

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5084
COMPANY NAME : IBRACO BERHAD
FINANCIAL YEAR : December 31, 2022

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is collectively responsible for the stewardship of the Group's business and affairs, setting and ensuring that the strategic plan supports long term value creation and includes economic, environmental, social and governance consideration underpinning sustainability.</p> <p>The Management, led by the Group Managing Director ("GMD"), is responsible for the day-to-day operation of the Group's business activities in accordance with the direction of the Board.</p> <p>The Board has established various Board Committees to assist the Board in the running of the Group. The Board Committees are:</p> <ul style="list-style-type: none">(i) Audit committees ("AC");(ii) Nomination and Remuneration Committee ("NRC");(iii) Risk Management Committee ("RMC"); and(iv) Sustainability Committee ("SC"). <p>The term of reference of each of the Board Committees is available on Ibraco's website at www.ibraco.com.</p> <p>The Board is committed to conduct business operations integrate with good corporate governance ("CG") practice throughout the Group, which reinforces ethical, prudent and professional behaviour, with reference to the Malaysian Code on Corporate Governance ("MCCG") in discharging its duties and responsibilities.</p> <p>The Board reviewed and deliberated the Management's proposed annual target, 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.</p> <p>The Company's Board Charter has established clear functions reserved</p> |

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| | <p>for the Board and those delegated to the Management. The Company has adopted a set of Code of Conduct and Ethics to establish a strong corporate culture to guide Directors and employees to commit themselves to ethical standards and conduct at work.</p> <p>Whistle-blower Policy has also been established to encourage all employees or members of the public 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.</p> <p>The Board Charter, Code of Conduct and Ethics and Whistle-blower Policy are available on Ibraco's website at www.ibraco.com.</p> <p>The Board supervises and assesses the Management's performance via various measurements, namely the financial performance to be reported by the Management on a quarterly basis, and NRC's yearly assessments on the performance of the Board, Board Committees, and individual directors.</p> <p>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.</p> <p>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.</p> |
| <p>Explanation for departure</p> | <p>:</p> |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | |
| <p>Measure</p> | <p>:</p> |
| <p>Timeframe</p> | <p>:</p> |

Intended Outcome

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>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.</p> <p>The Chairman providing leadership for the Board to ensure the effectiveness of the Board functions, and encourages participation and deliberation by all the Board members.</p> <p>The Chairman, who is assisted by the company secretary, sets the board agenda for each meeting and ensures adequate time is allocated for discussion of issues tabled to the board for deliberation. Directors receive complete and accurate information in a timely manner prior to Board meetings.</p> <p>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.</p> <p>The Chairman also maintains harmonious and open lines of communication with the GMD.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
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Intended Outcome

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

Practice 1.3

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>To ensure balance of authority and power, the role of Chairman and CEO are held by two different individuals:</p> <p>(i) Mr. Ng Cheng Chuan – Chairman (ii) Datuk Chew Chiaw Han – Group Managing Director (“GMD”) (equivalent to CEO).</p> <p>The Chairman is responsible to set tone at the top, and ensure effectiveness of the Board functions, while the GMD spearheads the business and day-to-day management of the Company.</p> <p>The roles and responsibilities of the Chairman and GMD are clearly defined in the Board Charter, which is available on Ibraco’s website at www.ibraco.com.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : Mr. Ng Cheng Chuan, the Chairman of the Board is not a member of any Board Committee for the year ended 31 December 2022 and has not received invitations from Ibraco's Board Committees to participate in any meetings held in order to maintain independency. Mr Ng Cheng Chuan solely focuses to execute his fiduciary duties as Chairman of the Ibraco Board as provided for in Practice 1.2. (Mr Ng Cheng Chuan has ceased to be a member of the AC and NRC effective 22 April 2022 upon the appointment of a new Independent Director, Ms. Wong Siaw Wei). |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

Intended Outcome

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

Practice 1.5

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>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").</p> <p>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.</p> <p>The in-house Company Secretary ensures the Board papers are circulated prior to the Board meetings to ensure sufficient time is given to the Directors to read and seek any clarification that they may need from the Management or Company Secretaries or consult independent advisers, before Board Meetings. Moreover, the in-house Company Secretary also 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.</p> <p>The Company Secretaries play an important role in the annual general meeting ("AGM") 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.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.</p> |
| Explanation for departure | : | |

