

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

We would like to take this opportunity to provide you with some insights into the corporate governance practices of IOI Group under the leadership of our Board of Directors (the “Board”) during the financial year ended 30 June 2022 (“FY2022”). This Corporate Governance Overview Statement (the “Statement”) sets out the principles and features of IOI Group’s corporate governance framework and highlights main areas of focus and priorities for the Board during 2022/2023.

At IOI Group, we continue to practise a governance framework that goes beyond an interest in governance for its own sake or the need to simply comply with regulatory requirements. In the same spirit, we do not see governance as just a matter for the Board. Good governance is also the responsibility of senior management. To ensure there is an integrated Group-wide approach towards upholding high governance standards, efforts have been made to strengthen the governance structures and processes of IOI Group’s subsidiaries.

The cornerstone principles of corporate governance at IOI Group are guided by Vision IOI whereby responsible and balanced commercial success are to be achieved by addressing the interests of all stakeholders. A set of Core Values guides our employees at all levels in the conduct and management of the business and affairs of IOI Group. We believe that good corporate governance results in quantifiable and sustainable long-term success and value for shareholders as well as all other stakeholders, as reflected by our performance and track record over the years.

We will continue evaluating our governance practices in response to evolving best practices and the changing needs of IOI Group. The Board is pleased to present this Statement and explain how IOI Group has applied the three (3) principles as set out in the Malaysian Code on Corporate Governance (the “CG Code”).

## How our governance supports the delivery of our strategy

The Board is responsible for setting our strategy and policies, overseeing risk and corporate governance, and monitoring progress towards meeting our objectives and annual plans. It is accountable to our shareholders for the proper conduct of the business and our long-term success, and represents the interests of all stakeholders. The Board conducts a review of the Group’s overall strategy. The Board spends considerable time in assessing whether any proposed action aligns with the strategy and future direction of the business. Sustainability is inherent in the Board’s strategic planning and decision-making. The Group Managing Director and Chief Executive (“GMD”), Group Chief Financial Officer (“CFO”) and senior management team take the lead in developing our strategy, which is then reviewed, constructively challenged and approved by the Board.

The role of the Board is to create long-term sustainable value for the benefit of our shareholders and our wider stakeholders. At IOI Group, we believe good governance provides the framework that allows us to operate our

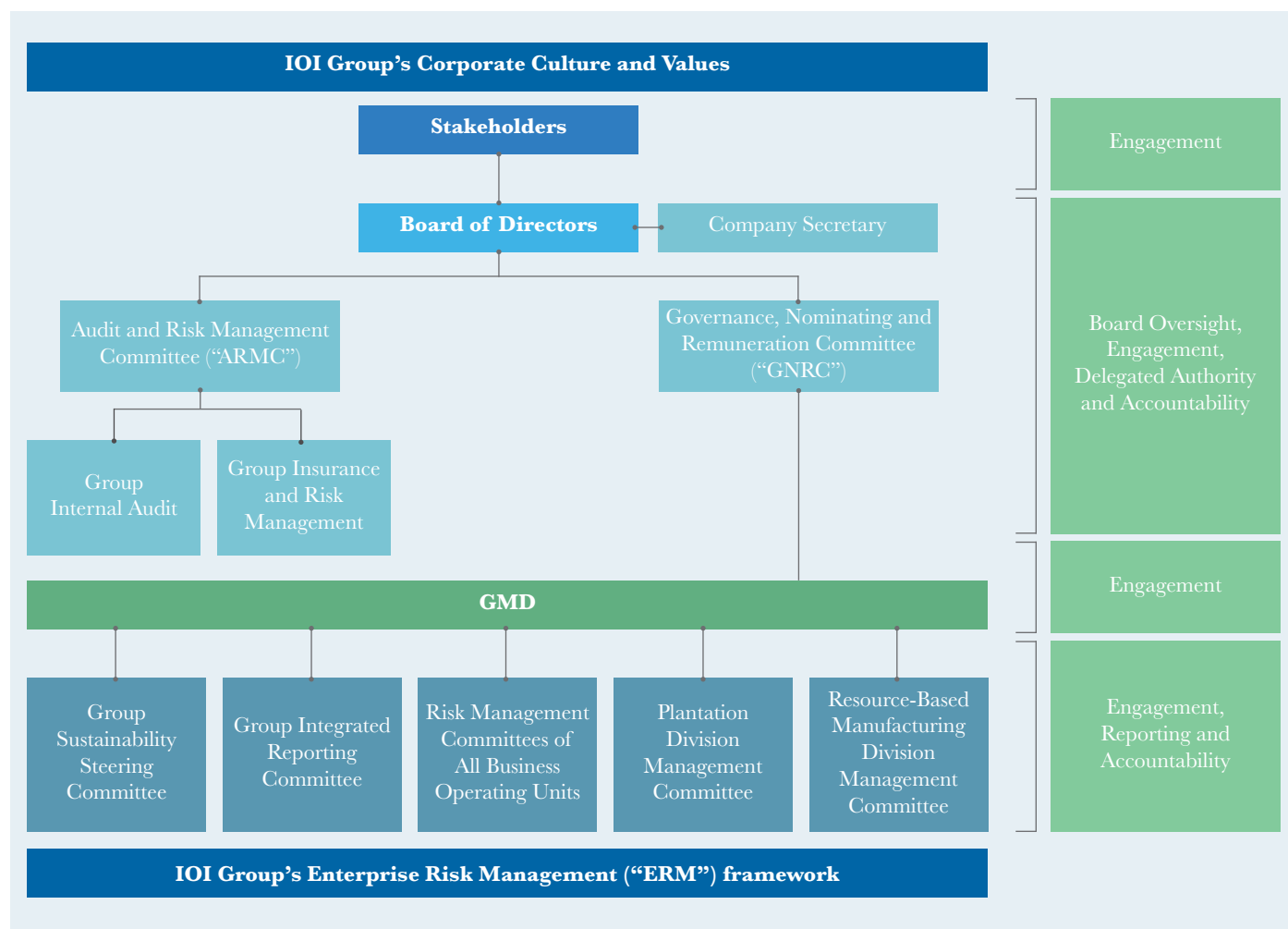


business to deliver our strategy. It keeps us focused on delivering our strategy for our stakeholders and communities. Our corporate governance framework is a value-based governance framework that takes into consideration:

- CG Code, Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”)
- The way we apply our corporate culture and values to guide our people to behave ethically and legally
- Our continuous improvement approach, including our commitment to strengthen all relevant aspects of our governance
- Our governance policies and practices, including risk management framework
- The way we report to our stakeholders

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## GOVERNANCE FRAMEWORK



## ADOPTION OF THE CG CODE

The Board believes that during FY2022 the Company was in full adoption of all applicable principles and practices of the CG Code, save for Practice 8.2 of the CG Code where it requires the Board to disclose on a named basis the top five (5) senior management's remuneration in bands of RM50,000.

