POISED & FUTURE READY

IOI is poised and committed to reach further heights as a global integrated palm oil player. This year’s cover depicts our future-ready focus through unfolding wings that depict the Group’s steady progression anchored by global aspirations at the core.

IOI’s palm oil supply chain extends across the top horizon through icons that depict upstream to downstream business activities. The Group’s long-term business strategies ensure resilience, growth and a sustainable future through continued improvements in Research & Development (“R&D”), Plantation, Refinery, Oleochemical and Renewable Energy. Corporate blue tones are used to reflect synergy unleashed across all business operations.

Together the left and right wings represent the pairing of this Annual Report with a corresponding Sustainability Report, forming our Integrated Report for the year.

IOI CORPORATION BERHAD

IOI City Tower 2, Lebuh IRC, IOI Resort City,
62502 Putrajaya, Malaysia

www.ioigroup.com
51st Annual General Meeting for IOI Corporation Berhad

Virtual Meeting through live streaming from the Broadcast Venue at
Millennium Ballroom 1 (Level 1)
Le Méridien Putrajaya
Lebuh IRC, IOI Resort City
62502 Putrajaya, Malaysia

Friday
30 October 2020
10:00 am

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06 Group Managing Director and Chief Executive’s Statement
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Proxy Form

Note:
The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of Meeting to be present at the main venue. No shareholders/proxy from the public shall be physically present at nor admitted to the Broadcast Venue.
About Our Report

The Focus of This Report
IOI Corporation Berhad ("IOI" or "the Group") has embarked on an integrated reporting journey since last year. This is our second Integrated Report ("Report") representing a clear and comprehensive corporate reporting to better meet the needs of various stakeholders and achieve greater business benefits. We aim to explain how we create value for all our stakeholders and provide details of our successes and challenges in realising value, as well as our strategic direction going forward.

Our Report consists of an Annual Report, Financial Report and Sustainability Report to provide further details and clarity on our performance on these fronts. This report provides detailed accounting of the year's financial performance.

Reporting Period, Scope and Boundary
This Report covers our financial and non-financial performance during the period of 1 July 2019 to 30 June 2020.

The scope of this Report covers all of IOI's businesses in Malaysia and other countries we operate in. This includes operations for which we have full control, subsidiaries, associate companies and joint venture. It excludes detailed information on investments in which the Group holds a minority stake.

The boundary of the Report beyond financial reporting and includes non-financial performance, risks, opportunities and outcomes attributable to or associated with our key stakeholders that have a significant influence on our ability to create value.

For a holistic view of our business, this Report should be read in conjunction with the information available on our website at www.ioigroup.com.

Reporting Framework
This Report has been prepared in accordance with the International Framework set by the International Integrated Reporting Council ("IRRC"), Global Reporting Initiative ("GRI") Core Option and GRI Sector Disclosures as well as the Main Market Listing Requirements of Bursa Malaysia.


Assurance
The Board has applied its collective mind to present IOI's Report and acknowledge its responsibility to ensure the integrity of this Report, through good governance practices and internal reporting procedures. This Report was approved by the Board on 15 September 2020.

Tan Sri Peter Chin Fah Kui
Independent Non-Executive Chairman
Dato' Lee Yew Chor
Group Managing Director and Chief Executive

Forward-looking Statements
This Report contains certain forward-looking statements with respect to IOI's future performance and prospects. While these statements represent our judgments and future expectations at the time of preparing this Report, a number of emerging risks, uncertainties and other important factors could cause actual results to differ materially from our expectation. These include factors that could adversely affect our business and financial performance. We would like to clarify that the Group makes no express or implied representation or warranty that the results targeted by these forward-looking statements will be achieved.

Feedback & Comments
We welcome any constructive feedback from you. Please email us at corporatecommunications@ioigroup.com

This Annual Report is available at https://www.ioigroup.com/Content/IIR/Reports

Additional Information
Our Strategic Icon
Our Key Stakeholder Groups
Our Risks & Opportunities
Our Six Capitals
Our Material Matters

Our Priorities
Increase the Non-CFO Segments
Grow the Agricultural Segment

Human
Manufactured
Natural
Social & Relationship
Financial
Intellectual

Employees
Regulations
Customers
Shareholders & Investors
Communities
Industry Associations/ Civil Society
Supporters

Human Capital & Talent
Sustainable Crops
Reliance on Manual Labour
Environmental Sustainability
Business Resilience

Manufacturing
Responsible & Sustainable Agricultural Practices
Demand for Renewable and Sustainable Products
Product Regulatory Requirements
Growing Customer Interest in Ethical Labour Practices

OCCUPATIONAL SAFETY AND HEALTH
CLIMATE CHANGE
FIRE MANAGEMENT
SAFETY AND HEALTH
RESPONSIBLE SELLING AND TRACEABILITY
CLIMATE CHANGE
CORRUPTION AND GOVERNANCE
ETHICS
HUMAN RIGHTS AND HUMAN RIGHTS
NEW TECHNOLOGY
INNOVATION
HUMAN RIGHTS AND COMMUNICATIONS
TRANSPARENT GRIEVANCE RESOLUTION AND
COMMUNICATIONS
INNOVATION
Chairman’s Statement

Dear Shareholders,

On behalf of the Board of Directors (“the Board”) of IOI Corporation Berhad (“IOI” or “the Group”), I am pleased to present to you the Annual Report of the Group for the financial year ended 30 June 2020 (“FY2020”).

OPERATING ENVIRONMENT

During the period under review, the COVID-19 pandemic triggered an unprecedented global crisis during which the global economy is already fragile and weakened by the protracted United States (“US”)–China trade war. The World Bank and the International Monetary Fund are respectively expecting the world economy to shrink by 5.2% and 4.9% this year.

On the local front, the domestic economy was severely affected by the movement control order (“MCO”) and the necessary actions taken to contain the COVID-19 outbreak. The Group was fortunate that most of its operations were allowed to operate during the MCO period as the palm oil industry is considered an essential sector. Malaysia’s Gross Domestic Product (“GDP”) is projected to decline by between 3.5% to 5.5% in 2020, after growing 4.3% in 2019. Similar restrictions undertaken by governments globally led to major disruptions in the oils and gas sector and the eventual collapse of crude oil prices in March this year, which affected the country’s income.

Excluding the net foreign currency translation loss on foreign currency denominated borrowings and deposits as well as fair value gain on derivative financial instruments from the resource-based manufacturing segment, the underlying PBT of RM1,030.8 million for FY2020 was 9% higher than the underlying PBT of RM945.8 million for FY2019. Overall, the Group reported a net profit of RM601.7 million for FY2020 which was RM15.9 million or 2.6% lower as compared to RM617.6 million for FY2019.

For our plantation segment, the higher profit of RM307.5 million for FY2020 as compared to FY2019 of RM483.9 million was mainly due to higher CPPO price realised as well as improved crude palm oil extraction rate which offer the lower FFB production. Overall average CPPO price realised for FY2020 are RM4.32 per MT (FY2019 – RM4.20 per MT). FFB production for FY2020 was lower at 3.1 million MT as compared to 3.4 million MT for FY2019 mainly due to aggressive replanting and delayed effects of the long dry spells in 2018 and 2019. On the other hand, our resource-based manufacturing segment was adversely affected by the higher palm oil price which has resulted in lower margins. The COVID-19 pandemic which started since March 2020 in Malaysia and is still a concern for many countries, has affected overall sales volume especially during the MCO period. The resource-based manufacturing segment’s profit of RM385.1 million for FY2020 was 30.4% lower than the profit of RM553.4 million reported in FY2019 with lower operational contributions from the oleochemical and refining sub-segments, as well as lower share of associate results from Bunge Loders Croklaan Group B (“Bunge Loders”) arising from the COVID-19 pandemic as well as a one-off debt write-down in the European operation.