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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
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Intended Outcome

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

Practice 1.6

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The annual calendar of Board meetings, Board Committees meetings and the AGM is circulated in advance, i.e. in November of each year to ensure sufficient time is given to the Directors to plan their schedules and enable them to attend the meetings.</p> <p>Board committee meetings were conducted separately from the board meeting to enable objective and independent discussion during the meeting.</p> <p>Notices of meetings are circulated at least seven (7) days prior to the date of Board and Board Committees meetings except for special meetings convened to discuss urgent matters.</p> <p>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.</p> <p>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.</p> <p>The in-house Company Secretary will communicate with the relevant Management of the Board's decisions/recommendations for appropriate actions to be taken. All decisions/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.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>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 and those delegated to the Management. The roles and responsibilities of the Chairman, Group Managing Director, Individual Directors and Senior Independent Director are clearly defined in the Board Charter.</p> <p>The Board Charter is reviewed on annual basis to ensure it remains consistent with the Board's objectives which are in line with the Group's direction and any new regulations that may impact the Board's responsibilities.</p> <p>The Board Charter is available on Ibraco's website at www.ibraco.com.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has adopted a set of Code of Conduct and Ethics to establish a strong corporate culture to guide Directors and employees to commit themselves to ethical standards and conduct at work.</p> <p>Besides that, the Board has also established a set of Anti-Bribery and Corruption Policy to commit integrity in conducting business in accordance with the guidance of the Guidelines on Adequate Procedures issued pursuant to section 17A(5) of the Malaysia Anti-Corruption Commission Act 2009.</p> <p>All new directors and employees are briefed on the Code of Conduct and Ethics and the Anti-Bribery and Corruption Policy during their induction and orientation process upon joining the Group.</p> <p>The Anti-Bribery and Corruption Policy is served as Ibraco's overall position on bribery and corruption in all its forms and Directors are bound to this Policy and shall act professionally with integrity in their performance of their duties. The Anti-Bribery and Corruption Policy is also extended to our business associates.</p> <p>Both the Code of Conduct and Ethics and the Anti-Bribery and Corruption Policy are subject to periodical review, and are accessible on Ibraco's website at www.ibraco.com.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Whistle-Blowing Policy has been established to encourage all employee or members of the public 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.</p> <p>This Policy provides an avenue for employees and members of the public to report without fear of reprisals and safeguard such person's confidentiality, and provide a transparent and confidential process for dealing with concerns.</p> <p>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 concerns cannot be discussed with the Appointed Persons.</p> <p>Member of the public is required to report to the Company Secretary if he/she has knowledge or is aware that any misconduct has been, is being, or likely to be committed within the Company. There was no whistle-blower complaint raised during the year of 2022</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>Under the stewardship of the Board, the Sustainability Committee is put in place to oversee and ensure the Group conducts its business in a responsible manner, in relation to its impact on the environment, economy and society. The Sustainability Committee executes its roles and responsibilities as prescribed by its TOR.</p> <p>The Sustainability Committee, which is chaired by our Senior Independent Director, is assisted by the Sustainability Working Committee, which comprises the Heads of Departments to discharge duties of embedding a sustainability culture in our daily business.</p> <p>Further details on the sustainability governance structure are provided in the Sustainability Statement of the Annual Report 2022.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Sustainability Committee has identified sustainability matters in relations to Ibraco's property development and construction activities and their impact on the environment, economy and society including stakeholders' needs and expectations. It has also incorporated material sustainability matters into the risk management framework to ensure they are addressed as part of the organisation's risks and opportunities. All material sustainability matters are handled by relevant departments, where sustainability development is linked to their departmental key performance indicators.</p> <p>The detailed approach of the sustainability strategies, priorities and targets as well as performance are set out in the Sustainability Statement on pages 16 to 27 of the Annual Report 2022</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

