



IOI GROUP

IOI CORPORATION BERHAD

(9027-W)

BOARD CHARTER

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BOARD CHARTER

1. INTRODUCTION

The Board of Directors (the “**Board**”) of IOI Corporation Berhad (“**IOI**” or the “**Company**”) adopts this Charter to outline the manner in which its constitutional powers and responsibilities of the Board will be exercised and discharged, having regard to principles of good corporate governance, international best practice and applicable laws

This Board Charter shall also constitute and form an integral part of each Director’s duties and responsibilities.

This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles.

2. ROLES AND RESPONSIBILITIES

2.1 ROLE OF BOARD

In discharging its responsibilities and facilitating its on-going oversight of the Group, the Board has agreed its role includes, but not limited to the following matters:-

2.1.1 Ethics and Compliance

- i) The Board is charged with leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Group. The Directors are, collectively and individually, aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Group’s values and standards and ensures that its obligations to its stakeholders are understood and met.
- ii) All Directors observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group’s business and professional practice and act in good faith in the best interests of the Group and its stakeholders.
- iii) The Board understands that the responsibility for good corporate governance rests with them and therefore strives to follow the principles and best practices stated in the Malaysian Code on Corporate Governance 2012 (“**CC Code 2012**”).
- iv) The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.
- v) The Board establishes the corporate vision and mission, as well as the philosophy of the Company, setting the aims of the Management and monitoring the performance of the Management.
- vi) The Board oversees the business and affairs of the Company and will assume, amongst others, the following duties and responsibilities:-

- a) reviewing, approving and monitoring the overall strategies and direction of Group;
- b) overseeing and evaluating the conduct and performance of the Group's businesses, including its control and accountability systems;
- c) identifying and managing principal risks affecting the Group;
- d) approving policies relating to investors relations programme and shareholder communication and overseeing stakeholders communications;
- e) reviewing the adequacy of the Group's internal control policy;
- f) providing input into and final approval of the annual operating budget;
- g) approving major capital expenditure, capital management and acquisitions/divestitures;
- h) reviewing and monitoring systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies; and
- i) ensuring that appropriate plans are in place in respect of the succession plan of the Group.

2.1.2 Policies and Strategies

- i) The Board has established written procedures (such as the Memorandum & Articles of Association of the Company and other documents) determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management.
- ii) The Board oversees the Company Policies as a whole. This includes the Code of Business Conduct and Ethics, Whistleblowing Policy and other significant policies recommended under CG Code 2012. The Code of Business Conduct and Ethics promotes ethical values and standards in the workplace while ensuring appropriate internal systems are in place to support, promote and ensure its compliance. The Whistleblowing Policy sets the appropriate communication channels to facilitate whistleblowing by employees, customers, suppliers and other stakeholders.
- iii) The Board reserves full decision-making powers, amongst others, on the following matters (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or Management):-
 - a) Conflict of interest issues relating to a substantial shareholder or a Director;
 - b) Material acquisitions and disposals of undertakings and properties not in the ordinary course of business;
 - c) Material investments in capital projects;

- d) Annual budgets (including major capital commitments);
- e) Material corporate or financial exercise /restructuring; and
- f) Declaration of Dividend and Directors' fees.

2.1.3 Internal Controls and Risk Management

- i) The Board oversees, reviews and monitors the operation, adequacy and effectiveness of Group's system of internal controls.
- ii) The Board defines the risk appetite, approving and overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major/ significant risk facing the Group.
- iii) The Group has a well-resourced internal audit function, which critically reviews all aspects of the Group's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis.

2.2 ROLE OF INDIVIDUAL DIRECTORS

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:-

- i) acting in good faith and in the best interests of the Company as a whole and for proper purpose;
- ii) acting with care and diligence of reasonable person subject to business judgement rule;
- iii) avoiding conflicts of interest with the Company in a personal or professional capacity;
- iv) refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director;
- v) disclosure of and voting on matters of material personal interest; and
- vi) compliance with Corporation laws, securities legislation and Listing Requirements.

