

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1589
COMPANY NAME : ISKANDAR WATERFRONT CITY 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 :	<p>The Board of the Company is responsible for the overall corporate governance ("CG") of the Group, including charting the strategic direction of the Company, safeguarding stakeholders' interests and enhancing shareholder value. All directors owe fiduciary duties to the Group and must exercise reasonable care, skill and diligence to ensure the proper management of the entity, including maximizing long-term financial returns. The Board is responsible for ensuring that the Group are managed to achieve this result.</p> <p>All Board members are expected to upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities by assuming its principal responsibilities. To assist in the discharge its stewardship role, the Board has in place the Board Charter and has established Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee, Tender Award Committee and ESOS Committee to examine specific issues within their respective terms of reference.</p> <p>All Board members are responsible to the Company for achieving a high level of good CG. The Board has delegated to the Executive Vice Chairman ("EVC"), the day-to-day management of the Group, supported by the Chief Executive Officer ("CEO") and/or Executive Director and a team of experienced managers. EVC has overall responsibility for the operational and business units, organisational effectiveness, implementation of Board policies, directive, strategies and decision. He is responsible for the executive function of the Group's business and leading the Management in implementing decisions and pursuing corporate objectives.</p> <p>The roles and responsibilities of the Board are clearly defined in the Board Charter as follows:</p> <ul style="list-style-type: none">• reviewing and adopting a strategic plan for the Group;• overseeing the conduct of the Group's business;• identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;

	<ul style="list-style-type: none"> • management succession planning; • overseeing the development and implementation of shareholder communications policy for the Group; and • reviewing the adequacy and the integrity of the management information and internal controls system of the Group. 	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The role of Chairman is to ensure that the Board is functioning effectively and to undertake the following activities as highlighted in the Board Charter available on the Company’s website. The Chairman is primarily responsible for:</p> <ul style="list-style-type: none"> • conduct of Board meetings; • ensure that all relevant issues for the effective running of the Group’s business are on the agenda; • ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis; • encourage all Directors to play an active role in Board activities; • chair general meetings of shareholders; and • liaise with EVC, CEO and the Company Secretary on the agenda for Board meetings. 	
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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter has outlined and included that the position of Chairman, EVC and CEO are distinctly and separately held by different individuals, with a clear division of functions and responsibilities to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.</p> <p>The Chairman of the Board is Dato' Hj. Ayub bin Mion, an Independent Non-Executive Chairman, whereas Tan Sri Dato' Lim Kang Hoo is acting as EVC, assisted by Mr Wong Khai Shiuan as the Executive Director cum CEO of the Company.</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 board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries - Ms Yong May Li, Ms Lim Aik Yong and Ms Wong Chee Yin are all qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretaries are the central source of information and advice to the Board and its Committees on the issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group. The Company Secretaries has attended various trainings during the year, in order to be kept updated on the laws, rules and regulations and also to maintain their competency to provide the necessary assistance to the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and for an effective discharge of the Board's responsibilities.</p> <p>Timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings to give effect to Board decisions and to deal with matters arising from such meetings, is observed. The notice of the Board meeting is circulated to Board Members at least 7 days before the meeting and the Company has endeavoured to circulate the agenda and Board Papers at least 3 days before the meeting. Board members are furnished with pertinent explanation and information on relevant issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board before a decision is made.</p> <p>In addition, Board members are updated on the Group's activities and its operations on a regular basis. All Directors have access to information of the Company on a timely basis in an appropriate manner and quality necessary to enable them to discharge their duties and responsibilities.</p> <p>Directors are provided with the contact details of key management personnel to facilitate direct and independent access to Management. Key management personnel will provide clarification or any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p> <p>The deliberation and decision made during the Board and the Committees' meetings are duly captured and recorded in the minutes and circulated to the Board in a timely manner.</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