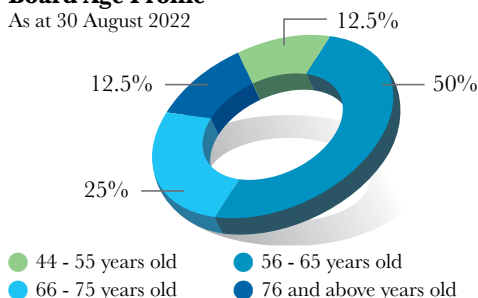
Details of how we applied the CG Code principles and complied with its practices, are set out in CG Report which is available on the Company's website at [http://www.ioigroup.com/Content/IR/IR\\_Reports](http://www.ioigroup.com/Content/IR/IR_Reports). The explanation for departure is further disclosed in the CG Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## BOARD COMPOSITION

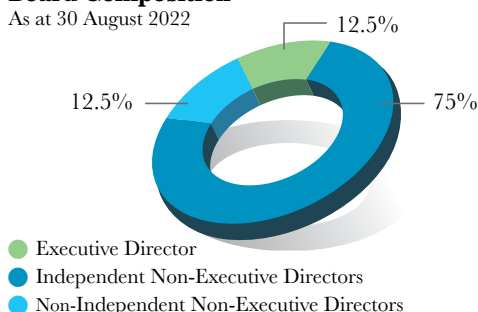
### Board Age Profile

As at 30 August 2022



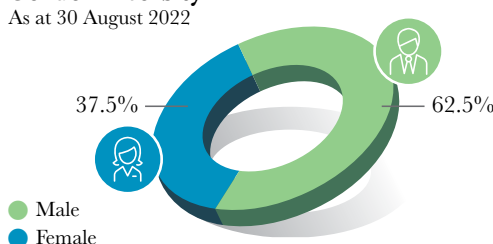
### Board Composition

As at 30 August 2022



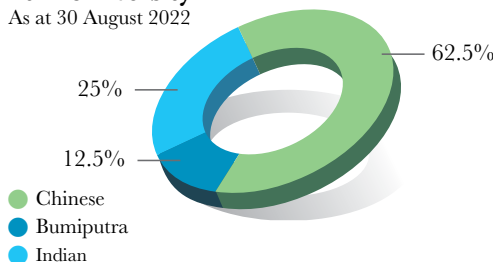
### Gender Diversity

As at 30 August 2022



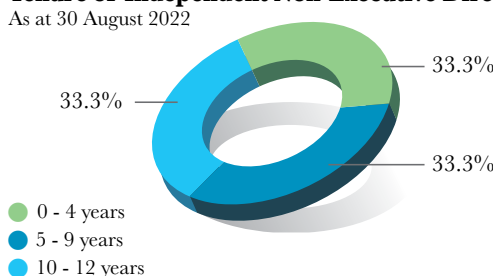
### Ethnic Diversity

As at 30 August 2022



### Tenure of Independent Non-Executive Directors

As at 30 August 2022



## BOARD LEADERSHIP AND EFFECTIVENESS

### Board Leadership, Roles and Responsibilities

Our Board is responsible for the overall leadership of IOI Group, including establishing its purpose, values and strategy, and satisfying ourselves as to the alignment of IOI Group's culture to Group's purpose, values and strategy. An effective Board is key to the establishment and delivery of a company's strategy and we therefore continually seek to improve the effectiveness of our Board.

Our Board is currently composed of an Independent Non-Executive Chairman, our GMD and six (6) Non-Executive Directors ("NEDs"). During the reporting period, with the exception of the GMD and Mr Lee Yeow Seng, all the other Directors on the Board were Independent NEDs, applying the independence definition of the Listing Requirements. Save for Datuk Karownikaran @ Karunakaran a/l Ramasamy and Mr Cheah Tek Kuang, the tenure of all the other Independent NEDs on the Board does not exceed nine (9) years.

The balance of Directors on the Board ensures that no individual or small group of Directors can dominate the decision-making process and that the interests of shareholders are protected. Independent NEDs form a majority of our Board. The Board considers each of our current Independent NEDs to be independent in character and judgement that could provide unbiased and independent views to the Board. In reaching this determination of independence, the Board has concluded that each of them provides objective challenge to management, is willing to stand up and defend his or her own beliefs and viewpoints in order to support the ultimate good of the Company and that there are no business or other relationships likely to affect the judgement of the Independent NEDs.

Effective operation of the Board relies on clarity of the various roles and responsibilities of the individual Board members. In line with the principles of the CG Code, a clear division of responsibilities has been established. The Chairman is responsible for leading and managing the work of the Board, while responsibility for the day-to-day management of IOI Group has been delegated to the GMD. The GMD is supported in this role by the senior management team and has executive responsibility for running our business. The diligent way in which the Chairman of the Board Committees and their members carry out their Committees duties enables us to discharge our responsibilities efficiently and effectively.

The Board discharges its responsibilities through a programme of meetings that includes regular reviews of financial performance, critical business issues, annual budget and strategic plan taking into account Environmental, Social and Governance ("ESG") considerations.

The Board has a schedule of matters specifically reserved to it for decision and has approved the written terms of reference of the various Committees to which it has delegated its authority in certain matters to support the Board in the performance of its duties and responsibilities. Further details on the work of the ARMC and GNRC are provided in the respective sections of our Annual Report. The terms of reference of each of the Board's Committees are also available on our website.

### Company Secretary

The Company Secretary, through the Chairman, is responsible for advising the Board on all governance matters and for ensuring that Board procedures are followed, applicable rules and regulations are complied with, and that due account is taken of relevant codes of best practice. The Company Secretary is responsible for ensuring effective communication flows between the Board and its Committees, and between senior management and NEDs.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees and senior management. In ensuring the uniformity of Board conduct and effective boardroom practices throughout IOI Group, the Company Secretary has oversight on overall corporate secretarial functions of IOI Group, both in Malaysia and the regions where IOI Group operates. The appointment and removal of the Company Secretary is determined by the Board.

