CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	5084
COMPANY NAME	**:**	IBRACO BERHAD
FINANCIAL YEAR	**:**	December 31, 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	:	The Board is collectively responsible for the stewardship of the Group's business and affairs, setting the Company's long-term strategic direction and safeguarding interests of the shareholders and other stakeholders. The Management, which led by the Managing Director ("MD"), is responsible in day-to-day operation of the Group's business activities in accordance with the direction of the Board. The Board has established various Board Committees to assist the Board in the running of the Group. The Board Committees are: (i) Audit committees ("AC"); (ii) Nomination Committee ("NC"); (iii) Remuneration Committee ("RC"); (iv) Risk Management Committee ("RMC"); and (v) Sustainability Committee ("SC"). The term of reference of each of the Board Committees is available on Ibraco's website at www.ibraco.com. The Board is committed in promoting good corporate governance ("CG") culture within the Company which reinforces ethical, prudent and professional behaviour, with reference to the MCCG in discharging its duties and responsibilities. The Board reviewed, deliberated and challenged the Management's proposed 2019 targets, providing guidance and feedback to the Management on the business opportunities as well as business risk to ensure the targets set are met and in line with the Company's long-term objectives. The Company's Board Charter has established clear functions reserved for the Board and those delegated to the Management, and also a set

	of Code of Conduct has been adopted to provide guidance on matters of professional and personal behaviour that applies to Directors, alternates and any person participating in Board meeting. Both the Board Charter and Code of Conduct are available on Ibraco's website at www.ibraco.com. The Board supervises and assesses the Management's performance via various measurements, namely the financial performance to be reported by the Management on quarterly basis, and NC's yearly assessments on performance of the Board, Board Committee, and individual directors. The RMC assists the Board to oversee the overall management of principal areas of risk of the Group. The RMC reports to the AC on the overall Group Risk Profile annually. The RMC will report separately to the AC on the additional new risks (if any) should there be any new proposal or project. The Board promotes effective and timely communication with its stakeholders to build investor confidence. A dedicated Investor Relations section is available on the Company's website at www.ibraco.com. Information released on Bursa Malaysia Securities Berhad is made available immediately after the announcement, and all newsletters issued by the Company are made available on the Company's website.	
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
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.

<table>
<tr><td>Application</td><td>:</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice</td><td>:</td><td colspan="2">The roles and responsibilities of the Chairman of the Board are clearly defined in the Board Charter, which is available on Ibraco's website at www.ibraco.com.

The Chairman, as the leader of the Board, sets the tone at the top and manages the effectiveness of the operation of the Board and Board Committees to ensure ethical business practices, compliance with laws and regulations, auditing and accounting principles and corporate governance.

The Chairman, who is assisted by the company secretary, sets the board agenda for each meeting and circulate to the Board Members according to the scheduled Board meeting dates in the annual meeting calendar. The Chairman's good leadership is acknowledged by the rating that is above average via the Self and Peer Assessment of the Board Members in the annual Board Effectiveness Evaluation.

The Chairman also maintains harmonious and open relationships with the MD.</td></tr>
<tr><td rowspan="2">Explanation for departure</td><td rowspan="2">:</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="4">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure</td><td>:</td><td colspan="2"></td></tr>
<tr><td>Timeframe</td><td>:</td><td></td><td></td></tr>
</table>

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	:	The positions of Chairman and CEO are held by two different individuals: (i) Mr. Ng Cheng Chuan – Chairman (ii) Datuk Chew Chiaw Han – Managing Director ("MD") (equivalent to CEO). The Chairman is responsible to effectiveness of the Board function, while the MD spearheads the business and day-to-day management of the Company. The roles and responsibilities of the Chairman and MD are clearly defined in the Board Charter, which is available on Ibraco's website at www.ibraco.com.	
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
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	:	Both Company Secretaries of Ibraco Berhad are qualified to act as company secretary under Section 235(2) of the Companies Act 2016, i.e. under approved bodies of Malaysian Institute of Accountants ("MIA") and Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The joint Company Secretaries regularly update and advise the Board on statutory and regulatory requirements, on the resultant implications of any changes in regulatory requirements to the Company and Directors in relation to their duties and responsibilities. The joint Company Secretaries also oversee adherence to Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators, as well as any changes to regulatory requirements that may affect the Company and the Board. The in-house Company Secretary attends all Board and Board Committee meetings, and ensures meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The Company Secretaries play an important role in the annual general meeting ("AGM"), which is held in May annually, to ensure the due processes and proceedings are in place and properly managed. The Company Secretaries will assist the Chairman and the Board to conduct the AGM and ensure the minutes are properly recorded, particularly the queries raised by the shareholders. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.
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

