group.

4. Corporate Disclosure Policy

The Board places importance in ensuring disclosures made to shareholders and investors are comprehensive, accurate and on a timely and even basis as they are critical towards building and maintaining corporate credibility and investor confidence. The Corporate Disclosure Policy of the Group has set out the policies and procedures for disclosure of material information of the Group. The policy is applicable to all employees (including full time, probationary, contract and temporary staff) and Directors of the Group.

The details of the Corporate Disclosure Policy are available for reference at www.ijm.com/plantation.

5. Diversity and Inclusion Policy

The Board believes that a diverse and inclusive workforce is a source of strength and a market differentiator, and embraces a philosophy of openness in acknowledging differences of opinions, cultures and contributions, and treating everyone with respect. The Diversity and Inclusion Policy adopted by the Company provides the guiding principles which are to promulgate basic human and labour rights and values to achieve organisational goals and maintain sustainable growth through a healthy, harmonious and professional workplace. The policy is applicable to all the employees and Directors of the Group.

The details of the Diversity and Inclusion Policy are available for reference at www.ijm.com/plantation.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 30 June 2017.