### Board Selection and Appointment

The Company has established a Board Diversity Policy. All appointments to our Board are based on merit and objective criteria, in the context of the strategy of the Group and the diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, as well as skills, knowledge and experience required for the Board to be effective.

In assessing potential candidates and in undertaking reviews of the size and composition of the Board, the GNRC takes into account the guiding principle that the Board's composition should reflect an appropriate mix, having regard to such matters:

- Skills and experience across the key areas identified in the Company's Board skills matrix
- Tenure
- Diversity

The GNRC also takes into account factors including:

- Relevant guidelines/legislative requirements in relation to Board composition
- Board membership requirements as articulated in the Terms of Reference
- Other considerations including our strategic goals

Appointments are made following a formal and transparent Board selection process, the flow chart of which is accessible through the Company's website at [http://www.ioigroup.com/Content/G/G\\_Governance](http://www.ioigroup.com/Content/G/G_Governance).

Additionally, the Company has an internal guidance to be taken into account when considering changes to a Director's commitments, or when appointing a new Director, as well as formalising the Board approval process for such matters. All potential new Directors are required to give an indication of the time spent on those commitments. The GNRC will take this into account when considering a proposed appointment on the basis that all Directors are expected to allocate sufficient time to their role on the Board in order to discharge their responsibilities effectively. Our Board is of the view that the current external directorships held by the Directors do not give rise to any conflict of interests nor impair their ability to discharge their duties effectively and that each of them had allocated sufficient time to his or her role in order to discharge their responsibilities effectively during FY2022.

We have a number of subsidiaries and the activities of each subsidiary in the Group are overseen by that company's own board of directors. The Board's confidence in the activities of its subsidiaries stems from the quality of the Directors on those subsidiary boards and their commitment to the Company's objectives.

We arrange an induction programme (including estate and plant visits) which involves every new Director receiving information about all aspects of the Group's operations, including briefings with key members of senior management. The induction included business area familiarisation, participation in sessions that related to areas of interest, and topics that were pertinent to the Committees he or she joined. This includes background information on the Company and details of Board procedures, Directors' responsibilities and various governance-related issues, including procedures for dealing in the Company's shares and their legal obligations as Directors. Where necessary, this is followed up by additional meetings or information that may be requested by the new Director.

### Diversity

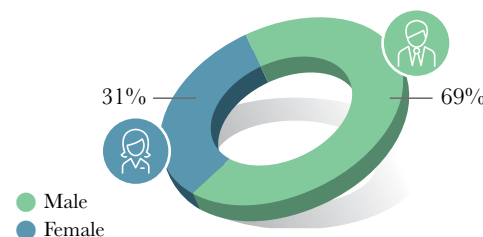
The Group recognises and embraces the benefits of a diverse Board. The GNRC reviews the composition of the Board and the Board Committees. It frequently considers a skills matrix for the Board, which identifies the core competencies, skills, diversity and experience required for the Board to deliver its strategic aims and govern the Group's effectively. This helps to determine a timeline for proposed appointments to the Board and continues to form the basis of our GNRC and Board discussions in FY2022 as we consider the make-up of the Board that will best support the Group's globalised business as it moves into the next stage of development.

We recognise that the Board sets the tone for inclusion and diversity across the Group and believe we should have a diverse leadership team to support good decision-making. Diversity is integrated across our Code of Business Conduct and Ethics and associated workforce policy, and we promote a culture of diversity, respect, and equal opportunity, where individual success depends only on personal ability and contribution. We strive to treat our employees with fairness, integrity, honesty, courtesy, consideration, respect, and dignity, regardless of gender, race, nationality, age, or other forms of diversity. Our Board is focused on creating an inclusive culture in line with IOI's Core Values, which we believe will lead to greater diversity throughout the Group.

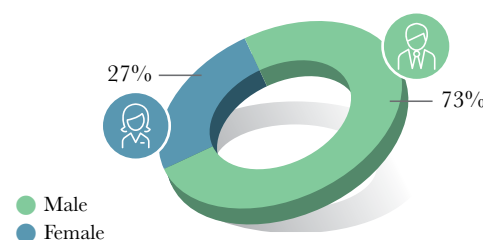
### Diversity Disclosure

#### Gender Diversity

Employees



Management (managers & above)



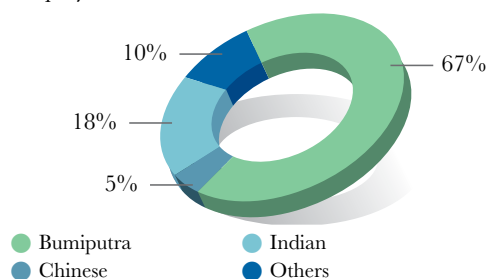
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Currently, the Group does not have any specific measurable objectives for achieving gender diversity in the senior management. Nevertheless, the Group is committed to promoting a culture of diversity in the workplace by:

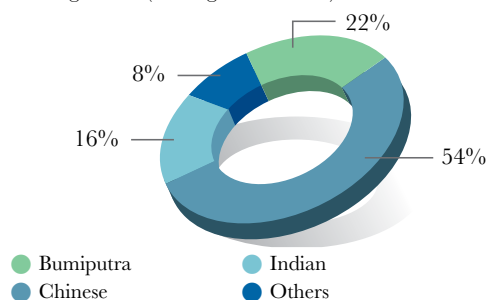
- recruiting and managing on the basis of an individual's competence and performance
- respecting the unique attributes that each individual brings to the workplace
- fostering an inclusive and supportive culture to enable people to develop their full potential
- provide the opportunity for employees to develop skills and experience through training and mentoring programme

### Ethnic Diversity

Employees



Management (managers & above)



### Board Skills Matrix and Experience

Each year, we undertake an assessment of the skills and experience of each Director and the combined capabilities of the Board ("Board Skills Matrix Assessment"). In FY2022, the annual assessment on effectiveness of the Board, Board Committees and the individual Directors of the Company (the "2022 BEE"), as well as the Board Skills Matrix Assessment was facilitated by an independent external consultant, KPMG Management & Risk Consulting Sdn Bhd ("KPMG").