The Group’s Business Review is further detailed on page 58-69 of this Annual Report.

MAJOR CAPITAL EXPENDITURE

As mentioned last year, the Group’s plantation segment accelerated its replanting programme to replace aging palms and over 10,000 hectares of ageing trees were replanted during FY2020 with higher yielding oil palm planting materials. The Group has also completed new planting of about 2,400 hectares of oil palm on its last concession area in Kalimantan, Indonesia. A balance of approximately 900 hectares of remaining unplanted area will be fully planted by FY2021.

For our oleochemical segment, our new 110,000 MT/year capacity oleochemical plant in Puti, Penang is estimated to be completed by end of 2021. The Group is also upgrading and modernising the warehouses in Prai with orbital racking and full automation functionalities to improve efficiency.

The total capital expenditure for FY2020 was RM313.9 million while the resource-based manufacturing segment incurred RM98.5 million was incurred by the Group in a strong liquidity position.

DIVIDENDS AND CAPITAL MANAGEMENT

An interim single tier dividend at 4 sen per ordinary share amounting to a total amount of approximately RM125.4 million was paid during the year under review. For FY2020, the Board has declared a second interim single tier dividend of 4 sen on 25 August 2020. The total dividend payout as mentioned above represents approximately RM502.1 million or 57.6% of the Group’s net cash flow generated from operating activities in FY2020.

During the year, the Company bought back 18,220,000 ordinary shares of the Company from the open market at an average price of RM3.74 per share, representing 0.3% of the issued and paid-up share capital of the Group.

The Group remains poised and flexible with a low net gearing ratio of 0.29 at the end of FY2020. Cash and cash equivalents at the end of FY2020 stood at RM2.3 billion, which puts the Group in a strong liquidity position.

ACKNOWLEDGEMENTS

The ongoing COVID-19 pandemic has affected most economic sectors in the country and presented many operational challenges. In response to the pandemic and the global disruption arising from economic lockdowns, the Group managed to produce a commendable result in FY2020. For this, I wish to record my sincere appreciation to the management and employees for their resilience, commitment and dedication during this pandemic period. I also wish to express my gratitude to all our stakeholders, namely our customers, bankers, business partners, governmental authorities, non-governmental organisations, and our shareholders for their continued support and confidence in our Group during these challenging times. Please stay safe and keep well. Thank you.

Tan Sri Peter Chin Fah Kui

Independent Non-Executive Chairman

Additional Information

In the financial year ended 30 June 2020 (“FY2020”), IOI Corporation Berhad (“IOI” or “the Group”) recorded its highest ever profit before tax (“PBT”) of RM1,030.8 million, up 9% from RM945.8 million in FY2019. The Group’s revenue stood at RM10,421.6 million, marking a fall of 2% from RM10,634.2 million in the previous year. The Group’s turnover in the resource-based manufacturing segment accelerated its replanting programme to replace aging palms and over 10,000 hectares of ageing trees were replanted during FY2020 with higher yielding oil palm planting materials. The Group has also completed new planting of about 2,400 hectares of oil palm on its last concession area in Kalimantan, Indonesia. A balance of approximately 900 hectares of remaining unplanted area will be fully planted by FY2021. As for the oleochemical segment, our new 110,000 MT/year capacity oleochemical plant in Puti, Penang is estimated to be completed by end of 2021. The Group is also upgrading and modernising the warehouses in Prai with orbital racking and full automation functionalities to improve efficiency. The total capital expenditure for FY2020 was RM313.9 million while the resource-based manufacturing segment incurred RM98.5 million was incurred by the Group in a strong liquidity position.

IOI Corporation Berhad is one of Asia’s leading businesses in the agro-food and palm oil sectors. It is one of the world’s largest palm oil producers, as well as one of the region’s leading integrated oleochemical manufacturers, with an annual production capacity of 110,000 MT of oleochemical products. The Group’s operations focus on two primary segments: the resource-based manufacturing segment and the plantation segment. To diversify its business, the Group also engages in refining and trading activities. The Group’s operations include the production and manufacturing of crude palm oil (“CPO”), palm kernel oil, crude palm kernel oil, crude palm stearin and other oleochemical products. The Group has a presence in almost all the major oleochemical streams, serving its major customers across the globe. It also has operations in oleochemical upstream activities including its own palm oil plantations.

Over 10,000 hectares of ageing trees were replanted during FY2020 with higher yielding oil palm planting materials.
Dear Shareholders,

I am pleased to present this inaugural Group Managing Director and Chief Executive’s Statement which sets out our key focus areas, challenges and implementation of new plans during the financial year 2020 ("FY2020") as well as the prospects for FY2021.

IOI GROUP’S FIVE-YEAR PLAN

The management embarked on a Five-Year Plan which was introduced in March this year to provide a clear direction for the Group to progress from a cost competitive palm oil producer to a high value-added diversified palm-based products producer which will increase its resilience and competitiveness in the future.

This plan is driven by five strategic priorities from years 2020 to 2024. Firstly, the Group aims to increase plantation oil yield by at least 15% through utilising our high-yielding planting materials which includes clonal palms as well as employing best agricultural and labour management practices.

Secondly, the Group seeks to reduce dependency on manual labour and optimise the plantation workers’ productivity through the implementation of various estate mechanisation and plantation digitalisation programmes. The Group started its revitalised estate mechanisation programme two years ago and is aiming at completing mechanisation across all its Malaysian estates within three years.

The plantation digitalisation programme is anchored by the SAP ERP system which is implemented in all its Malaysian plantation operating units. In July this year, we have implemented the SAP system to approximately 75% of the operating units and we expect to complete the implementation by October 2020.

Thirdly, the Group aims to diversify planting of crops away from full reliance on oil palm to other crops such as coconut and kenaf to limit the Group’s exposure to palm oil price volatility. Correspondingly, the fourth priority is to increase the non-crude palm oil ("CPO") income by converting oil palm by-products and processing waste into value-added products at competitive cost. Besides installing eight biogas power plants in our mills, the Group has recently started a venture to convert oil palm trunks into wood blocks for furniture and building materials.

Finally, the Group seeks to increase the oleochemical sub-segment’s profit contribution by RM100 million through organic expansion and new products applications. The new 110,000 MT per annual capacity oleochemical plant in Prai, Penang which commenced construction during the second half of 2019 will spearhead our organic expansion.

The Group’s Strategic Priorities are further detailed on pages 38–43 of this Annual Report.

Dato’ Lee Yeow Chor
Group Managing Director and Chief Executive
The COVID-19 pandemic seems to be adequately contained in Malaysia compared to other countries and the government has begun gradual easing of the movement control order (“MCO”). However, more economic sectors are expected to operate in the medium to long term.

Nevertheless, the COVID-19 pandemic is setting new normality in many countries globally and possibly the deepest global recession since the Great Depression. The reduced social and economic activities on a global scale as a result of control measures worldwide will continue to dampen global consumption and investment activity in the aftermath of economic lockdowns.

The Group has intensified its estate mechanisation and plantation digitalisation programmes which will alleviate the labour shortage problem in the medium to long term.