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	:	The annual meeting calendar is prepared and circulated in advance, i.e. in November of each year to facilitate the Directors' time planning. The annual meeting calendar includes scheduled dates for Board and Board Committees' meetings and Annual General Meeting. The meeting materials are circulated to Board or Board Committee members five (5) days in advance of the meetings, in order to ensure the members have sufficient time to review the relevant materials and be prepared for the meetings. The Notice of Board meetings are circulated to the Directors via email at least seven (7) days prior to the meeting. The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation. The in-house Company Secretary will communicate to the relevant Management the Board's decision/recommendations for appropriate actions to be taken. All decision/recommendations will be follow up with the Management on the status of actions taken, and the action items would stay as matters arising in the minutes of meetings until they are resolved.	
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	:	The Board Charter was established and formalized, which clearly sets out the roles and responsibilities of the Board and serves as a reference for Board activities. It has also established clear functions reserved for the Board and those delegated to the Management. The Board has adopted a Code of Ethics and has in place with a Whistle-Blowing Policy. The roles and responsibilities of Chairman, CEO/Managing Director, Individual Directors, Senior Independent Director are clearly defined in the Board Charter. The Board Charter is reviewed on annual basis to ensure it remains consistent with the Board's objectives which in line with the Group's direction and any new regulations that may impact the Board's responsibilities. The Board Charter is available on Ibraco's website at www.ibraco.com.	
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

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	:	The Board has adopted a Code of Ethics, which is available on Ibraco's website at www.ibraco.com. Directors' Code of Ethics has been adopted by the Board to provide guidance on matters on professional and personal behaviour and applies to Directors, alternates and any accompanying person participating in Board Meetings, in relation to comply with laws, rules and regulations, duty to act in the interest of Ibraco Group, confidentiality, conflict of interest and prohibition of insider trading. The Code of Ethics is subject to periodical review.	
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

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	:	The Whistle-Blowing Policy has been established to encourage all employee to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way. This Policy provides an avenue for employees to reports without fear of reprisals and safeguard such person's confidentiality, and provide a transparent and confidential process for dealing with concerns. The reporting procedure is clearly defined in the Policy, which is available on Ibraco's website at www.ibraco.com. Employee is required to report to the Head of Department ("HOD"), or to Appointed Persons should the HOD has not resolved the concern. A Senior Independent Director has been identified and to be reported when unresolved concern cannot be discussed with the Appointed Persons. There was no whistle-blower complaint raised during the year of 2018.
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
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	:	The Board has fulfilled the Listing Requirements 15.02(1) of Bursa Securities that at least 1/3 of the Board must be Independent Directors. The Board also acknowledged that MCCG called upon companies to have at least half of the Board composed of Independent Directors in order to foster greater objectivity in the board room. However, the Directors, with their diverse professional backgrounds and specialisations, collectively bring considerable knowledge, independent judgements and expertise to the Board. Further, with the current Board composition, there is no disproportionate imbalance of power and authority on the Board between the Non-Independent and Independent Directors. Nevertheless, the Board will continue to monitor and review the Board size and composition from time to time.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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	:	Applied - Two Tier Voting	
Explanation on application of the practice	:	As required in Practice 4.2 the Board should justify and seek annual shareholders' approval for the retention of the Independent Directors ("IDs") who have served the Company for more than nine years. Datuk (Dr.) Philip Ting Ding Ing (appointed on 1 April 2001) and Mr. Guido Paul Philip Joseph Ravelli (appointed on 1 May 2002) have served the Company for more than twelve years. Their re-appointment as IDs were approved by the shareholders via two-tier voting in 46th Annual General Meeting ("AGM") held on 25 May 2018. Mr. Ng Kee Tiong (appointed on 15 April 2010) has served the Company for more than nine years by year 2019. The Board is satisfied with the skills, contribution and independent judgement that they bring to the Board. In view thereof, the Board recommends and supports their re-appointment as Independent Director of the Company, which will be tabled for shareholders' approval at the forthcoming 47th AGM of the Company. Since both Datuk (Dr.) Philip Ting Ding Ing and Mr. Guido Paul Philip Joseph Ravelli have served the Company more than twelve years, the shareholders' approval will be sought through two-tier voting process.	
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
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 :	Not Adopted
Explanation on adoption of the practice :	

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.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The Nomination Committee ("NC") assess the suitability of the candidates before recommending the candidates to the Board for appointment. The Board and the NC take into account the diversity in skills, experience, age, cultural background and nationality when seek for potential candidates.