The insights from the Board Skills Matrix Assessment are documented in a skills matrix that is:

- Considered in the context of IOI Group's business and its strategic needs.
- Incorporated into Board succession planning and the selection of new Directors.
- An important factor in our commitment to diversity.

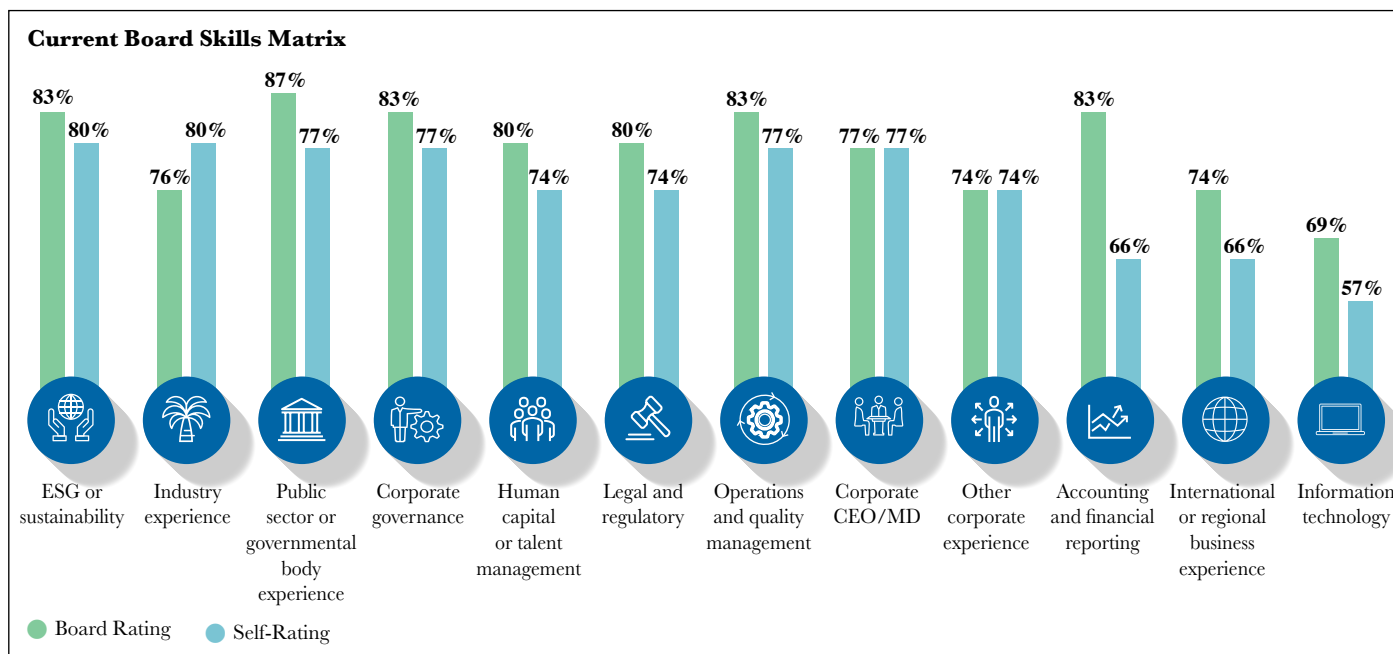
The Board Skills Matrix Assessment was conducted through questionnaire assessment. The Board Skills Matrix Assessment Form was developed to gain an understanding of the extent to which the Board comprises Directors with the appropriate "Fit and Proper" criteria, skills, knowledge, competence and experience necessary to meet the needs of IOI.

The skills matrix presented here demonstrates alignment of the Board's responsibilities with the current mix of skills of the Directors. Based on the Board Skills Matrix Assessment results, it is well-founded that the high-powered Board of IOI comprises of individuals from a myriad of domains, such as industry insider expertise, legal, economics, banking and government relations and sustainable expertise. The Board is of the opinion that the current mix of skills, experience and expertise of Directors provides a diverse range of views and perspectives for the effective governance, oversight and strategic leadership of the Company. The Board will continue to focus on ongoing renewal to achieve an orderly transition of Directors over the short-to medium-term and an appropriate balance of experience, expertise, diversity and fresh thinking.

### Directors' Core Areas of Expertise

Following the Board Skills Matrix Assessment as part of the 2022 BEE, the chart below on the current skills possessed by the Board illustrates that information technology or digital strategy, accounting and international exposure rank lowest in terms of pecking order. Following a search process, Dato' Kong Sooi Lin, who is a chartered accountant with international exposure in investment banking, was appointed as Independent NED on 16 February 2022. Despite lack of Board member with technology background, it is not a concern of the Board as the technology aspect of the Group had been well taken care off in view that the Group had employed experts from technology background to integrate innovative technologies in order to improve productivity with mechanisation efforts and business automation practices of the Group. The Group could solicit advice from the experts employed as and when required. Therefore, it was not necessary for the Board to have a Board member with technology background.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT



### Board Evaluation

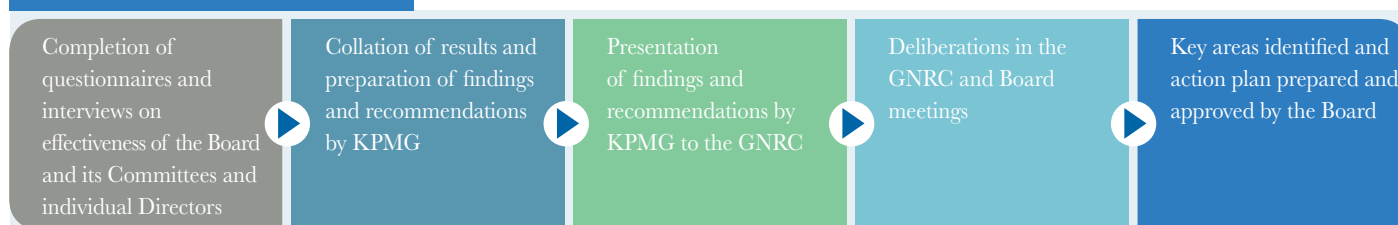
The Board through the GNRC, conducts the annual assessment on 2022 BEE of the Company. The annual assessment on 2022 BEE was conducted by KPMG. This was the second time that the Company has engaged an independent external consultant to conduct the annual assessment on BEE since its first time in FY2018. Previous BEEs were conducted internally through mainly questionnaire-approach.