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| Application | : | Applied | |
| Explanation on application of the practice | : | All Board members continue to keep themselves abreast with the latest developments in the area of Environment, Social and Governance. Directors take it upon themselves to avail themselves of available information. The Board is briefed by the Management on sustainability issues that relevant to the Group and being updated on sustainability initiatives undertaken by the Group which are guided by the Group's policy within the domain of Economic, Environment and Social. The Group's commitment towards sustainability is set out in the Sustainability Statement on pages 16 to 27 of the Annual Report 2022. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nomination and Remuneration Committee carried out annual assessment of the performance of the Directors as well as the Group Managing Director. Within the evaluation, individuals are assessed on their contribution and commitment towards the Group Sustainability targets.</p> <p>The KPIs of Senior Management's performance in addressing the Company's material sustainability risks and opportunities have been incorporated in the annual performance evaluation.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

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| Application | : | Adopted |
| Explanation on adoption of the practice | : | The Corporate Affairs Manager is the designated person within the working levels of the Group to coordinate managing sustainability related matters. |

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The composition, balance and size of the Board is reviewed by the Nomination & Remuneration Committee ("NRC") to ensure its appropriateness and effectiveness.</p> <p>On 22 April 2022, Ms Wong Siaw Wei was appointed as the new Independent Non-Executive Director.</p> <p>In order to ensure a person to be appointed or elected/re-elected as a Director of the Company possesses the necessary quality and character as well as integrity, competency and commitment, the Board had in June 2022 adopted a Directors' Fit and Proper Policy which serves as a guide for the NRC and the Board in their review and assessment of candidates or re-elected Directors.</p> <p>During the year, The NRC has evaluated and assessed on the performance and contribution of each Director for recommending whether the retiring Director should be nominated for re-election at the forthcoming Annual General Meeting ("AGM"). The NRC also reviewed the mix of skills, knowledge, professionalism, integrity and experience, and other qualities to enable the Board to function completely and efficiently as well as the size, structure and composition of the Board.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.2

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

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| 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 boardroom. 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 | |
| | | The Board assessed the independence of each Independent Director on annual basis in addition to annual self-declaration of independency by the Independent Director. All the Independent Directors satisfied the independence criteria as set out in the Listing requirement. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| 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 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Nomination and Remuneration Committee is cognisant of the proposed amendments to the MMLR of Bursa Securities which will take effect on 1 June 2023 whereby a person can serve as an independent director for not more than twelve (12) years. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

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| 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 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nomination and Remuneration Committee (“NRC”) assess the suitability of the candidates before recommending the candidates to the Board for appointment. The Board and the NRC take into account the diversity in skills, experience, age, cultural background and nationality when seek for potential candidates.</p> <p>The Directors’ Fit and Proper Policy adopted by the Board will serve as a guide for the NRC and the Board in their review and assessment of candidates.</p> <p>For the financial year under review, the NRC has conducted its annual assessment of the Board, Board Committees, Individual Directors and the performance of Group Managing Director using a set of detailed questionnaire completed by Directors. The scope of assessment covered the following:-</p> <ul style="list-style-type: none">(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; and(v) the composition, effectiveness, competency and performance of the Audit Committee and the performance of the Group Managing Director. <p>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 are 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.</p> |

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| Explanation for departure : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board does not solely rely on recommendations from existing Board Members, Management or Major Shareholders. The Nomination and Remuneration Committee (“NRC”) is guided by its Terms of Reference in carrying out its responsibilities in respect of the nomination, selection and appointment process in Ibraco.</p> <p>The search methods employed by Ibraco’s NRC in finding suitable candidates include sourcing from a directors’ registry, considers recommendations of directors of other listed companies from business associates and through other networking sources.</p> <p>During the year under review, Ms Wong Siaw Wei was appointed as an Independent Non-Executive Director of the Company on 22 April 2022 via an independent source.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The information of the Board of Directors and their respective profiles, position, age, gender, nationality or relationship are included in the Board of Directors' Profile in the Annual Report 2022 on page 5 to 8, whereas their interest is included in the Analysis of Shareholdings on page 144.</p> <p>Pursuant to Directors' Fit and Proper Policy, the Directors who are seeking re-election had provided their declarations in relation to the compliance with legal obligations, regulatory requirements and professional standards; personal and financial integrity as well as time commitment.</p> <p>The Board through the Nomination and Remuneration Committee had undertaken an annual assessment on the Directors whose are seeking for re-election pursuant the Company's Constitution prior to include the Board's statement of support on the re-appointment of the Directors in the explanatory note of notice of Annual General Meeting and the Corporate Governance Overview Statement in the Annual Report 2022</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.8