For the financial year under review, the NC has conducted its annual assessment of the Board, Board Committees, Individual Directors and the performance of Managing Director using a set of detailed questionnaire completed by Directors. The scope of assessment covered the following:-
(i) the mix of skills, expertise, composition, size and experience required by the Board;
(ii) the contribution and effectiveness of Individual Director via peers and self-assessment;
(iii) the effectiveness of the Board and its committees;
(iv) assess the independence of the Independent Directors;
(v) the composition, effectiveness, competency and performance of the Audit Committee and the performance of the Managing Director.

The results of the assessment were compiled by the Company Secretary and tabled to the Board for review and deliberation. The Board are satisfied that the size of the Board and those of the various committees is optimum and concluded that the composition of the Board has an appropriate mix of skills and core competencies and that all the members of the Board and various committees are suitably qualified to hold their portions as Directors in view of their respective academic and professional qualifications, experience and qualities.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

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	:	Applied	
Explanation on application of the practice	:	The Board has adopted a Board Diversity Policy, which is available on Ibraco's website at www.ibraco.com and also disclosed in the annual report. Ibraco Berhad recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element towards achieving sustainable business growth. The Board is aware of the gender diversity as set out in the Practice. When appointing a Director, the NC and the Board will evaluate the candidate giving due consideration for boardroom diversity. Currently, there is one woman Director on the Board. Apart from the Board, the Group promotes gender diversity at the Management and staff level. The Group recorded 32% of female workforce at Group level and 38% female at Senior Management level.	
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
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	:	The assessment and nomination of new Directors are performed by the Nomination Committee. There was no new appointment made since year 2010.	
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
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	:	The Nominating Committee is chaired by the Senior Independent Director ("SID"), Mr. Guido Paul Philip Joseph Ravelli.	
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
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 :	For the financial year under review, the NC has conducted its annual assessment of the Board, Board Committees, Individual Directors and the performance of Managing Director using a set of detailed questionnaire completed by Directors. The scope of assessment covered the following:- (i) the mix of skills, expertise, composition, size and experience required by the Board; (ii) the contribution and effectiveness of Individual Director via peers and self-assessment; (iii) the effectiveness of the Board and its committees; (iv) assess the independence of the Independent Directors; (v) the composition, effectiveness, competency and performance of the Audit Committee and the performance of the Managing Director. The results of the assessment were compiled by the Company Secretary and tabled to the Board for review and deliberation. The Board are satisfied that the size of the Board and those of the various committees is optimum and concluded that the composition of the Board has an appropriate mix of skills and core competencies and that all the members of the Board and various committees are suitably qualified to hold their portions as Directors in view of their respective academic and professional qualifications, experience and qualities.	
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
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	:	Remuneration package for Executive Directors are determined by Remuneration Committee ("RC") and recommend for Board's approval. Remuneration package for Non-Executive Directors ("NED") are fixed according to the responsibilities held by each NED, and any changes to the benefit arrangements applicable to the Directors are subjected to shareholders' approval in general meeting in accordance with Section 230 of the Companies Act 2016.	
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

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	:	The Terms of Reference ("TOR") of Remuneration Committee ("RC") is accessible on Ibraco's website at www.ibraco.com. The RC is chaired by Senior Independent Director, Mr. Guido Paul Philip Joseph Ravelli. The Board is satisfied that RC has effectively and efficiently discharged its roles and responsibilities which includes reviews of the remuneration for Board, Board Committees, MD and CFO.	
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

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	:	The details of the Directors' remuneration breakdown on named basis for the financial year ended 31 December 2018 are disclosed in the Corporate Governance Overview Statement of Ibraco 2018 Annual Report.	
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

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	:	The Company does not comply with Practice 7.2 to disclose the top five senior management's remuneration component in bands of RM50,000 on a named basis due to confidentiality, negative impact arising from the disclosure and to maintain a stable working environment for long-term strategic goals.	
		The Company has disclosed the aggregate remuneration, including salary, bonus, benefits-in-kind and other emoluments, of key personnel for the financial year ended 31 December 2018 in the Corporate Governance Overview Statement of Ibraco 2018 Annual Report.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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	:	