In line with CG Code's best practice of ensuring a periodic externally-facilitated Board evaluation by a professional independent consultant, the Board will continue with its three (3)-year external Board effectiveness review cycle, which will due in 2024.

The 2022 BEE deployed a two (2)-pronged approach which included questionnaires and interview sessions with all the Directors and selected senior management. The 2022 BEE had covered areas on, amongst others:

- Performance of the Board and its Board Committees
- Processes which underpin the Board's effectiveness (including consideration of the balance of skills, experience, independence and knowledge of the Board members)
- Individual performance (giving consideration to whether each Director continues to contribute effectively and show commitment)

### 2022 BEE EVALUATION PROCESS



Based on the results of 2022 BEE, it was noted that the Company's overall score of 90% was above the market average score of 87% comparing to forty (40) entities and almost all of these entities have a market capitalisation or net assets worth more than RM2 billion in Malaysia. Within the plantation sector, the 2022 BEE score of the Company was higher and stood at an average score of 86%. The results of the 2022 BEE reflected a generally satisfactory performance by the Board and Board Committees with all Directors responded that they are fit and proper. The findings of the 2022 BEE were presented by KPMG to the GNRC for recommendations to the Board. Based on the results and comments

gathered from the 2022 BEE forms and interview sessions, there were four (4) key strengths of the Board, Board Committee and individual Directors identified, amongst others:

- Leadership of the Chairman and GMD
- Boardroom commitment and proactivity
- Boardroom collegiality
- Efficacy of the ARMC



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The key findings were also discussed with the Board with emphasis on focus areas that could further enhance the performance of the Board and Board Committees. The Board had then agreed on the appropriate action plans to address the key findings of the 2022 BEE in order to further enhance the Board's effectiveness. The key findings and progress are as follows:

- To have a structured programme for site visits be arranged for the Board to enable the Directors to have a first-hand insight into the Company's value chain. A site visit to our oleochemical plant in Prai, Penang was subsequently held on 11 May 2022.
- To prioritise the considerations concerning the succession planning of individuals helming key positions in the boardroom and senior management. Ongoing various deliberations on succession planning matters have been on the agenda of the GNRC.
- To hold a catalytic strategic immersion session for generative discussions with the senior management, and the said session was subsequently held on 9 May 2022.
- To develop a dynamic Board Agenda that will allow Directors to explore strategic propositions in an in-depth manner. The proposed Agenda has been agreed upon for FY2023.

There was unanimous agreement on the efficacy of the Chairman of the Board and GMD as the Chairman had displayed strong leadership qualities in democratising boardroom deliberations, whilst the GMD

was highly regarded for the efficient management of the Company's business based on the 2022 BEE results. In addition, there was a strong commitment and proactivity amongst Directors in devoting time and crucial support to management in steering the Company.

The main area identified by the Board for particular focus during 2022 was its ongoing attention to the balance between strategic considerations and performance monitoring, including in respect of the type and level of information received at Board level, the balance of opportunities for debate and specific decision-making, and further supporting the Group's ESG sustainability agendas. As a testament to our commitment in promoting the Group's ESG practices, IOI was conferred the coveted Industry Excellence in Plantation Management award at the inaugural Malaysia International Agri-commodity Awards (MIACA) 2022 by the Ministry of Plantation Industries and Commodities (MPIC) at the closing of Malaysia International Agri-commodity EXPO & Summit (MIACES) on 28 July 2022. IOI was recognised at this prestigious event as one of the well deserving top achievers for its exceptional performance in expanding corporate and social development in the area of plantation management, as our Malaysian plantation estates and mills are both certified by Malaysian Sustainable Palm Oil (MSPO) and Roundtable on Sustainable Palm Oil (RSPO). We have also embarked on our digital transformation journey to drive social inclusion and operational efficiency of our operations since 2018, which accelerated value delivery and impact to our stakeholders. This has led us to be awarded the 2022 Association of Southeast Asian Nations (ASEAN) Tech for ESG Award by its ASEAN Innovative Business Platform (AIBP).

### Board Committee Membership and Meeting Attendance in FY2022

Directors are expected to attend all Board and Committee meetings, but in certain exceptional circumstances, such as due to pre-existing business or personal commitments, it is recognised that Directors may be unable to attend. Our Board and Board Committees members have discharged their roles and responsibilities in FY2022, through their attendance at the meetings as set out in the table below:

Members	Board	ARMC	GNRC
Number of meetings held in FY2022	9	6	3
<b>Executive Director</b>			
Dato' Lee Yeow Chor ^	9/9 (100%)	6/6 (100%)	3/3 (100%)
<b>Non-Executive Directors</b>			
Tan Sri Peter Chin Fah Kui# ●	9/9 (100%)	—	1/1 (100%)
Tan Sri Dr Rahamat Bivi binti Yusoff	9/9 (100%)	6/6 (100%)	—
Datuk Karownikaran @ Karunakaran a/l Ramasamy ●	9/9 (100%)	6/6 (100%)	3/3 (100%)
Dr Nesadurai Kalanithi*	8/9 (89%)	4/4 (100%)	2/2 (100%)
Dato' Kong Sooi Lin*	4/4 (100%)	2/2 (100%)	—
Cheah Tek Kuang ●	9/9 (100%)	6/6 (100%)	3/3 (100%)
Lee Yeow Seng	9/9 (100%)	—	—

● Chairman or Committee Chairman

^ In his capacity as Director, and he attended (by invitation) all relevant Board and Committee meetings in his capacity as GMD.



















\* Reflects the attendance and the number of meetings held during the period the Director held office.