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | During the year, the Nomination & Remuneration Committee (“NRC”) was chaired by Mr. Guido Paul Philip Joseph Ravelli, who was the Senior Independent Non-Executive Director. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

| | | |
|--|---|---|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>braco 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.</p> <p>For the financial year ended 31 December 2022, the Company has two (2) women Directors out of Seven (7) Directors. Ibraco has increased the composition of women directors to 29% from the previous 14%.</p> <p>The Board will attempt to meet the 30% women Director requirement as soon as practicable.</p> <p>Apart from the Board, the Group promotes gender diversity at the Management and staff level. The Group recorded 38% of female workforce at Group level with 60% female at Senior Management level.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | The Board will appoint an additional woman director to the Board in financial year 2023. |
| Timeframe | : | Within 1 year |

Intended Outcome

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

Practice 5.10

The board discloses in its annual report the company’s policy on gender diversity for the board and senior management.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>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.</p> <p>In the future, the Board when sourcing for suitable candidates for any vacant Board and senior management would take into consideration suitable qualified women candidates, in line with the recommendation of the MCCG.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

| | |
|--|--|
| <i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : For the financial year under review, the Nomination and Remuneration Committee (“NRC”) has conducted its annual assessment of the Board, Board Committees, Individual Directors and the performance of Group 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 and tenure of the Independent Directors; and (v) the composition, effectiveness, competency and performance of the Audit Committee and the performance of the Group 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 are 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 positions 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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established the Group's remuneration 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.</p> <p>100% of directors and employees receive a performance assessment or appraisal. Directors and senior management are assessed based on set criteria.</p> <p>The Board as a whole, decides fees payable to Non-Executive Directors before they are presented for approval by shareholders at the Annual General Meeting. Individual directors recusing themselves from discussions and decisions regarding their own remuneration package.</p> <p>The remuneration policies are available on Ibraco's website at www.ibraco.com.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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 7.2

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

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Terms of Reference ("TOR") of Nomination and Remuneration Committee ("NRC") is accessible on Ibraco's website at www.ibraco.com.</p> <p>The TOR empowered the NRC to review and recommend the remuneration packages of both non-Executive and Executive Directors and subsequently for shareholders' approval. The NRC has delegated to the GMD to determine the remuneration package for Senior Management. At present, Ibraco's Board and Senior Management remuneration remains fair and competitive to attract and retain the right talent in Ibraco to drive Ibraco's long-term objectives.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 8.1

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 detailed disclosure of all Directors remuneration including fees, allowances and emoluments is shown in the Corporate Governance Statement in the Annual Report 2022. |

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|----|----------------------------------|--|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|
| | | | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | Datuk Chew Chiaw Han | Executive Director | Input info here | Input info here | 1,020,000 | 255,000 | 42,395 | 153,000 | 1,470,395 | 18,000 | Input info here | 1,020,000 | 255,000 | 42,395 | 153,000 | 1,488,395 |
| 2 | Liu Tow Hua | Executive Director | Input info here | Input info here | 316,800 | 79,200 | 7,750 | 15,840 | 419,590 | 18,000 | Input info here | 316,800 | 79,200 | 7,750 | 15,840 | 437,590 |
| 3 | Datuk (Dr.) Philip Ting Ding Ing | Independent Director | 27,500 | Input info here | Input info here | Input info here | Input info here | Input info here | 27,500 | 27,500 | Input info here | Input info here | Input info here | Input info here | Input info here | 27,500 |
| 4 | Sharifah Deborah Sophia Ibrahim | Non-Executive Non-Independent Director | 48,000 | Input info here | Input info here | Input info here | Input info here | Input info here | 48,000 | 56,400 | Input info here | Input info here | Input info here | Input info here | Input info here | 56,400 |
| 5 | Ng Cheng Chuan | Non-Executive Non-Independent Director | 252,700 | Input info here | Input info here | Input info here | Input info here | Input info here | 252,700 | 252,700 | Input info here | Input info here | Input info here | Input info here | Input info here | 252,700 |
| 6 | Guido Paul Philip Joseph Ravelli | Independent Director | 84,700 | Input info here | Input info here | Input info here | Input info here | Input info here | 84,700 | 84,700 | Input info here | Input info here | Input info here | Input info here | Input info here | 84,700 |
| 7 | Ng Kee Tiong | Independent Director | 96,700 | Input info here | Input info here | Input info here | Input info here | Input info here | 96,700 | 96,700 | Input info here | Input info here | Input info here | Input info here | Input info here | 96,700 |
| 8 | Wong Siaw Wei | Independent Director | 58,100 | Input info here | Input info here | Input info here | Input info here | Input info here | 58,100 | 58,100 | Input info here | Input info here | Input info here | Input info here | Input info here | 58,100 |
| 9 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 10 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