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	:	The Audit Committee ("AC") comprises three (3) members, whom two (2) of the members are Independent Non-Executive Directors ("INED"), and one (1) is Non-Independent Non-Executive Director. Mr. Ng Kee Tiong, the AC Chairman, is a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants of United Kingdom. Mr. Ng is an INED and is appointed as the AC Chairman since 15 April 2010. The Chairman of the Board is Mr. Ng Cheng Chuan.	
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 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.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The practice has always been adopted by the Company and stated in Terms of Reference of the Audit Committee in accordance to the requirement, i.e. No former key audit partner shall be appointed as a member of the Committee before observing a cooling-off period of at least two (2) years.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2">Please explain the measure(s) the company has taken or intend to take to adopt the practice.</td></tr>
<tr><td colspan="2">Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</td></tr>
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<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe</td><td></td><td></td></tr>
</table>

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	:	One of the functions of the Audit Committee ("AC") is to assess the suitability, effectiveness and independence of the external auditors. The AC reviews the external auditors' performance on annual basis, to assess the quality of their performance and if satisfied, recommend for re-appointment. The external auditors, Messrs. Ernst & Young ("EY") has tabled 2018 Audit Plan to AC on 16 November 2018. The Audit Plan outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters. On 29 March 2019, the AC undertook an annual assessment of the suitability, effectiveness and independence of the external auditors, taking into consideration the Management's feedback on external auditors' performance. Assessment questionnaires were used as a tool to obtain input from the personnel who had substantial contact with the external auditors throughout the year. External auditors' performance was rated using a five-point scale on their ability to provide advice, suggestions or clarifications relating to the presentation of financial statements, ability to provide realistic analysis of issues using technical knowledge and independent judgement, and maintain active engagement, through both verbal and written communication during the audit process, including their responsiveness to issues. The AC also took into account the observations of the audit engagement partner and engagement team's performance during the meetings held between the AC and the external auditors in February, March and November 2018 respectively. In February 2019, EY in its presentation of Audit Results to AC provided a written assurance that they had been independent throughout the audit engagement for the financial year ended 31 December 2018 in accordance with the terms of all relevant professional and regulatory requirements. Based on the evaluation conducted, the AC is satisfied with the external auditors' performance, technical competency and audit independence. The AC recommended and approved by the Board in March 2019, that

	shareholders' approval to be sought at the forthcoming 47th Annual General Meeting on the re-appointment of EY as the Auditors of the Company for the financial year ending 31 December 2019.
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 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	:	Not Adopted
Explanation on adoption of the practice	:	

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	:	Collectively, the Audit Committee ("AC") members have a wide range of necessary skills, knowledge and experiences to discharge their duties, ranges from accounting and construction. The Chairman of the AC is a member of the Malaysian Institute of Accountants and also a fellow member of the Association of Chartered Accountants of United Kingdom. The profile of each AC member is set out in the Profile of Directors of Ibraco 2018 Annual Report. The AC members are financially literate, and have carried out their duties in accordance with the Terms of Reference of the AC, where the AC members review the quarterly results and year-end financial statements, focus particularly on: - changes in or implementation of major accounting policy changes; - significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed; - compliance with accounting standards and other legal requirements; and - any related party transactions and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of Management's integrity. The AC also seeks explanations and additional information from the Chief Financial Officer and the Senior Management in regard to the financial performance and the preparation of the financial statements. During financial year 2018, the AC members have attended conference and trainings on areas relevant to their duties and responsibilities to

	keep themselves abreast of the latest development in accounting and auditing standards, practices and rules. The details of the continuous professional development undertaken by the AC members are set out below: - Audit Committee Conference 2018; and - Sustainability Awareness for Board of Directors.	
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 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	:	The Board recognises the importance of the roles of sound risk management and internal control system in promoting good corporate governance. The risk management and internal control system is designed to gear the Group into meeting its business goals and objectives and to manage the risks to which it is exposed, where the Board and the Management acknowledge that such risks cannot be completely eliminated. The Statement on Risk Management and Internal Control is set out in Ibraco 2018 Annual Report.	
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 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	:	The features of the risk management and internal control framework, and the adequacy and effectiveness of this framework are set out in the Statement of Risk Management and Internal Control of Ibraco 2018 Annual Report.	
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 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	:	Not Adopted
Explanation on adoption of the practice	:	