# Reflects the attendance and the number of meetings held during the period prior to cessation as the Chairman of the GNRC on 14 September 2021 in compliance with Practice 1.4 of the CG Code.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## What the Board Did During FY2022







Our Board has an agenda that ensures strategic, budget, sustainability, risk management and internal control, operational, financial performance and corporate governance matters are discussed at the appropriate time at Board meetings. Our Board debated and provided input to management on the execution of the overall strategy of the Group, and reflected on that strategy with longer-term views on what could be done to build our strengths as integrated plantation company, enhance financial resilience and deliver consistent and stronger returns through business cycles. Key highlights of our Board's FY2022 activities and priorities are summarised as follows:

Principal matters considered by the Board in FY2022		
Strategic matters	Governance, assurance & risk management	Financial & Management Performance
Oversight of IOI Group's performance and five-year strategy 	U.S Customs and Border Protection investigation over allegation of Forced Labour Practices 	Quarterly results announcements
Sustainability Material Matters, Net Zero Carbon Targets and ESG performance updates 	Year-end governance reports, Sustainability Report, ARMC Report, Statement on Risk Management and Internal Control, Circular to Shareholders on renewal of Shareholders' Mandate and Share Buy-Back Statement 	Capital expenditure approvals
Succession planning 	2022 BEE findings and recommendation	Group's annual budget, forecasts & key performance targets & indicators 
Dividend decisions 	Board diversity 	Group's operational efficiency 
Potential growth opportunities 	Risk Management and internal control reviews 	External Auditors' Audit findings on the Group's Audited Financial Statements and approval thereof 
Group's on-going SAP system implementation and digitalisation & mechanisation plan 	Group's Fit and Proper Policy 	Repurchasing and refinancing of the USD600 million Guaranteed Notes 
	Quarterly internal audit findings	
	Bonus payment and remuneration packages for the GMD 	
	Directors remuneration and benefits 	
	Appointment of Independent NED and member of ARMC 	
	Legal and regulatory compliance including CG Code, the Act and listed company obligations	

## Our Strategic Priorities

-  Increase Yield
-  Increase the Non-CPO Segment
-  Diversify Crops
-  Optimise Workforce
-  Grow the Oleochemical Segment

## Our Six Capitals

-  Human
-  Financial
-  Social & Relationship
-  Natural
-  Manufactured
-  Intellectual



## CORPORATE GOVERNANCE OVERVIEW STATEMENT















### Looking ahead to FY2023

During FY2023, our Board will:

- Refine our strategic propositions at our Board Retreat Session
- Continue Board and senior management succession planning
- Focus on developing tax corporate governance framework
- Continue to support/promote the Group's ESG sustainability practices
- Continue evaluating business diversification, mergers & acquisitions and exploring new business opportunities

### What the GNRC Did During FY2022

The GNRC's terms of reference, which are published on the Group's website, include all matters required by the CG Code. No changes were made to the Terms of Reference during FY2022. The GNRC believes that our Board continues to have the appropriate skills, knowledge and experience to oversee the effective delivery of our strategy. Key highlights of our GNRC's FY2022 activities and priorities are summarised as follows:

GNRC Activities & Focus in FY2022			
Strategic	Governance	Remuneration	Nomination
Oversight of management succession including Talent Management System of the Group 	Review the findings and recommendations on 2022 BEE 	Review Directors' remuneration and benefits for shareholders' approval 	Review & recommend appointment of Independent NED and member of ARMC 
Review the composition of the Board & Board Committees and dynamics 	Review independence of Independent Directors 	Review of bonus payment and remuneration for the GMD 	Review & recommend Directors standing for re-election at Annual General Meeting ("AGM") 
	Review the Group's Fit and Proper Policy 	Review of the remuneration packages of the GMD 	Review & recommend the retirement and re-designation of Independent NEDs 
	Board Diversity 		
	Review Key Executive Performance Evaluation 		
	Review of year-end governance reports 		

### Our Six Capitals



Human



Financial



Social &amp; Relationship



Natural



Manufactured



Intellectual

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

A key element of the GNRC's remit is to lead the process for Board appointments in line with appropriate succession plan. The GNRC had defined a set of specific criteria for potential new Independent NEDs, in particular giving consideration to the skills, expertise, experience and knowledge in the industry, market and segment required in any candidates. We expect all Independent NEDs to demonstrate the highest level of integrity and credibility, independence of judgement, maturity, collegiality and the commitment to devote the necessary time to the Board. As part of the GNRC's effort in monitoring the succession of the senior management, the GNRC also received regular update from the Head of Human Resource in respect of succession planning and talent retention initiatives across the business for the senior management.

As part of its regular succession planning activity and efforts in sourcing for suitable female candidate, in FY2022, the GNRC agreed that it was particularly interested to identify female candidates who would bring a combination of skills and expertise in the areas of (i) global or multinational executive experience; (ii) accounting and finance; and (iii) international trade experience. The thorough and rigorous search process, in which around few individuals were considered, yielded several highly qualified candidates. The GNRC had shortlisted Dato' Kong Sooi Lin as the suitable candidate

and upon the GNRC's recommendation, the Board was satisfied that Dato' Kong Sooi Lin has met the selection criteria and accordingly approved her appointment as additional Independent NED.

We see increasing diversity at the Board level as an essential element in attaining its strategic objectives and achieving sustainable and balanced development for the Group. As part of the Board's succession planning, the GNRC reviews the Board structure, size and diversity periodically and considers any proposed changes to the Board composition. To further enhance Board diversity and strike an appropriate balance between continuity of experience and Board refreshment, the Company has, since September 2022, set a maximum tenure of 9 consecutive years for the Independent NEDs to be eligible for nomination by the Board to stand for re-election by shareholders. With Dato' Kong Sooi Lin onboard, our Board's gender diversity had improved to 37.5% female representation on the Board as at 30 June 2022 (2021: 29%). Moving forward, the Board will actively work towards having a minimum of 30% women as members of the Board. The Board evaluation process conducted in the past found that, although Directors believe that the Board's diversity in terms of gender is good, appropriate consideration can be given in respect of other types of diversity, particularly racial and ethnic diversity.