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is aware of the need to clearly demarcate the duties and responsibilities of the Board, Board Committees and Management, including the limits of authority accorded, in order to provide clarity and guidance to Directors and Management. The Board has in place a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Charter serves as a reference point for Board activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company. The Board shall update the Charter as and when need arises to reflect changes to the Company's policies, procedures as well as to comply with the latest regulations and legislations.</p> <p>The full Charter is available on the Company's website at www.iwcity.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formulated ethical standards through a code of conduct for the Directors, senior management and all employees and will ensure its compliance. The Code of Conduct includes principles related to conflict of interest, dealings with confidential information, to ensure safety, security and adherence to Company’s rules, encourage the reporting of unlawful or unethical behaviour, dealing with suppliers, customers and third parties.</p> <p>The Code of Conduct is available at the Company’s website at www.iwcity.com.my.</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 board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Whistle Blowing Policy has been established and a procedures document, which outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of regulatory requirements involving employees, Management or Directors in the Group, is available on the Company's website at www.iwcity.com.my.</p> <p>For the financial year under review, the Board is unaware of any activities related to whistle blowing and no communication received from the whistleblowing process.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board currently comprises nine (9) members, three (3) of whom are Executive Directors, one (1) Non-Independent Non-Executive Director, and five (5) Independent Non-Executive Directors. We had also appointed one (1) Alternate Director. The Board is made up by majority Independent Directors and has fulfils the requirements as set out under the Listing Requirements of Bursa Malaysia, which stipulates that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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
Explanation on application of the practice	:	<p>Mr Khoo Boon Ho, the Senior Independent Non-Executive Director of the Company has served the Board for more than 14 years. The Company has since year 2013, put forward the resolution at its Annual General Meeting, to seek approval from the shareholders for Mr Khoo to continue to serve as Independent Director of the Company.</p> <p>Mr Bernard Hilary Lawrence, the Independent Non-Executive Director of the Company has served the Board for more than 9 years.</p> <p>Notwithstanding their long tenure in office, the Board has assessed both Mr Khoo and Mr Bernard's independence and is of the view that their independence have not been impaired or compromised. Additionally, the Board is of the view that the independence of Directors cannot be assessed only based on the length of service, but that the true independence emanates from intellectual honesty, manifested through a genuine commitment to serve the best interests of the Company. The Board has then proposed the continuation of Mr Khoo and Mr Bernard as Independent Directors given their expertise in corporate, legal and finance matters have furnished significant contribution to the effectiveness of the Board and the Board Committees as a whole.</p> <p>The Board has resolved that Mr Khoo Boon Ho and Mr Bernard Hilary Lawrence, who have served in the Company cumulatively exceeded 9 years of services, to seek for shareholders' approval for their continuation as Independent Non-Executive Directors of the Company at the forthcoming 50th Annual General Meeting. In addition, the Company will seek shareholders' approval through a two-tier voting process, for Mr Khoo Boon Ho's continuation as Independent Non-Executive Director.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The policy which limits the tenure of its independent directors to nine years is indicated in the Board Charter of the Company and is available on the Company's website at www.iwcity.com.my .

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of diversity, whether in terms of age, gender, ethnicity or religion, skills, experience or cultural background. The Board has in place a Diversity Policy, setting out strategic intent for the Board diversity which is the attraction, retention and development of a diverse team of skilled people who are increasingly engaged towards the delivering of the Group's strategy.</p> <p>The Nomination Committee ("NC"), established by the Board is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It is also tasked to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director.</p> <p>The NC is responsible, by utilizing independent sources to identify suitably qualified candidates (based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender), and propose such candidates as Senior Management and to assess such senior management on an ongoing basis.</p> <p>The role of NC is detailed in its Terms of Reference, which is available on the Company's website at www.iwcity.com.my</p> <p>There were no new appointments to the Senior Management during the financial year under review, except for an appointment of Non-independent Non-Executive Director, Dato' Hj. Mohd Noorazam bin Dato' Hj. Osman.</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

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Presently, there is no female Director on the Board of the Company.	
		The Board is supportive to the gender diversity policy and mindful that female director is equally capable to add value to the Board. However, the Board considers that it is difficult to set meaningful measurable objectives for achieving gender diversity.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board is endeavouring to have a female board member in the future.	
Timeframe	:	Others	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>It is the responsibility of the NC by utilizing independent sources to identify suitably qualified candidates and propose such candidates as new nominees to the Board and to assess directors on an ongoing basis.</p> <p>The identification of candidates for appointment of directors is guided by the Terms of Reference of the NC.</p> <p>The Committee is satisfied with the current size of the Board and with the right mix of qualifications, skills and experience for the Board, therefore has not propose any change to the composition of the Board.</p> <p>During the financial year ended 31 December 2018, there was a resignation of a Non-Independent Non-Executive Director and an appointment of a new Non-Independent Non-Executive Director. There is no change to the composition of the Board with these changes</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