Initiative (“GRI”) standards.

Our new commitments, progress and initiatives on sustainability are further detailed in our Annual Sustainability Report 2020 which is based on the Global Reporting Initiative (“GRI”) standards.

OUTLOOK AND PROSPECTS

Going forward, the Group is poised to expand and strengthen its position in the oleochemical segment as it is the most promising sub-segment. As such, our downstream products, namely, Diolein Erucyl Stearate (DDS) and trimethylolpropane trioleate (TMO-3O), are likely to be robust and resilient.

As for our resource-based manufacturing segment, the group’s estate mechanisation helps to reduce dependency on manual labour.

The plantation sector is facing an increasingly serious problem of labour shortage as a result of the Malaysian government’s freeze on new foreign workers until the end of this year. Our effort to recruit local estate workers in response to the government’s direction has yielded limited results. The Group has intensified its estate mechanisation and plantation digitalisation programmes which will alleviate the labour shortage problem in the medium to long term.

As for our resource-based manufacturing segment, the group’s estate mechanisation helps to reduce dependency on manual labour.

The Group has intensified its estate mechanisation and plantation digitalisation programmes which will alleviate the labour shortage problem in the medium to long term.
Business and Financial Highlights

100% MSPO-Certified

Owner of 14 Patents and 4 more in the process for pharmaceutical application, via IOI Oleo GmbH, Germany

Commissioned a 6.5 MW Cogeneration Plant (combined heat and power) at IOI Pan-Century Oleochemicals Sdn Bhd, Malaysia

Commissioned a 1st Company in Sabah to achieve Level 5 in Systematic Occupational Health Enhancement Level Programme ("SoHELP")

Commissioned a Liquid Lipid Filling Line to expand the Active Pharmaceutical Ingredient ("API") business at IOI Oleo GmbH, Germany

Developed over 30 formulations for personal care and cosmetic applications

Successfully rolled out the SAP System to approximately 75% of our plantation’s operating units

Yayasan Tan Sri Lee Shin Cheng CSR contribution RM1.6 million

Share Price RM4.34

Net Profit Attributable to Owners of the Parent RM600.9 million

Revenue RM7.80 billion

Profit before Interest and Taxation RM1.14 billion

Market Capitalisation RM27.20 billion

Global Presence 16 countries

Total Employees ≈30,000 worldwide

MSPO-Certified

84 estates | 14 mills

MSPO

IOI Corporation Berhad

MSPO

10 Patents

4 more in process

1st Company in Sabah

Liquid Lipid Filling Line

6.5 MW Cogeneration Plant

100% MSPO-Certified

RM27.20 billion

16 countries

≈30,000 worldwide

RM1.14 billion

RM7.80 billion

RM4.34

RM1.6 million

Strategic Direction:

Poised & Future-Ready

Performance Review

Governance

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Risks & Opportunities

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Organisational Overview

Who We Are

IOI Corporation Berhad ("IOI"), listed on the Main Market of Bursa Malaysia Securities Berhad, is a leading global integrated and sustainable palm oil player. Employing about 30,000 people in several countries, we are a fully integrated company that undertakes the plantation and resource-based manufacturing businesses. Our plantation business covers Malaysia and Indonesia while our downstream resource-based manufacturing business includes refining of palm oil as well as manufacturing of oleochemical and specialty oils and fats, with strong presence in Asia, Europe and USA.

Vision

Our Vision is to be a leading and sustainable Malaysian business corporation with global presence.

Mission

Our Mission is to achieve responsible and sustainable commercial success by addressing the interests of all our stakeholders, caring for the community and the environment, and adopting best practices to be globally competitive.

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Core Values

Integrity  Cost Efficiency

Commitment  Innovation

Team Spirit  Excellence in Execution

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**Global Presence**

**North America**
1. Channahon, USA
2. New Jersey, USA
3. Toronto, Canada

**South America**
4. Sao Paulo, Brazil

**Africa**
5. Bobo Dioulasso, Burkina Faso
6. Tema, Ghana
7. Cairo, Egypt

**Europe**
8. Channahon, The Netherlands
9. Wiesbaden, Germany
10. Witten, Germany
11. Hamburg, Germany
12. Varese, Italy
13. Warsaw, Poland
14. Moscow, Russia
15. Malaysia
16. Xiamen, The People’s Republic of China
17. Shanghai, The People’s Republic of China
18. Jakarta, Indonesia
20. Varese, Italy
21. Dubai, United Arab Emirates

**Exports by Regions (Oleochemical)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>80%</td>
</tr>
<tr>
<td>Africa</td>
<td>3%</td>
</tr>
<tr>
<td>Europe</td>
<td>12%</td>
</tr>
</tbody>
</table>

**Exports by Regions (Commodity)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>33.5%</td>
</tr>
<tr>
<td>Africa</td>
<td>4.6%</td>
</tr>
<tr>
<td>Europe</td>
<td>49%</td>
</tr>
</tbody>
</table>

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- Plantation & Mill
- Resource Based Manufacturing
- Sales/Procurement/Regional Office
- Associate (Bunge Loders)
- Includes associated companies
- Includes plasma estates
- Includes sales of palm kernel expellers

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**Exports by Regions (Oleochemical)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>80%</td>
</tr>
<tr>
<td>Africa</td>
<td>3%</td>
</tr>
<tr>
<td>Europe</td>
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**Exports by Regions (Commodity)**

<table>
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<th>Region</th>
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</thead>
<tbody>
<tr>
<td>Asia</td>
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</tr>
<tr>
<td>Africa</td>
<td>4.6%</td>
</tr>
<tr>
<td>Europe</td>
<td>49%</td>
</tr>
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- Plantation & Mill
- Resource Based Manufacturing
- Sales/Procurement/Regional Office
- Associate (Bunge Loders)
- Includes associated companies
- Includes plasma estates
- Includes sales of palm kernel expellers

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- Sales/Procurement/Regional Office
- Associate (Bunge Loders)
- Includes associated companies
- Includes plasma estates
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Awards and Achievements

1. Highest Return in Equity Over Three Years (Plantation Sector)
   IOI Corporation Berhad
   (The Edge Billion Ringgit Club Corporate Awards 2019)

2. Highest Growth in Profit After Tax Over Three Years
   IOI Corporation Berhad
   (The Edge Billion Ringgit Club Corporate Awards 2019)

3. Best CR Initiative for Big Cap Companies 2019
   (for companies with RM10 to 40 billion in market capitalisation)
   IOI Corporation Berhad
   (The Edge Billion Ringgit Club Corporate Awards 2019)

4. Most Outstanding Company in Malaysia (Plantation Sector)
   IOI Corporation Berhad
   (Asiamoney Asia)

5. Special Mention Award for Leadership Trust 2019
   IOI Corporation Berhad
   (PwC Malaysia’s Building Trust Awards 2019)

6. Winner of the National Council for Occupational Safety and Health Awards 2019 (Agriculture Industry)
   Baturong 1 Estate (Lahad Datu), Sabah

7. Environmental, Social and Governance (ESG) Rating: 2.9
   IOI Corporation Berhad

8. Highly Commended Palm Oil Industry Award on Waste Heat Recovery
   IOI Acidchem Sdn Bhd
   (Institution of Chemical Engineers (IChemE) Malaysia Awards 2019)

9. Rated Baa2 by Moody’s Credit Rating
   IOI Corporation Berhad

10. Ranked 13th with overall score of 71.9%
    IOI Corporation Berhad

11. Scored Silver in EcoVadis Sustainability Rating
    IOI Corporation Berhad

12. Responded to Climate Change, Forests (Palm Oil) and Water Security
    IOI Corporation Berhad

At IOI, we strive to establish and sustain a global palm oil supply chain which is reliable, traceable and sustainable. Our integrated business model enhances synergies across our business operations, delivers shared values to our stakeholders and provides long-term economic, social and environmental benefits. We focus on five strategic priorities which are in line with our Poised & Future-Ready theme.
At IOI, we strive to establish and sustain a global palm oil supply chain which is reliable, traceable and sustainable. Our integrated business model enhances synergies across our business operations, delivers shared values to our stakeholders and provides long-term economic, social and environmental benefits. We focus on five strategic priorities which are in line with our **Poised & Future-Ready** theme.
Our Value Creation Model

Our Vision is to be a leading and sustainable Malaysian business corporation with global presence.