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 8.2

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 8.2 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 2022 in the Corporate Governance Overview Statement of Ibraco 2022 Annual Report. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. |
| Timeframe | : | Choose an item. |

| No | Name | Position | Company | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | | | Salary | Allowance | Bonus | Benefits | Other emoluments | Total |
| 1 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 2 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 3 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 4 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 5 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | 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 8.3 - 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 | : | |

| No | Name | Position | Company ('000) | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | | | Salary | Allowance | Bonus | Benefits | Other emoluments | Total |
| 1 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 2 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 3 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 4 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 5 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

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 9.1

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Audit Committee ("AC") comprises three (3) members, whom solely Independent Non-Executive Directors.</p> <p>Mr. Ng Kee Tiong is the Chairman of the AC and he is not the Chairman of the Board. He is a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants of United Kingdom.</p> <p>The company financial statements and accounts are audited by an independent 3rd party and is carefully scrutinised by Finance Department, before being presented to the Board for review and approval.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Group applies this practice of a cooling-off period, which is clearly stated in Terms of Reference of the Audit Committee which can be found on www.ibraco.com . None of the member of Audit committee were key audit partners of the External Auditors. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Audit Committee ("AC") (together with the Chief Financial Officer/ Executive Director) had undertaken an assessment on the performance, suitability and independence of the external auditors for the financial year pursuant to the External Auditors Assessment Policy.</p> <p>The external auditors, Messrs. Crowe Malaysia PLT ("Crowe") has tabled 2022 Audit Plan to the AC, which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters.</p> <p>In year 2022, the AC undertook its 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.</p> <p>Crowe also provided a written assurance that they had been independent throughout the audit engagement for the financial year ended 31 December 2022 in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Having collectively assessed the external audit function, the AC concluded that there were satisfied with the performance, suitability and independence of the external auditors. Accordingly, the re-appointment Crowe as auditors of the Company was being recommended by the AC to the Board.</p> |

| | | |
|--|--|--|
| Explanation for departure : | | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | All members of the Audit Committee are Independent Non-Executive Directors and the members are as follows:- <ul style="list-style-type: none">• Ng Kee Tiong – Chairman (Independent Non-Executive Director)• Guido Paul Philip Joseph Ravelli (Senior Independent Non-Executive Director)• Wong Siaw Wei (Independent Non-Executive Director) |

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 9.5

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

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>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.</p> <p>The profile of each AC member is set out in the Profile of Directors of Ibraco 2022 Annual Report.</p> <p>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:</p> <ul style="list-style-type: none">- 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; <p>and</p> <ul style="list-style-type: none">- 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. <p>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 2022, the AC members have attended conference and trainings on areas relevant to their duties and responsibilities to</p> |

| | | |
|---|---|--|
| | <p>keep themselves abreast of the latest development in accounting and auditing standards, practices and rules.</p> <p>The Board is satisfied with the AC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC.</p> | |
| Explanation for departure | : | |
| | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 10.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>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 but to manage within an acceptable risk and can only provide reasonable and not absolute assurance against any risk of material errors, frauds or losses occurring.</p> <p>Both the AC and RMC play an active role, coupled with internal personnel to effectively mitigate and manage risks. The RMC assists the Board, identifying, evaluating, monitoring and reporting risk areas, providing control measures and updates to the AC in a timely basis. The AC reviews and approves risk-based internal audit plan to ensuring that business objectives of the Company are achieved, ensure timely completion of audit plan and effectiveness and implementation of any corrective action plans proposed.</p> <p>The Statement on Risk Management and Internal Control is set out in Ibraco 2022 Annual Report.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 10.2