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 NC is chaired by Mr Bernard Hilary Lawrence, an Independent Non-Executive Director, who leads the Committee, to perform its duties and responsibilities as specified in the Terms of Reference of the NC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is responsible to carry out the annual assessment of the effectiveness of the Board as a whole as well as the committees of the Board. The annual assessment comprises of Board Assessment by Individual Directors in relation to their performance and contribution towards meeting the needs of the Company. The assessments include Self and Peer Assessment and an assessment of independence for an Independent Director. All assessments and evaluations carried out by the Committee in the discharge of all its functions has been properly documented.</p> <p>In respect of the assessment for the financial year ended 31 December 2018, the Board was satisfied with the results that the Board and Board Committees have discharged their duties and responsibilities effectively and the contribution and performance of each individual Director is satisfactory. The Board was also satisfied that the Board composition in terms of size, the balance between Executive, Non-Executive and Independent Directors and mix of skills were adequate.</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 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	:	The remuneration of the Directors and Senior Management is reviewed by the Remuneration Committee (“RC”) annually. The determination of the remuneration of Directors and Senior Management is guided by the Terms of Reference of the Remuneration Committee, which is available on the Company’s website at www.iwcity.com.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The RC, established by the Board comprises of all Independent Non-Executive Directors.</p> <p>The RC assists the Board in recommending the remuneration of Directors and Senior Management. The RC meets as and when required to review Directors' remuneration. All Executive Directors other than an Executive Director who hold CEO's position, do not benefit from any remuneration package except for the Directors' allowance, at the same amount received by the Non-Executive Directors (other than the Chairman and the Audit Committee's Chairman). In the case of Non-Executive Directors, the level of remuneration is determined by the Board as a whole and reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted with the Directors concerned abstaining from discussions on their individual remuneration.</p> <p>The responsibilities of the RC have been formalised into the Terms of Reference which is available on the Company's website at www.iwcity.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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 remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments are set out on page 30 of the Annual Report 2018.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.2

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	:	<p>The Company refrains from disclosing the details of the remuneration of the top five Senior Management as it is not in the best interests of the Company, due to the sensitive and confidential nature of such information.</p> <p>Nevertheless, the Board would assure that the remuneration of Senior Management commensurate with their individual performance, by taking into consideration of the performance of the Group.</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	:	As stated above
Timeframe	:	Others

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 is chaired by Mr Khoo Boon Ho, a Senior Independent Non-Executive Director of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The policy which is included in the Terms of Reference of the Audit Committee (“AC”) requires that no former audit partner shall be appointed as a member of AC unless he/she has served a cooling off period of at least two years before his/her appointment as a member of the AC. Such Terms of Reference of AC is available on the Company’s website at www.iwcity.com.my.</p> <p>None of the AC members were former audit partner of the Company’s external auditors, for the financial year under review.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC is required by its Terms of Reference to assess and monitor the performance, suitability, objectivity and independence of the external auditor annually.</p> <p>During the financial year under review, the AC met up with the external auditors, Ernst & Young ("EA"), twice in the absence of the Management. The external auditors had provided a confirmation to the Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The AC has monitored and reviewed the performance and independence of the external auditors and is satisfied that the EA has been independent throughout the conduct of the audit process and the audit services rendered have met the expectation of the AC.</p> <p>Pursuant to the assessment of the EA, the Committee is satisfied with the suitability and independence of the EA and has recommended their re-appointment for the financial year ending 31 December 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All the 3 members of the AC are independent directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC Chairman is a fellow of the Institute of Certified Public Accountants of Singapore and a member of the Institute of Internal Auditors Malaysia. Mr Lim Foo Seng is also a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants.</p> <p>All members of the AC are able to understand matters and issues within the capacity of the AC. The committee members possess vast experience, knowledge and understanding on the business and the industry the company operates in i.e. trading, property development, construction etc. Thus, enable the committee to discharge its duties effectively.</p> <p>During the financial year, the Group organised a training course entitled "Re-designing New Business Values" for all the Directors and Senior Management. The AC members had also attended the said training. In addition, the AC members also attended other trainings to further enhance their skills and knowledge in discharging their role.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility for the Group's system of risk management and internal control to safeguard shareholders' investment and the Group's assets as well as reviewing its adequacy and operating effectiveness in meeting the Group's objectives. The Board has established a risk management process to identify, evaluate, control, report and monitor significant risks faced by the Group. Also, the Group has an established organizational structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority to ensure the internal control system is observed.</p> <p>The Board has delegated its role in the review process to Risk Management Committee. However, the Board as a whole remains responsible for all the actions of the committee with regard to the execution of the delegated role and this includes the outcome of the review and disclosure on key risks and internal control.</p> <p>The Statement on Risk Management and Internal Control which has been reviewed by the EA is set out on page 33 to 37 of the Annual Report detailing the risk management and internal control framework of the Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The features of the risk management and internal control framework, are outlined in the Statement on Risk Management and Internal Control as set out on page 34 and 35 of the Annual Report 2018.</p> <p>The Board has received reasonable assurance from the EVC and the CEO that the Group's risk management and internal control system has operated adequately and effectively, in all material aspects, for the financial year under review.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - 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	:	Applied
Explanation on adoption of the practice	:	Risk Management Committee consists of all independent directors.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's internal audit function is outsourced to an independent professional firm, which adopts the Internal Professional Practices Framework of the Institute of Internal Auditors, an international professional association of internal auditors, in carrying out internal audit assignments on the Group.</p> <p>During the financial year ended 31 December 2018, the AC reviewed the work of the internal audit function, its observations and recommendations to ensure that the AC obtained the necessary level of assurance with respect to the adequacy and operating effectiveness of the system of governance, risk management and internal control.</p> <p>Further information on the internal audit function are disclosed in the Statement on Risk Management and Internal Control set out on page 36 of the Annual Report 2018.</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 have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose –

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has outsourced its internal audit function to Axcelasia Columbus Sdn Bhd (“Axcelasia”). The engagement Executive Director of the outsourced internal audit function, Mr Mah Siew Hoong, has diverse professional experience in internal audits, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Certified Accountants, United Kingdom. He is a Certified Internal Auditors (United States) and has a Certification in Risk Management Assurance (United States).</p> <p>The number of staff deployed for the internal audit reviews was 4 to 5 staffs per visit including the engagement Executive Director. The staff involved in the internal audit reviews possesses professional qualification and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework (“IPPF”).</p> <p>Further information on the internal audit function are disclosed in the Statement on Risk Management and Internal Control set out on page 36 of this Annual Report 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of being transparent and accountable to the Company's shareholders and, as such, has availed various channels to maintain communication with them. The various channels are through the quarterly announcements on financial results to Bursa Malaysia, relevant announcements and circulars, annual report, media release, general meeting and Company's website.</p> <p>The general meeting is also an important platform for the shareholders to interact with the Board to seek clarifications on any issues and to gain better understanding of the Group's business affairs and performance, thereby enabling the shareholders to make informed decisions in valuing the Company's shares. At such meetings, the Board provides opportunity for the shareholders to raise questions pertaining to the Company's activities. Members of the Board, Senior Management and the external auditors are also present to answer questions raised during the meetings.</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

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	:	Not applicable	
Explanation on application of the practice	:	The Company does not fall under the category of “Large Companies”. The Board is mindful to the application of integrated reporting based on a globally recognised framework and would consider to the adoption of such reporting in future.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure			
Timeframe	:		

Intended Outcome

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

Practice 12.1

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 for the forthcoming AGM to be held on 20 June 2019, will be given to the shareholders on 30 April 2019, which is at least 28 days prior to the meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	7 out of 9 directors were in attendance in the 49 th AGM held on 7 June 2018. The EVC and a Non-Independent Non-Executive Director, were absent with apologies due to their other urgent agenda.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	All directors endeavour to attend the coming AGM.	
Timeframe	:	Within 1 year	

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	:	Applied	
Explanation on application of the practice	:	<p>The 49th AGM was held in Thistle Johor Bahru, which is in the city of Johor Bahru with convenient accessibility to encourage greater shareholder participation and has had all the resolutions set out in the notice of AGM, be voted by way of e-polling with the voting device, as pursuant to paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia.</p> <p>Shareholders are encouraged to attend all the general meetings and allowed to appoint any person as their proxy(ies) to attend, participate, speak and vote in his/her stead at the general meetings.</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	:		

**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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