Capital Inputs
- Human
  - Strong leadership and governance
  - At least 30,000 talented and diverse people
  - pelakalan and business community
- Natural
  - 90 years
  - 200,567 hectares of landbank
  - Local plants and Estate to cultivation of oil palm and other crops
- Financial
  - Access to capital for investments in future success
- RM16.7 billion of assets
- RM9.3 billion of shareholders' equity
- Manufacturing
  - 15 mls.
  - 14 locations
  - 14 oleochemical plants/complexes
  - Local plants
  - Local Research & Development (‘R&D’) centres
- Social & Relationship
  - Strong long-standing relationships with palm oil stakeholders, local communities and non-governmental organisations (‘NGOs’), regulators and government
  - Employees
  - Labour
  - Creditors
  - Suppliers
  - Local communities
- Intellectual
  - 8 patents for pharmaceutical applications
  - 9 patents for palm kernel
  - 12 patents for palm kernel oil
  - 21 patents for palm oil
  - 21 patents for palm kernel
  - 21 patents for palm oil mill effluent

Capital Outputs & UN SDGs’ Impacts
- Human
  - 10,000 jobs
  - 10,000 indirect jobs
  - At least 1,000 local communities
  - At least 1,000 local communities
- Natural
  - Sustainable palm oil practices
  - Carbon footprint
  - 12,000 hectares
  - 0.25% of lands
  - 0.25% of lands
- Financial
  - Sustainable palm oil practices
  - Responsible investments
  - Green economy
  - Responsible investments
- Manufacturing
  - Green and responsible investment
  - Sustainable and profitable growth
  - Sustainable and profitable growth
  - Sustainable and profitable growth
  - Sustainable and profitable growth
- Social & Relationship
  - Responsible and sustainable investments
  - Responsible and sustainable investments
  - Responsible and sustainable investments
  - Responsible and sustainable investments
  - Responsible and sustainable investments

Our Value Creation Model

In alignment with our three pillars of sustainability (People, Planet, Prosperity) + Partnership, together with the six adopted relevant United Nations Sustainable Development Goals (‘UN SDGs’).
IOI is mindful of macro trends, external factors and stakeholder expectations which will impact our ability to create value. Based on these, the Group actively identifies, analyses emerging risks and opportunities and fortifies a robust risk management framework to build resilience and ensure business continuity through challenging times.
IOI has identified the following key trends that are expected to impact our businesses, stakeholders and markets over the short, medium and long term.

Our strategy positions our businesses to seize opportunities presented by these trends.

### Volatility in Demand & Commodity Price

<table>
<thead>
<tr>
<th>Trend &amp; Description</th>
<th>Potential Impact</th>
<th>How IOI is Responding</th>
<th>IOI Outlook</th>
<th>Connection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volatility in Demand &amp; Commodity Price</td>
<td>Fluctuations in demand and pricing of palm oil due to geopolitical and socioeconomic factors.</td>
<td>Trade wars and rising protectionism have disrupted traditional pricing mechanisms, leading to price fluctuation of approximately 64% in the previous financial year. The COVID-19 pandemic has significantly impacted the global hospitality and travel industries, leading to reduced palm oil demand. The proposed European Union (“EU”) plan to phase out palm oil for transport fuel by 2030 is affecting palm oil demand for biofuels.</td>
<td>A fully integrated business model, with upstream and downstream businesses to mitigate the impact of commodity price fluctuations. Sales are diversified to more than 80 countries to mitigate our exposure to localized risks in particular markets. Strategic presence in Malaysia and overseas allows us to cater to different market segments. Continuous improvement of the market information system, enhance monitoring and risk management through hedging activities. Develop and adopt better strategies to improve resilience to unexpected price swings.</td>
<td>Trade protectionism is expected to stay in the near term and IOI continues to monitor macroeconomic developments. Recovery from the impact of the COVID-19 pandemic will be gradual, with economic activities resuming alongside the emergence of new localized outbreaks. Palm oil-producing countries including Malaysia and Indonesia are expected to increase its domestic consumption of vegetable oil and biofuels to offset the downswing in demand for palm oil exports.</td>
</tr>
</tbody>
</table>

### Responsible & Sustainable Agricultural Practices

Corporations must adopt responsible and sustainable practices to positively impact the economy and address environmental challenges.

| Responsible & Sustainable Agricultural Practices | Climate change and environmental degradation present significant risks to both the global economy and business environment. Corporations are expected to increase their positive impacts on the economy, social development and the environment. Increased focus on sustainable agricultural practices to minimize carbon emissions and reduce air pollution, and to protect biodiversity, forests, water and soil. | Committed to adopt and implement sustainable agricultural practices into our plantation and resource-based manufacturing businesses. Adopted internationally recognised voluntary sustainability standards, including the Roundtable on Sustainable Palm Oil (“RSPO”) and the International Sustainability and Carbon Certification (“ISCC”), as well as the mandatory Malaysian Sustainable Palm Oil (“MSPO”). Committed to the No Deforestation, No Peat and No Exploitation (“NDPE”) and protection of High Conservation Value and High Carbon Stock areas. Drive sustainable practices, conduct tracing and supply chain monitoring, and engage with suppliers through digital tools. | Responsible palm oil production and sustainable agricultural practices are integral to conducting business. IOI will continue its close collaborations with stakeholders to meet their expectations and requirements. | Responsible palm oil production and sustainable agricultural practices are integral to conducting business. IOI will continue its close collaborations with stakeholders to meet their expectations and requirements. | Strategic Priorities |

### Demand for Renewable & Sustainable Products

Growing demand from downstream customers and consumers for traceable and RSPO-certified palm oil products.

| Demand for Renewable & Sustainable Products | The successful development of RSPO Supply Chain Certification Systems will require uptake from product manufacturers and will be driven by customer demand. The complexity of downstream processes and the need for segregation may increase cost and logistics requirements. | Our refineries are capable of producing both RSPO Mass Balance (“MB”) and Segregated (“SG”) grades products. All oleochemical products are available in the RSPO MB grade. Serve as Chair of the ASEAN Oleochemical Manufacturers Group’s RSPO Work Group since its inception eight years ago. Leverage on our integrated supply chain and in-depth knowledge of RSPO Supply Chain Certification Systems to promote and assist customers to use our RSPO-certified products. We collaborate with key fast-moving consumer goods (“FMCG”) customers who have interest in RSPO SG grade and traceable raw material supply. Develop innovations such as production flexibility and formulations to support the manufacturing of RSPO SG grade products in a more practical and efficient manner. | IOI is confident that the demand for RSPO MB and SG grades products will continue to grow in both food and non-food sectors. Demand will shift from RSPO certifications with lower premiums, such as RSPO MB grade, to higher prospects such as RSPO SG or Identity Preserved grades. Production facilities of the RSPO SG grade products will support IOI to meet growing customer demand, achieve economies of scale and improve our market position. | IOI is confident that the demand for RSPO MB and SG grades products will continue to grow in both food and non-food sectors. Demand will shift from RSPO certifications with lower premiums, such as RSPO MB grade, to higher prospects such as RSPO SG or Identity Preserved grades. Production facilities of the RSPO SG grade products will support IOI to meet growing customer demand, achieve economies of scale and improve our market position. | Strategic Priorities |
### External Environment

#### Trend & Description

**Product Regulatory Requirements**

Regulatory changes in key markets create new compliance requirements.