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	:	Ibraco Group has established an in-house Internal Audit Department, which is led by Group Internal Auditor ("GIA") who reports directly to the AC, to assist the AC in discharging its duties and responsibilities. The Department undertakes regular, independent and systematic reviews of the internal control system so as to provide reasonable assurance that such systems will continue to operate effectively, efficiently and economically in accordance with the Group's overall objectives and goals. The in-house Internal Audit Department is guided by the Internal Audit Charter as well as the Professional Practices Framework in assessing the reporting on the adequacy and effectiveness of the internal control, governance and risk management processes. Internal Audit Charter emphasizes independence is essential to the effectiveness of the Internal Audit function. As guided by the Charter, internal audit has no direct authority or responsibility for the activities it audited. The internal audit has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line processing functions or activities. The GIA has direct access and unrestricted to the AC, Management and the Board. Periodic meetings, without the presence of Management will be held between the GIA and the AC. The Board is responsible to approve any change to the position of the Group Internal Auditor, and the AC will be consulted as part of the process. The AC is responsible to review the responsibilities and staffing of the Internal Audit Department and also the quality control procedure of the Department. On 16 November 2018, the AC approved the audit plan 2019 that presented by GIA. The results of the audits as disclosed in the IA reports were reviewed by the AC, and the relevant Management members are responsible to ensure that corrective actions on reported weaknesses were taken within the required timeframes.

	The IA personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at trainings/workshops. The details of the AC's oversight over the IA function are set out under the Audit Committee Report of Ibraco 2018 Annual Report.	
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	:	The in-house Internal Audit Department is guided by the Internal Audit Charter as well as the Professional Practices Framework in assessing the reporting on the adequacy and effectiveness of the internal control, governance and risk management processes. Internal Audit Charter emphasizes independence is essential to the effectiveness of the Internal Audit function. As guided by the Charter, internal audit has no direct authority or responsibility for the activities it audited. The internal audit has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line processing functions or activities. The IA Department is led the Group Internal Auditor ("GIA"). The GIA, Ms. Lily Tang, is a member of the Malaysian Institute of Accountants ("MIA"), Certified Practising Accountants, Australia ("CPA") and an associate member of Institute of Internal Auditors Malaysia ("IIAM"). On 16 November 2018, the AC has conducted annual appraisal and assessment on GIA's performance and Internal Audit function. The AC was satisfied with the competency, experience and resources of the Internal Audit function for discharging its role and responsibilities. Upon re-designation of Ms. Lily in November 2018, Ms. Ng Suk Ling, has been appointed as the GIA. Ms. Ng, is a member of the MIA, fellow member of the Association of Chartered Certified Accountants and an associate member of IIAM. The GIA is assisted by an Internal Audit Executive.	
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 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	:	The Board has set out Shareholders' Communication Policy that covered standards and requirements in relation to communicating with the shareholders, which is available on Ibraco's website at www.ibraco.com. A dedicated Investor Relation section is available on Ibraco's website, where information released by the Company to Bursa Malaysia Securities Berhad is made available immediately after the announcement, and all newsletters issued by the Company are made available on the Company's website.	
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 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	:	Not applicable as the Company is not a Large Company under MCCG	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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 Notice of Ibraco's 47th Annual General Meeting was given to shareholders 28 days prior to the date of Annual General Meeting.	
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

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.

<table>
<tr><td>Application</td><td>:</td><td colspan="2">Departure</td></tr>
<tr><td>Explanation on application of the practice</td><td>:</td><td colspan="2"></td></tr>
<tr><td rowspan="2">Explanation for departure</td><td rowspan="2">:</td><td colspan="2">The 46th Annual General Meeting ("AGM") was held on 25 May 2018, where all Directors attended the Meeting, except for Mr. Ng Cheng Chuan, as he was at overseas during the period.

The Chair of the Audit, Nominating, Risk Management and other committees were presented at the Meeting and ready to provide response to questions addressed to them. No question was raised during the Meeting.

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements, all resolutions tabled at the General Meeting were voted by electronic poll at the 46th AGM. An Independent Scrutineer was appointed to validate the votes casted at the AGM.</td></tr>
<tr><td colspan="2">All directors are encouraged to attend the General Meetings.</td></tr>
<tr><td colspan="4">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure</td><td>:</td><td colspan="2">Please explain the measure(s) the company has taken or intend to take to adopt the practice.</td></tr>
<tr><td>Timeframe</td><td>:</td><td>Choose an item.</td><td></td></tr>
</table>

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	:	In the 46th Annual General Meeting ("AGM"), voting was conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements.	
		Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at the General Meeting.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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.

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