### Looking ahead to FY2023

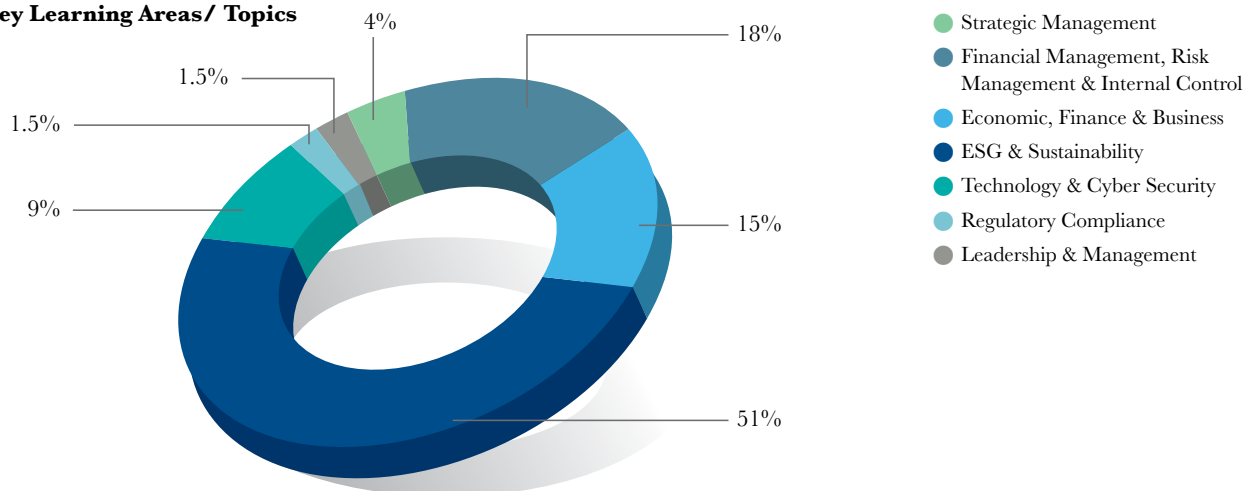
Our GNRC will continue to focus on:

- Succession planning for Board and senior executive roles, through a review of the management structure and a talent review update, to maintain a diverse pipeline of talent
- Reviewing and updating the composition of board committees
- Reviewing governance trends and updating the Terms of Reference

### Board Development

In order to continue to contribute effectively to the Board and Board Committee meetings, Directors are regularly provided with the opportunity to take part in ongoing training and development and they can also request specific training that they may consider necessary or useful. The diagram below shows the key learning areas/topics attended by the Directors. The details of training attended by our Directors in FY2022 can be found on our website at [https://www.ioigroup.com/Content/G/G\\_Governance](https://www.ioigroup.com/Content/G/G_Governance).

#### Key Learning Areas/ Topics



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### Directors' Remuneration

The Company has in place a remuneration framework for Directors and senior management which sets out the criteria applied in recommending their remuneration packages. We believe our remuneration framework provides a mechanism for encouraging and enforcing good governance.

The Board has delegated responsibility for the consideration and approval of the remuneration of the Chairman, GMD and NEDs to the GNRC. The Board as a whole considers the fees paid to the Directors and recommended for shareholders' approval at its AGM.

Each of the Directors receives a base fixed Director's fee and meeting allowance for each Board, Board Committee and general meetings that they attend. The structure of the fees payable to Directors of the Company is as follows:

Appointment	Per Annum (RM)
<b>Board of Directors</b>	
– Base fee	130,000
– Chairman's fee	145,000
<b>Audit and Risk Management Committee</b>	
– ARMC Chairman's fee	50,000
– ARMC Member's fee	35,000
<b>Governance, Nominating and Remuneration Committee</b>	
– GNRC Chairman's fee	30,000
– GNRC Member's fee	20,000
<b>Group Sustainability Steering Committee</b>	
– Independent NED	15,000

The details of the remuneration of Directors of the Company comprising remuneration received or receivable from the Company and its subsidiaries during FY2022 are disclosed in our CG Report 2022 under Practice 8.1 of the CG Code. The increased meeting allowance of RM1,500 (FY2022: RM1,000) per Board and Board Committee meeting is payable to each Director effective 13 September 2022.

### EFFECTIVE AUDIT, RISK MANAGEMENT AND INTERNAL CONTROL

For the Board to determine that our financial statements and disclosures are complete and accurate, it relies on information provided by management. Independent and objective assurance is provided by our external auditor, BDO PLT, on the audited financial statements. The integrity of the Group's periodic corporate reports is underpinned by structures and processes within the Group functions that support analytical review of financial reporting and non-financial metrics, validation of information and the maintenance of proper records for all information.

The members of the ARMC possess the financial knowledge and commercial experience to meet the needs of the Board and the Group's businesses. Our ARMC assists the Board in overseeing, monitoring and assessing the reliability and quality of the Group's financial statements, management of financial risk processes, financial reporting practices and system of internal controls. This is to ensure that our Board dispenses its fiduciary responsibility to present to the shareholders, investors and stakeholders a clear, balanced and meaningful evaluation of the Group's financial position, performance and prospects.

Our Board acknowledges its overall responsibility in maintaining a sound system of internal control and risk management that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as internal procedures and guidelines. Our Group has

a comprehensive system of internal controls in place, designed to ensure that risks are mitigated and that the Group's objectives are attained. The ARMC supports the Board by overseeing the Group's ERM framework and regularly assessing the framework to ascertain its adequacy and effectiveness.

During FY2022, our Board continued to review the effectiveness of our system of controls, risk management and high-level internal control processes. These reviews included the assessment of internal controls and, in particular, financial, operational and compliance controls, and risk management and their effectiveness, supported by management with the assurance of the maintenance of controls reports from the Head of Group Internal Audit, Group Insurance & Risk Management Senior Manager, as well as the external auditor on matters identified in the course of its statutory audit work. Our Board is of the view that the system of internal control and risk management in place are sound and sufficient to safeguard the Group's assets as well as shareholders' investments and the interests of stakeholders.

Both the external and internal auditors have full and unrestricted access to all departments, records and systems of the Group as and when necessary to undertake their activities.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

ESG risks are identified, measured, monitored, reported and overseen in accordance with the Group's ERM framework. The Group Sustainability Steering Committee and divisional Risk Management Committees oversee key aspects of ESG risk, including climate and human rights-related risk. Our climate change disclosures align with the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations. More details can be found in our Sustainability Report which is available on the Company's website at [https://www.ioigroup.com/Content/IR/IR\\_Reports](https://www.ioigroup.com/Content/IR/IR_Reports). Regular updates on ESG risks are provided to ARMC and Board accordingly.

More information about the above activities and its effectiveness are set out in the ARMC Report and Statement on Risk Management and Internal Control.

### Anti-Bribery and Corruption

Our core values and behaviours drive our culture and conduct throughout the Group. We have a zero-tolerance approach to misconduct of any kind and will take disciplinary action, up to and including dismissal, in the event of a breach. Our Business Ethics, Compliance, Anti-Corruption & Money Laundering Policy (the "Policy") is clear in our commitment not to tolerate bribery or corruption of any form. Our Policy is managed by the compliance office. Material breaches of the Policy are reported to the Board by the Group Legal Counsel.