- **Obligation to register products in export countries to meet customer's demand.**
  - Product registration requires significant resource, cost and regulatory expertise.
- **The regulatory environments in export markets continue to evolve, notably in the premium nutrition, health and supplement sectors.**

**Growing Customer Interest in Ethical Labour Practices**

Customer expectations for the implementation of fair labour practices and audits.

- **Downstream multinational customers encourage audits, such as Sedex Members Ethical Trade Audit (“SMETA”) and EcoVadis Site Verification, to ensure that suppliers implement ethical labour practices concerning freedoms of association, working time, workplace conditions, fair wages and vulnerability of migrant workers to improve labour welfare and human rights.**
- **The need to comply with customers’ audit requirements to retain a position on customers’ supplier list.**

#### Potential Impact

- **Obligation to register products in export countries to meet customer’s demand.**
  - Product registration requires significant resource, cost and regulatory expertise.
- **The regulatory environments in export markets continue to evolve, notably in the premium nutrition, health and supplement sectors.**

**Growing Customer Interest in Ethical Labour Practices**

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  - The need to comply with customers’ audit requirements to retain a position on customers’ supplier list.

#### How IOI is Responding

- **Market Intelligence Team to continually monitor the regulatory landscape for early identification of registration requirements.**
- **Technical Task Force to oversee the development of products to comply with registration and regulation, e.g. premium baby nutrition products.**
- **Investment in state-of-the-art analytical instruments to cater for current requirements and address anticipated future specifications.**

**Subscription to relevant audit programmes to monitor and disclose our business practices, which are globally recognised by our partners and customers.**

- **Communicate and provide insights into our strengths through scorecards, which can be easily communicated to customers.**
- **Develop action plans to close existing gaps in our practices to meet audit requirements and to ensure fair and decent working conditions for our labours.**
- **Conduct Corporate Social Responsibility activities, including health and educational programmes for community well-being to complement our business practices.**

#### IOI Outlook

- **Expected baby boom following the COVID-19 pandemic is likely to increase demand for infant nutrition products, in which several of IOI’s low 3-MCPD and Glycidyl Esters products are included.**
- **Recent EU legislation on undesirable substances and food safety has raised both formulators and public awareness, with the expected tightening of requirements. This increases the demand for premium and safer products.**

### Link to Our Strategic Priorities

**Strategic Priorities**

- **Growing Customer Interest in Ethical Labour Practices**
  - Subscription to relevant audit programmes to monitor and disclose our business practices, which are globally recognised by our partners and customers.
  - Communicate and provide insights into our strengths through scorecards, which can be easily communicated to customers.
  - Develop action plans to close existing gaps in our practices to meet audit requirements and to ensure fair and decent working conditions for our labours.
  - Conduct Corporate Social Responsibility activities, including health and educational programmes for community well-being to complement our business practices.

**Strategic Priorities**

- **Growing Customer Interest in Ethical Labour Practices**
  - Audits support greater transparency, systematically share reports with participating customers and encourage suppliers to take corrective actions to address labour rights risk.
  - IOI will continue to utilise the audit process and findings to improve working conditions in line with our contribution to the United Nations’ Sustainable Development Goals.
IOI identifies the principal risks affecting the company’s ability to create value through our strategic objectives. Here we present a summary of the key business risks.

Further information on IOI risk management can be found in the Statement of Risk Management and Internal Control on pages 104–108.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>How IOI Manages this Risk</th>
<th>Connection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Capital &amp; Talent</td>
<td>A skilled workforce is essential to deliver our business strategy. IOI needs to be able to attract, develop and retain the right talent. Our workforce needs to be equipped with the skills for the changing nature of work.</td>
<td>Our vision is to provide a rewarding career for our people. Our talent management system provides engaging training and coaching programmes to cultivate a culture for employees to deliver their best and stay motivated at the workplace. Offering scholarships and career opportunities to outstanding students through Yayasan Tan Sri Lee Shin Cheng bring new skills and perspectives into our business.</td>
<td>Six Capitals</td>
</tr>
<tr>
<td>Supply Chain Compliance</td>
<td>IOI needs to comply with the requirements of palm oil buyers. Risk of non-compliance with international supply chain standards such as Roundtable on Sustainable Palm Oil (“RSPO”) or International Sustainability and Carbon Certification (“ISCC”). Risk of IOI supply chain not meeting the No Deforestation, No Peat and No Exploitation (“NDPE”) policy.</td>
<td>The online Tools for Transformation platform provides engagements, assessments and support for our supply chain to meet our sustainability commitments. Our Palm Oil Dashboard allows IOI to monitor its supply chain by regularly updating information on certified volumes, traceability numbers, risk assessment and mill coordinates.</td>
<td>Six Capitals</td>
</tr>
<tr>
<td>Reliance on Manual Labour</td>
<td>The agricultural sector, including palm oil, is heavily reliant on manual labour, which makes the industry vulnerable to shortages of labour. Labour shortage causes loss in revenues and limits IOI future growth.</td>
<td>Mechanisation, automation and digitalisation of our estates reduce our reliance on manual labour as well as support increased yield and productivity. Committing to capacity building and upholding high welfare standards for manual workers in our operations and supply chain.</td>
<td>Six Capitals</td>
</tr>
<tr>
<td>Environmental Sustainability</td>
<td>Challenges in reducing climate change impact in our plantation and to reduce greenhouse gas emissions. Fire during the dry season that can result in a transboundary haze. Challenges in maintaining and upholding sustainability certifications.</td>
<td>Execution of sustainability strategy especially on climate change action. Carry out external greenhouse gas emissions calculation and external reporting for our plantations in Malaysia. Adhere to our Group-wide Fire Management Guidelines. Collaborations with relevant parties in developing and implementing various landscape approaches towards effective fire prevention.</td>
<td>Six Capitals</td>
</tr>
<tr>
<td>Business Resilience</td>
<td>Challenges to remain resilient in the wake of new global challenges e.g. pandemics, palm oil alternative, anti-palm oil movement, etc. which disrupt our global operation.</td>
<td>Implement Business Continuity Management System and develop strategic contingency measures during crises. Throughout the COVID-19 crisis, we maintain our focus on long-term sustainability goals to ensure future resilience. We work with RSPO to make sustainable palm oil the norm and demonstrate the potential for positive impact on the environment and communities. Our grievance process provides a channel for all stakeholders to communicate any concerns relating to IOI’s operational impacts.</td>
<td>Six Capitals</td>
</tr>
</tbody>
</table>
Material Matters

We have identified, reviewed and analysed 13 most material issues based on our business strategies as well as social, environmental and corporate commitments. Our Board of Directors ("BOD") and Group Managing Director and Chief Executive ("GMD") have validated these 13 issues, with the first six issues being charted 'High' in the materiality index, carrying notable impacts and of high concern to our stakeholders.