Directors will keep all Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for their interest, or their employers' interest.

2.3 ROLE OF SENIOR INDEPENDENT DIRECTOR

The Board may appoint a Senior Independent Non-Executive Director to whom concerns pertaining to the Group may be conveyed by stakeholders. The duties of Senior Independent Director would typically include the following:-

- i) Ensure all Independent Directors have an opportunity to provide input on the agenda, and advise the chairman on the quality, quantity and timeliness of the information submitted by management that is necessary or appropriate for the Independent Directors to perform their duties effectively;
- ii) Consult the Chairman regarding board meeting schedules to ensure the Independent Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items;
- iii) Serve as the principal conduit between the Independent directors and the Chairman on sensitive issues, for example issues that arise from ‘whistleblowing’; and
- iv) Serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman or Chief Executive Officer.

2.4 ROLE OF CHAIRMAN

- i) The Chairman leads the Board and is responsible for the effective performance of the Board.
- ii) The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is, amongst others, responsible for :-
 - a) Monitor the workings of the board, especially the conduct of Board meetings;
 - b) Ensure that all relevant issues for the effective running of the Company’s business are on the agenda;
 - c) Ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis;
 - d) Encourage all directors to play an active role in Board activities;
 - e) Chair general meetings of shareholders;
 - f) Liaise with the Chief Executive Officer and the Company Secretary on the agenda for Board meetings;
 - g) Provide guidance and mentoring to the Chief Executive Officer, if any.
 - h) Ensure the process of Board evaluation is conducted; and
 - i) Fulfil such other responsibilities as are allocated by the Constitution from time to time.
- iii) The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.

2.5 ROLE OF CHIEF EXECUTIVE OFFICER (“CEO”)

- i) The CEO is primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group.

- ii) The CEO is responsible for the development and implementation of the strategies for the Group and setting the overall strategic policy and direction of the Group's business operations based on effective risk management controls.
- iii) The CEO ensures that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations.
- iv) The CEO provides effective leadership to the Group and is responsible for ensuring high management competency and that an effective management succession plan is in place to sustain continuity of operations.
- v) The CEO is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.
- vi) The CEO implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

2.6 ROLE OF COMMITTEES

The Board appoints the following Board Committees with specific Terms of Reference:-

- Audit and Risk Management Committee
- Nominating Committee
- Remuneration Committee
- Executive Share Option Scheme Committee

Each Committee's role has been spelt out in written Terms of Reference approved by the Board. Each year, the Board, through the nominating committee, should review the Board Committees' effectiveness. The chairman of each Board Committee should assess the performance of individual committee members on an annual basis. These assessments can be used to facilitate the Nominating Committee's evaluation of Board Committees' performance.

Independent and Non-Executive Directors play a leading role in these Committees. The Chairman of the various Committees will report to the Board on the outcome of the Committee meetings.

3. COMPOSITION AND BOARD BALANCE

3.1 Size and Composition

- i) The Board is mindful that convergence of the 2 roles, i.e. Chief Executive Officer and Chairman of the Board is not in compliance with best practice, but takes into consideration the fact that as the Executive Chairman is also the single largest shareholder, there is the advantage of shareholder leadership and a natural alignment of interests. In respect of potential conflicts of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad. In addition, the presence of Independent Directors with distinguished records and credentials ensures that there is independence of judgement.

- ii) The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. The constitution of the Company provides that there will be a minimum of 2 Directors and a maximum of 12 Directors.
- iii) At any one time, at least 2 or one-third (1/3), whichever is higher, of the Board members are Independent Directors.
- iv) The CEO and the Executive Director(s) are the “Executive” Directors on the Board. However, the views of the Management are represented at meetings of the Board by the presence of senior executives when required.
- v) If, on any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will be clearly reflected this.