### Whistleblowing

The Company has established a Whistleblowing Policy and it provides an avenue for all employees of IOI Group and all agents, vendors, contractors, suppliers, consultants and customers of IOI Group and members of public to raise concerns about any improper conduct within IOI Group without fear of retaliation and to offer protection for such persons (including the employees of IOI Group) who report such allegations.

IOI Group encourages its employees to raise genuine concerns about suspected or possible violations of IOI Group's Code of Business Conduct & Ethics, improprieties in matters of financial reporting, non-compliances with laws and regulations, non-compliances with IOI Group's Policies and Procedures and to disclose any improper conduct or other malpractices within IOI Group (i.e. whistleblowing) in an appropriate way.

### Directors' Responsibility for Preparing the Annual Audited Financial Statements

We are required by the Act to ensure that financial statements prepared for each financial year which give a true and fair view of IOI Group and of the Company's state of affairs, results and cash flows. Our Directors are of the opinion that IOI Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that the

financial statements have been prepared in accordance with Malaysian Financial Reporting Standards, the provisions of the Act and the Listing Requirements of Bursa Malaysia.

Our Directors are satisfied that IOI Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of IOI Group and of the Company and enable proper financial statements to be prepared. They have also taken the necessary steps to ensure that appropriate systems are in place to safeguard the assets of IOI Group, and to detect and prevent fraud as well as other irregularities. The systems, by their nature can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.

### STAKEHOLDERS' ENGAGEMENT

We recognise the importance of listening to, and understanding the views of our stakeholders for the purpose of obtaining feedback that can be used for the Board's decision-making. Particular importance is accorded to groups formed primarily by shareholders and investors, communities, non-profit organisations ("NGOs"), employees, regulators, suppliers, contractors and customers. This is due to the influence they have on our business and their impact on our operations and organisational strategy.

Whilst direct engagement with stakeholders has been challenging for the Board to undertake during a period of prolonged lockdown and travel restrictions, the views of stakeholders have been a key consideration in papers presented to the Board and its Committees and during boardroom discussions, thus influencing strategic planning and decision-making. This ensured that, whilst physical engagement was not possible for certain periods of the year, the Board made sure that stakeholders still had a voice within the boardroom. Board members are of the opinion that, despite the difficulties presented by the pandemic, they were able to virtually engage with the Company's stakeholders. For a more detailed look into how the Company has been able to engage, please refer to our Sustainability Report which is available on the Company's website at [https://www.ioigroup.com/Content/IR/IR\\_Reports](https://www.ioigroup.com/Content/IR/IR_Reports).

As part of our ongoing better governance practices, we are guided by the continuous disclosure principle under the Listing Requirements of Bursa Malaysia, which provides the Company with a clear, succinct and streamlined continuous disclosure process. All financial results and media releases that we announce to the market via the Bursa Link announcements platform are posted to our website.

Our Investor Relations team acts as the main point of contact for investors throughout the year. We have frequent discussions with current and potential shareholders on a range of issues, including in response to individual ad hoc requests from shareholders and analysts.

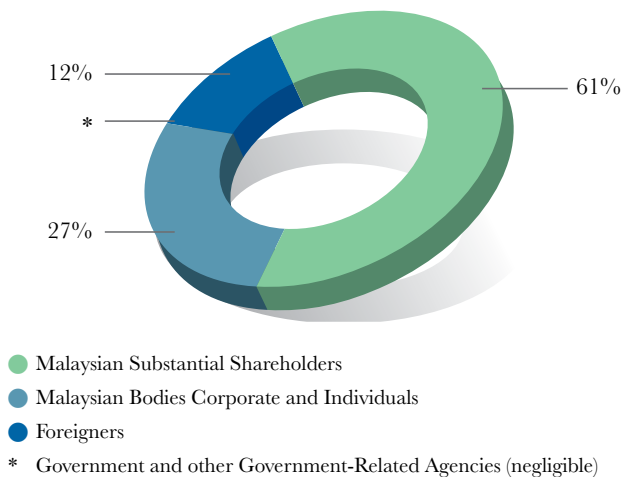
## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company had been authorised by shareholders to place documents or notifications relating to shareholder communications (such as the Notice of AGM and the Annual Report and Sustainability Report) on the corporate website in lieu of sending paper copies to shareholders (unless specially requested). While recognising and respecting that some shareholders may have different preferences about how they receive information from us, we will continue to promote the benefits of electronic communication given the advantages that this has over traditional paper-based communications, both in terms of the configurability and accessibility of the information provided and the consequent cost savings and reduction in environmental impact. We communicate formally with all our shareholders at least six (6) times a year at:

- Our quarterly results announcement and any accompanying dividend payment
- Our full year results announcement and any accompanying dividend payment
- Through our AGM

We actively encourage our shareholders to embrace the benefits of electronic communication. As at 30 August 2022, approximately 55% of shareholders were registered to receive notices electronically. We provide clear and informative meeting notices and other communications, and all our meeting materials are available in our website. Our composition of shareholders as at 30 August 2022 was as follows:

### Composition of Shareholders as at 30 August 2022



We encourage shareholders to participate in the AGM and post questions to the Chairman and the Board. Shareholders are provided with an opportunity to post questions or make comments ahead of, or during, the AGM.

A variety of engagement initiatives including direct meetings, workshops and dialogues with communities are constantly conducted to learn about their welfare needs. Our stakeholders and NGOs actively engaged with our GMD, Group Head of Sustainability, Stakeholder Engagement team and Group Head of Commodity Marketing.

During 2022, IOI Pelita Plantation Sdn Bhd (“IOI Pelita”) had signed a landmark final settlement agreement with eight (8) local communities, ending a decades-long land dispute and therefore, the case with RSPO was officially concluded. Under the agreement, IOI Pelita, which the Group owns jointly with the Sarawak State Land Custody and Development Authority, will relinquish or excise 4,615 hectares of land from its provisional lease. The Sarawak government will subsequently gazette that excised land as native communal reserves for agricultural use by the affected communities, effectively giving these communities an ownership title to the land.

Further details on stakeholders’ engagement and partnership building are accessible in our Sustainability Report which is available on the Company’s website at [https://www.ioigroup.com/Content/IR/IR\\_Reports](https://www.ioigroup.com/Content/IR/IR_Reports).

This Statement was approved by our Board on 13 September 2022.