First Six Material Matters

<table>
<thead>
<tr>
<th>Order of Significance</th>
<th>Material Matters</th>
<th>Why is this topic important to us?</th>
<th>Our Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Occupational Safety and Health</td>
<td>Human loss is irreplaceable. Keeping our people safe is critical in ensuring business continuity.</td>
<td>We implement top-notch occupational safety and health practices throughout our operations and supply chain. One prominent example is how we managed through the COVID-19 pandemic.</td>
</tr>
<tr>
<td>2</td>
<td>Climate change</td>
<td>Extreme weather patterns and water scarcity affect our productivity which can cause direct disruption to our supply chain.</td>
<td>Our best-in-class practices through advanced agricultural science and technology and investment in renewable energy are aimed at reducing carbon pollution.</td>
</tr>
<tr>
<td>3</td>
<td>Fire management</td>
<td>Without proper fire prevention management, both plantation and manufacturing segments (including our people and buildings) are exposed to productivity and safety risks.</td>
<td>Our existing Fire Management Guidelines is strengthened and revised periodically, and ongoing collaboration with other stakeholders including neighbouring communities, government bodies, civil societies and industry associations are crucial in our fire prevention efforts.</td>
</tr>
<tr>
<td>4</td>
<td>Fair and decent wage</td>
<td>Our people are IOI’s valuable assets and our key business success.</td>
<td>Our strong core businesses defines increased job security to our workforce, building a solid foundation of prosperity to many.</td>
</tr>
</tbody>
</table>

Our enabling regulatory framework is an important prerequisite to our sustainable business growth and IOI brand. As a founding member of the Roundtable on Sustainable Palm Oil, we are responsible in assuring our supply chain is fully compliant with the highest sustainability and ethical practices. We adhere responsible and traceable best practices in creating a sustainable palm oil commodity and its by-products.

Refer to pages 11–15 of our Sustainability Report 2020 for detailed review.
Stakeholder Engagement

Our success and growth lies in our ongoing commitment and shared understanding in each stakeholder group’s diverse insights, expectations and concerns, aimed at delivering business continuity and sustainable value creation.

<table>
<thead>
<tr>
<th>Stakeholders Group</th>
<th>Key Concerns</th>
<th>Our Response</th>
<th>Value Created for Stakeholders</th>
<th>Value Created for IOI</th>
</tr>
</thead>
</table>
| **Employees**      | • Fair communication and remuneration;  
                    • Health and well-being benefits; and  
                    • Engaging company culture.          | We employ flexible work arrangements and embrace communication technologies, putting employee well-being (physical, mental, social) at its utmost importance. | We honour our employees with competitive remuneration and equal opportunities in learning and development through training programmes. | Our positive company culture elevates employee enthusiasm and encourages better productivity and this leads to better company performance. |
| **Customers**      | • Environmental, social and governance standards;  
                    • Adherence to Fair Dealing principles (pricing, quality, consistency, reliability, credit); and  
                    • Technical support.                | Ongoing routine meetings and dialogue sessions, open feedback channels, and annual trade fairs and exhibitions have led us to cater our customers better, which also led to the creation of innovative products such as additive-free soap, chemical-free processing of glycerine, oleic acid and low 3-MCPD products. | Our proven track record in production resilience and timely product delivery signal our high case of doing business, gaining our customers’ trust and brand loyalty. | Our satisfied customers bring forth greater market access, steady profit growth and market share as well as encourage continuous innovation towards value-added premium products. |
| **Communities**    | • Respectful, sustainable and equitable practices;  
                    • Implementation of any project or programme development; and  
                    • Provision of relief and assistance.          | We improve rural livelihoods through job opportunities, proactive community investments (road repairs, landfilling, etc.), and financial as well as medical assistance (education, human capital development, etc.) | Our deep fostered collaboration improves rural livelihoods, making a lasting contribution to socio-economic development and imperative systemic change along our entire supply chain. | Our aspiration is to not only enrich everyday lives and the livelihood of communities where we operate in, but also to help shape and envision a community’s future, allowing wider societal change as well as global impact. |
| **Suppliers**      | • Transparent and ethical production and procurement processes; and  
                    • Safety and health practices.          | Digital engagement tools, dynamic focus group sessions and conducive workshops has helped establish effective solutions to address gaps and identify target areas for improvements. Updates are consistently found on our company website. | As a leading global integrated palm oil player, we are able to create economies of scale as well as support our suppliers in building a sound supply chain management system in order to cater to wider market access. | Our aim is to increase sustainability values into our supply chain while ensuring our suppliers meeting our high standards in terms of quality, working conditions and environmental protection. |
| **Regulators**     | • Statutory reporting and filling matters as well as regulatory compliances in relation to Listing Requirements, Companies Act, Corporate Governance Code and their practice notes or guidelines. | In supporting the development of Listing Requirements, Companies Act guidelines, we actively participate in focus group meetings, dialogue sessions, and tasks. | Our practical views and feedback based on our long-time commercial expertise administer to current and future policies and regulatory frameworks as we act a role model in adhering to good governance practices. | Our regulatory policies and guidelines system allow us to keep risk in check and assure our sound and stable business operations. |
| **Shareholders & Investors** | • Financial performance such as return on investment and earnings outlook of the company; future expansion plans and corporate strategies and sustainability material matters. | To provide meaningful disclosure to our shareholders and investors, we respond accordingly to enquires on matters pertaining to our operational performance and financial management. | Our business strategies are geared towards creating sustained value for both shareholders and investors such as stable returns via dividend payout, as we uphold operational excellence through agronomy, sustainability and good agriculture practices. | Our shareholders and investors provide the financial capital which also supports our strategic investments, ensuring our business continuity and growth. |
| **Industry Association/Civil Society** | • Responsible and traceable best practices; and  
                    • Opportunities for communication and collaboration on industry-wide challenges. | We regularly partner and form alliances with industry associations and civil societies to drive change, leading to positive impacts in the palm oil industry. | To improve the reputation of the oil palm industry and in creating a sustainable palm oil commodity, we endeavour to create value through open engagement and active participation with all our stakeholders. | Our position in industry associations and civil societies catalyse common interests and involvement among government agencies and NGOs, in order to create greater weight in formulating effective policies and best practices application. |
IOI is focused on sustainable growth and expansion in its upstream and downstream businesses. Towards this end, the Group commits to five strategic priorities as part of its 2020 to 2024 strategic plan. The priorities are to: Increase Yield, Optimise Workforce, Diversify Crops, Increase the Non-CPO Segment and Grow the Oleochemical Segment.
Our strategic foundation is built on the platforms of Sustainable Growth, Driving Innovations, People Development and Economies of Scale.

Strategic Foundation

Innovation to Maximise Yields
We continue to improve our planting materials through agronomy and biotechnological research. Planting high-yielding clonal palms improves the yield and oil extraction rate ("OER"), as reported from mills that received fresh fruit bunches ("FFB") from estates planted with 25% to 53% of clonal palms. Two palm oil mills in Peninsular Malaysia continuously achieved an average OER of ≥24%. To date, clonal palms contribute 25% to 50% of planting materials in our annual replanting programme, with more planting in the pipeline. We expect the OER to further increase as more of these clonal palms come into maturity. Our goal is to increase our plantation oil yields by 15%, leading to Strategic Priority 1 – Increase Yield which prioritises the activities and resources for us to maximise our yield.