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Ibraco's Enterprise Risk Management ("ERM") is supported by a triple line of defence approach that enable risks to be quickly identified, tracked and managed accordingly. The Board via the Audit Committee ("AC") reviews the adequacy and effectiveness of the risk management framework and internal controls as well as policies and compliance procedures in respect of key business practices. The Internal Audit Department assists the AC in evaluating the effectiveness of the Company's risk management and Internal control system via its Internal Audit Plan.</p> <p>The Board has received assurance from Chief Executive Officer and Group Managing Director that Ibraco's risk management and internal control framework are operating adequately and effectively.</p> <p>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 2022 Annual Report</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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 10.3 - 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 11.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Ibraco Group has established an in-house Internal Audit Department, which is led by Group Internal Auditor (“GIA”) who reports directly to the Audit Committee (“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.</p> <p>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, anti-corruption, whistle-blowing, governance and risk management processes.</p> <p>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.</p> <p>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.</p> <p>The AC is responsible to review the responsibilities and staffing of the Internal Audit Department and also the quality control procedure of the Department.</p> <p>The GIA annual Audit Plan is reviewed and approved by the AC. 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.</p> |

| | | |
|--|---|--|
| | The AC is satisfied that the internal auditors' independence has been maintained as adequate safeguards are in place. | |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 11.2

The board should disclose–

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The 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.</p> <p>The IA Department is led by the Group Internal Auditor (“GIA”). The GIA, Ms. Denise Yong Hui Hui, is a member of the Malaysian Institute of Accountants (“MIA”) and Certified Practising Accountant (“CPA”). The AC has conducted an annual appraisal and assessment of 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. The GIA is assisted by an Internal Audit Executive.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 12.1

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board acknowledges the importance of communication with the stakeholders of the Group's businesses and corporate developments.</p> <p>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.</p> <p>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</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 12.2

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

| | | | |
|--|---|--------------------------------------|--|
| Application | : | Not applicable – Not a Large Company | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 13.1

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 | : | It is the Company's practice to send out the Notice for Annual General Meeting to shareholders 28 days prior to the date of Annual General Meeting. In addition to sending notice, the Company also published the AGM Notice on the newspapers and on its website. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 13.2

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

| | | | |
|--|---|---|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | <p>The 50th Annual General Meeting (“AGM”) was held on 27 May 2022, all directors attended the meeting except for Ng Kee Tiong and Puan Sharifah Deborah Sophia Ibrahim due to their travelling commitment.</p> <p>The Chairman of the meeting encouraged attending shareholders to pose questions and to leverage on the AGM as an opportunity to better understand Ibraco and seek clarification on various matters.</p> <p>All Board members are aware of their duty to attend all General Meetings of the Company. Barring unforeseen circumstances, all Board members will attend all forthcoming General Meetings of the Company.</p> <p>Board of Directors are encouraged to attend the General Meetings in person or virtually.</p> | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| 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 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

| | | |
|--|---|---|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | The 50th Annual General Meeting was held as physical meeting at the Company Head Office located at strategic location of the NorthBank Kuching with good accessibility. Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at the General Meeting. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| 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 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

| | |
|--|--|
| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : During 50th AGM of the Company, Shareholders were welcomed to pose questions to the Board. Any questions raised and addressed by the Board are minuted and minutes of the AGM were uploaded to the Company's website. |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

Intended Outcome

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

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

| | |
|--|--|
| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i> | |
| Application : | Not applicable – only physical general meetings were conducted in the financial year |
| Explanation on application of the practice : | |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

| | |
|--|--|
| <i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : The minutes of the 50th AGM were uploaded to the Company's website within 30 business days after the 50th AGM. |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
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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