3.2 Nomination and Appointments

- i) The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nominating Committee.
- ii) The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- iii) Every newly appointed Director receives a formal letter, setting out his general duties and obligations as a Director pursuant to the relevant legislations and regulations. The new Director will also receive an induction pack containing information and documents relating to the role and responsibilities of a director, the Group’s principal businesses, the Company’s Board processes and corporate governance practices, relevant company policies and procedures as well as a board meeting calendar for the year with a brief of the routine agenda for each meeting.
- iv) Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and latest Corporate Governance practices materials.
- v) The Company has adopted educational/ training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.
- vi) The directorships held by any Board member at any one time shall not exceed 5 in listed companies or such other numbers prescribed by the relevant regulatory bodies.

3.3 Re-election and Re-appointment

In accordance with the Company’s Articles of Association (“**Articles**”), all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least 1/3 of the remaining Directors be subject to re-election by rotation at each Annual General Meeting (“**AGM**”) provided always that all Directors including the Managing Director shall retire from office at least once every 3 years but shall be eligible for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Directors who are over the age of 70 years shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM.

3.4 Independence

- i) An Independent Non-Executive Director is independent of management and free of any significant business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement, and who otherwise meet the criteria for independence.
- ii) The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- iii) The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subject to objective and impartial consideration by the Board.
- iv) The views of the Independent Directors should carry significant weight in the Board's decision-making process.
- v) The Board undertakes to assess the independence of the Independent Directors on an annual basis upon readmission or when any new interest or relationship develops.

3.5 Tenure of Independent Director

The tenure of an Independent Director shall not exceed a cumulative term of 9 years. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall, upon the recommendation from the Nominating Committee, first justify and obtain shareholders' approval.

The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than 9 years.

3.6 Time commitment of for accepting new directorships

Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company. Any Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

4. PERFORMANCE

4.1 Directors' Assessment/ Board Evaluation

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis.

4.2 Directors' Training and Development

In addition to the mandatory programmes as required by the Bursa Malaysia Securities Berhad for newly appointed Director, Board members are encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business.

The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme. The Board shall disclose in the Annual Report the education programme or trainings attended by the Directors.

5. MEETINGS

5.1 Board meetings

- i) Meetings of the Board should be held at least 5 times per year to ensure that all Directors are kept informed on a timely basis of all material quality information affecting the Company and in a form and manner appropriate for them to discharge their duties effectively, or as frequently as required and quality information.
- ii) The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
- iii) A full agenda and comprehensive Board papers are circulated to all Directors at least 5 days in advance of each Board meeting.
- iv) The Board papers include amongst others, the following :-
 - a) Group Financial Results Review and Quarterly financial report;
 - b) Minutes of meetings of all Committees of the Board;
 - c) Reports on Related Party Transactions and Recurrent Related Party Transactions, if any;
 - d) List of Directors' Circular Resolutions duly signed;
 - e) Summary of dealings by Directors;
 - f) Report on substantial shareholders;

- g) Report on IOI Share prices movement;
 - h) Group budgeting; and
 - i) Risk Review Reports.
- v) Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

5.2 Circulating resolutions

Urgent matters that cannot wait until the next Board meeting can be dealt with by a circulating resolution. Circulating resolutions should be approved by the Chairman or Executive Director before being circulated.

5.3 Annual General Meeting (“AGM”)

- i) The Board regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.
- ii) The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.
- iii) The Chairman encourages active participation by the shareholders during the AGM. To encourage poll voting during the AGM, the Chairman shall inform shareholders of their right to demand for a poll at the commencement of the meeting.
- iv) The Chairman and, where appropriate, the CEO responds to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

6. REMUNERATION POLICIES

- i) The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
- ii) The level of remuneration for the CEO and Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.
- iii) No Director other than the CEO and Executive Directors shall have a service contract with the Company.

7. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

- i) Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgment in decision making.
- ii) Directors will be entitled to :-
 - a) access members of the senior management via the CEO at any time to request relevant and additional information or seek explanations;
 - b) have access to internal and external auditors, without management present to seek explanations or additional information; and
 - c) seek independent professional advice with the Chairman's prior consent, which will not be unreasonably withheld or delayed, and which will be at the Company's expense.
- iii) The Board has established a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense.

8. FINANCIAL REPORTING

8.1 Transparency

- i) The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.
- ii) The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the Malaysian Financial Reporting Standards, Financial Reporting Standards and provisions of the Companies Act, 1965.
- iii) The Company's practice is to announce to Bursa Malaysia Securities Berhad its quarterly financial results as early as possible within 2 months after the end of each quarterly financial period.
- iv) The Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

8.2 Company Auditors

- i) The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit and Risk Management Committee.

- ii) The Audit and Risk Management Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.
- iii) Appointment of the Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

9. STAKEHOLDER COMMUNICATIONS

9.1 Investor Relations

- i) The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- ii) The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- iii) The Company meets financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.
- iv) The Company leverage on information technology for effective dissemination of information. The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

9.2 Other Stakeholders

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regards, the needs and interests of other stakeholders are also taken into consideration.

9.3 Employees

The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.

The Company adopts comprehensive and documented policies and procedures with respect to the following :-

- i) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
- ii) Industrial relations with the objective of managing employees' welfare and well-being in the workplace.

9.4 Environment

The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.

The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.

The Company supports initiatives on environmental issues.

9.5 Sustainability and Social Responsibility

IOI Group takes its commitment to sustainable palm oil industry practices seriously. The Company is a founding member of the Roundtable on Sustainable Palm Oil (RSPO) which functions as a standards-setter for the global industry. We aim to meet the objective for all IOI estates and palm oil mills in Malaysia to be certified by RSPO and International Sustainability & Carbon Certification (ISCC). Various Sustainability Policies of the Group have been formulated and documented.

The Board also acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.

The Company adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.

The Company supports charitable causes and initiatives on community development projects.

10. COMPANY SECRETARY

- i) The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- ii) The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- iii) The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- iv) The Company Secretary should advise Directors of their obligations to adhere to matters relating to, among others:-
 - a) disclosure of interest in securities;
 - b) disclosure of any conflict of interest in a transaction involving the Company;
 - c) prohibition on dealing in securities; and
 - d) restriction on disclosure of price-sensitive information.
- v) The Company Secretary must keep abreast of, and inform, the Board of current governance practices.

- vi) The Board members have unlimited access to the professional advice and services of the Company Secretary.

11. CONFLICTS OF INTERESTS

As a general principle each Director must bring an enquiring, open and independent mind to Board meetings, listen to the debate on each issue raised, consider the arguments for and against each motion and reach a decision that he or she believes, to be in the best interests of the Company as a whole irrespective of any actual or possible conflict of interest.

- i) Directors must :-
 - a) disclose to the Board (through the Company Secretary) any actual or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue;
 - b) take any necessary and reasonable measures to try to resolve the conflict; and
 - c) comply with the Companies Act, 1965's provisions on disclosing interests and restrictions on voting.
- ii) If a conflict or potential conflict situation exists, it is required that the interested Director shall be absent from the meeting whilst the Board discusses the matter and not vote on the matter, unless the other directors who do not have a material personal interest in the matter have passed a resolution that states that those directors are satisfied that the interest should not disqualify the director from being present.
- iii) Directors are expected to advise the Company Secretary of any proposed Board or executive appointment to other companies as soon as practicable.

12. CODE OF BUSINESS CONDUCT AND ETHICS

The Directors are expected to conduct themselves with the highest ethical standards. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

The Group communicates the Code of Ethics for Directors and Code of Business Conduct Ethics to all Directors and employees upon their appointment/employment.

13. APPLICATION

- i) The principles set out in this Charter is applied in practice having regard to their spirit and general principles rather than to the letter alone; and
- ii) The Board will review every 2 years and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices. Any updates to the principles and practices set out in this Charter will be made available on the Company's website.