Refer to pages 38–39 for detailed review.

Innovating to Enhance Operational Efficiency
Since September 2019, we have implemented the SAP system, and now we have successfully rolled out to approximately 75% of our plantation's operating units. The full migration from the legacy system to the new state-of-the-art digital ecosystem is targeted to complete in October 2020, integrating 82 estates, 14 mills and four research centres in Malaysia under a single platform. As part of our work innovation culture, we are introducing the cluster administrative system to our Malaysian operating units, which will provide savings in plantation operations' support services. To further enhance estate operational efficiency, we expanded the FFB Main Line Evacuation to about 20% of our total estates, implemented the Mechanical Assisted In-Field Collection to reduce labour dependency and employed motorised tools for more efficient harvesting and manuring work. We also applied various digital solutions, including the full deployment of the Electronic Plantation Monitoring System ("ePMS") and a cashless payment system. Further to it, we utilise the Geographical Information System to assess field performance and drones to monitor our plantation. Our goal is to enhance operational efficiency and optimise our workforce through a Group-wide technological integration, leading to Strategic Priority 2 – Optimise Workforce to improve productivity and reduce our dependency on labour.

Refer to pages 40–41 for detailed review.

Innovating to Expand Value Delivery
We continue to pursue new endeavour to create new values for our customers. In the downstream segment, we installed a pilot plant in Witten, Germany for upscaling Polyglycerine esters and underwent successful United States Food and Drug Administration ("FDA") audit. At the Wittenberge site, we completed the Tankfarm West 4 and implemented a significant capacity increase of the deodoriser for special esters. We have filed four patents for Polyglycerine esters and ten patents for Keto esters with key applications in the pharmaceutical industry, and potential use in nutritional and personal care applications. A further four patentable developments are in our pipeline. Our German subsidiary, IOI Oleo GmbH supplies the Active Pharmaceutical Ingredient Triheptanoin Ultrapure® to treat Long-chain Fatty Acid Oxidation Disorders while our CARE Studio in Hamburg has developed more than 30 formulations for personal care and cosmetic applications. Our goal is to expand value delivery for our global customers, leading to Strategic Priority 5 – Grow the Oleochemical Segment.

Refer to pages 42–43 for detailed review.

Strategic Case Studies
In 2019, we highlighted three strategic case studies that evidenced IOI's purpose and value creation. Our combined efforts to maximise our oil yields, enhance our operational efficiency and expand our value delivery provided the roadmap for our 5-Year Strategic Priorities for 2020 to 2024. We aim to increase yield, optimise workforce, diversify crops, increase the non-CPO segment and grow the oleochemical segment.

≥24% OER for mills of estates planted with 25% to 53% of clonal palms.

Approximately 75% of our plantation's operating units have implemented the SAP system.

14 patent filings with applications in pharmaceuticals.
## Strategic Priorities

Looking forward, to maintain our focus on sustainable value creation for all our stakeholders, we have identified five strategic priorities for 2020–2024.

This focused approach ensures that we are on track to deliver sustainable growth and provide our stakeholders with valuable returns over the short, medium and long-term time frame. We have in place a resource allocation plan to execute the strategy within our strategic pillars and its focus areas.

Each strategic pillar draws on specified capital inputs, as identified in our business model on pages 20–21. In sustaining our strategy, we depend on the availability of these resources.

As we work towards our new 2020–2024 strategy, we will closely monitor the performance of each strategic pillar including its current key activities, against assigned Key Performance Indicators ("KPIs") and activities planned for the future.

<table>
<thead>
<tr>
<th>Strategic Priority 1</th>
<th>Our Key Initiatives</th>
<th>Priorities for 2021</th>
<th>Connection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Yield</td>
<td>We aim to produce palm oil sustainably to meet our market demand.</td>
<td>Improved Planting Materials: Produce more high-yielding and superior clonal planting materials for high yields and high returns.</td>
<td>Key Stakeholder Groups</td>
</tr>
<tr>
<td></td>
<td>1. Improved Planting Materials: Produce more high-yielding and superior clonal planting materials for high yields and high returns.</td>
<td>• Unite high-yielding planting materials for field planting.</td>
<td>Six Capitals</td>
</tr>
<tr>
<td></td>
<td>2. Mechanisation: Expand mechanisation projects and adopt best management practices throughout our operations to increase operational efficiency.</td>
<td>• Plant semi-clonal palms derived from the crossing of elite clonal Duria with selected AVROS pisifera in a larger scale throughout our commercial fields.</td>
<td>Risks &amp; Opportunities</td>
</tr>
<tr>
<td></td>
<td>3. Agricultural and Field Management Practices: Employ best agricultural practices, improve field conditions and optimise land usage in our oil palm plantations.</td>
<td>• Release the third-generation hybrids from our conventional breeding programme of Deli dura and AVROS pisifera.</td>
<td>Material Matters</td>
</tr>
<tr>
<td></td>
<td>4. Digital Tools: Employ digital tracking system throughout our plantation operations.</td>
<td>• Identify suitable areas and terrain for planting clonal palms.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LINK TO KEY METRICS/KPIs</td>
<td>Mechanisation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Increase Plantation Oil Yields for 15% by 2024.</td>
<td>Expand mechanisation projects and implement block harvesting.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Unite Clonal Pains in 90% of Our Replanting Materials.</td>
<td>Agricultural and Field Management Practices</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Target High Early Yields from Young Mature Palm Age.</td>
<td>• Ensure water management through conservation/drainage and Clove Tree Conservation.</td>
<td></td>
</tr>
</tbody>
</table>

### Strategic Direction: Poised & Future-Ready

Poised & Future-Ready

**Performance Review Governance**

**Annual Report 2020**

**IOI Corporation Berhad**

Communities Employees Suppliers Industry Associations Civil Society

Customers Regulators

Shareholders & Investors

Human Capital Intellectual Capital Sustained Capital Total

Manpower Small & Medium

Financial Intellectual

Social Empowerment Sustainable Development Public Regulations Business Resilience

Voluntary Commitment and Corporate Best Practices Responsible & Sustainable Agricultural Practices

Demand for Responsible and Sustainable Products Producer Regulatory Requirements Growing Customer Interest in Ethical Sourcing Practices

Regulatory Compliance Transparency Corporate Governance and Legal Compliance Anti-Corruption and Governance

Human Rights and Social Exploitation New Technology and Innovation

**Additional Information**
### Our Key Initiatives

**Our Key Initiatives**

1. **Implement FFB Main Line Evacuation to All Malaysian Estates by 2023.**
   - Training: Plan and improve training provision to estate personnel to improve productivity.
   - Harvesting Methods: Streamline estates’ harvesting method and restructure harvesting work process.
   - Upgrade Fresh Fruit Bunches (**“FFB”**) Main Line Evacuation: Implement and expand the FFB Main Line Evacuation.
   - Mechanisation: Mechanise in-field FFB collection and expand usage of mechanised tools such as mechanical buffalos and power wheelbarrows for harvesting and manuring to increase workers’ productivity.

2. **Connection**

3. **Plant 5,000 Hectares of Coconut, 300 Hectares of Kenaf and 200 Hectares of Fast Growing and High Value Fruit Crops as Intercrop to be planted.**
   - Exploring the potential of other profitable crops.
   - As part of our diversification strategy, we are exploring the potential of other profitable crops to be planted.

4. **Link to Our Material Matters**

5. **Increase Plantation Workers’ Productivity by 3% Every Year.**
   - Our broad initiatives are:
     1. Planting Materials: Identify and acquire planting materials for coconut and kenaf cultivation.
     2. Coconut Breeding: Identify and acquire coconut germplasm material (dwarf, tall and hybrid) for coconut breeding.
     3. Crop Cultivation: Implement best cultivation practice for coconut, kenaf and other crops (durian, pineapple, avocado and banana). Introduce intercropping to multi-fold our productivity on a hectarage basis, as compared to monoculture of oil palm.
     4. Land Utilisation: Optimise land utilisation for other crops.

6. **Priorities for 2021**

7. **Strategic Priorities**

8. **Governance**

9. **Performance Review**

10. **Link to Our Key Stakeholder Groups**

11. **Mission**

12. **Vision**

13. **Strategic Direction: Poised & Future-Ready**

14. **Diversify Crops**

**Crop diversification** brings a range of benefits. As part of our diversification strategy, we are exploring the potential of other profitable crops to be planted.

Diversifying our cropping operation will provide good returns and help limit our exposure to palm oil price volatility.

**We aim to diversify our planting of crops from 99% reliance on oil palm to other crops. Our broad initiatives are:**

1. **Planning Materials:** Identify and acquire planting materials for coconut and kenaf cultivation.
2. **Coconut Breeding:** Identify and acquire coconut germplasm material (dwarf, tall and hybrid) for coconut breeding.
3. **Crop Cultivation:** Implement best cultivation practice for coconut, kenaf and other crops (durian, pineapple, avocado and banana). Introduce intercropping to multi-fold our productivity on a hectarage basis, as compared to monoculture of oil palm.
4. **Land Utilisation:** Optimise land utilisation for other crops.

**Priorities for 2021**

**Strategic Priorities**

**Strategic Direction:** Poised & Future-Ready

**Performance Review**

**Governance**

**Link to Our Key Stakeholder Groups**

**Governance**

**Priorities for 2021**

**Link to Our Key Stakeholder Groups**

**Strategic Direction:** Poised & Future-Ready

**Performance Review**

**Governance**

**Link to Our Key Stakeholder Groups**

**Strategic Direction:** Poised & Future-Ready

**Performance Review**

**Governance**

**Key Stakeholder Groups**

**Six Capitals**

**Risks & Opportunities**

**Material Matters**
## Strategic Priorities

### Strategic Priority 4

**Increase the Non-Crude Palm Oil (“CPO”) Segment**

- **Our Key Initiatives**
  - We aim to convert oil palm by-products and processing waste into value-added products at a competitive cost.
  1. Below are some of the applications of oil palm by-products and processing waste which IOI is exploiting:

<table>
<thead>
<tr>
<th>WASTES</th>
<th>USAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPT</td>
<td>Produce palm wood, which are high-performance timber equivalents.</td>
</tr>
<tr>
<td>EFB</td>
<td>Nylite and Wyndol sugar, both widely used as diabetic sweeteners in food and beverage.</td>
</tr>
</tbody>
</table>

- **Priorities for 2021**
  - Prepare, Develop and Explore
    - Conduct feasibility and marketability studies in nexus and prioritize potential non-CPO products.
    - Explore the usage of our sustainable but underutilised oil palm biomass through further downstream processing into higher value products.
    - Develop a viable business model for non-CPO products.
    - Invest and develop new conversion technologies.
    - Develop supporting infrastructure such as collection centre and processing/conversion plants.
    - Explore R&D collaboration and partnerships with technology partners and/or providers.

- **Link to Key Metrics/KPIs**
  - 1. Decrease Revenue from Oil Palm By-Products and Processing Waste.
  - 3. Establish R&D and Technology Transfer.

### Strategic Priority 5

**Grow the Oleochemical Segment**

- **Our Key Initiatives**
  - We aim to increase our downstream oleochemical sub-segment revenue contribution through organic growth through the following initiatives:
  1. **Expand Capacity**
    - Expand manufacturing capacity by expanding existing, and commissioning new manufacturing facilities respectively.
  2. **Improve Efficiency**
    - Enhance cost efficiency through automation.
  3. **New Product Applications and Markets**
    - Manufacture new products and formulations. Employ diversification strategy to enter and/or capture new markets. Drive growth outside Europe into other regions.
  4. **Focus on High-Value Products**
    - Realign business model to focus on high-margin products.

- **Priorities for 2021**
  - Expand Capacity
    - Ongoing expansion of the 110,000 MT/year capacity oleochemical plant in Prai, Penang, which commenced construction at the end of calendar year 2019.
  - Improve Efficiency
    - Implement process automation and continuous improvement/Kaizen initiatives to improve operational efficiency.
  - New Product Applications and Markets
    - Develop and launch new product/formulation to targeted business segments.
  - Focus on High-Value Products
    - Develop more products with key applications in the pharmaceutical, nutritional, cosmetic and personal care segments.

- **Link to Key Metrics/KPIs**
  - 1. Increase Oleochemical Segment’s Sales Value by 15%.
  - 2. Derive Energy, Cost and Operational Efficiency Savings of 6%.
  - 3. Improve the Oleochemical Division’s Profitability by 25%.
Importance for IOI
Our employees are an invaluable asset who facilitate business growth and drive organisational excellence. We are committed to developing a world-class company that is built upon the strengths of its people. In doing so, we continue to nurture, develop and engage our employees to gain and keep a competitive advantage for the organisation. It is critical to equip our workforce with the required skills to deliver our five strategic priorities.

Our Approach
1. Retaining high performance workforce.
3. Enhancing human resource (“HR”) digitalisation.

Key Initiatives
1. Cultivate operational excellence work culture and create a highly disciplined and competent workforce.
2. Enhance Group HR structure and function to provide strategic roles based on insights and analysis.
3. Transforms HR’s delivery of services with technology.

Key Highlights
3. Put in place a Business Continuity Plan (“BCP”) i.e. remote desktop services, and relevant Standard Operating Procedure (“SOP”) during the Movement Control Order (“MCO”) period brought about by the COVID-19 pandemic.

Focus for FY2021
1. Ensure diversity in the workplace through the provision of fair and equal employment opportunities.
2. Nurture young talents through Yayasan TSLSC’s scholarship programme and internship.
3. Engage employees through townhall meetings, team building programmes, annual dinner, IOI Family Day, Kelah Kelarga IOI’s activities and other employee-affiliated programmes.
4. Recruit and retain talents by fostering a conducive work environment and encourage personal development and learning engagement activities.
5. Develop talent and build capacity through training, coaching and skill-sharing to fill performance gap.

Key Stakeholder Groups
Employees
Customers
Communities
 Suppliers
Shareholders & Investors
Industry Associations/ Civil Society

Six Capitals
Manufactured
Social & Relationship
Intellectual

Risks & Opportunities
Human Capital
Business Resilience

Importance for IOI
Our sustainability culture is embedded within the Sustainability Vision and further articulated in the Sustainable Palm Oil Policy. As we grow and diversify our business through the five strategic priorities, we uphold our commitments to create sustainable values for our stakeholders. We balance growth and development with the protection of the environment in which we operate and provide sustainable profit for shareholders through sustainable palm oil production. In doing so, we explore strategic partnerships that will help us to meet these commitments.

Our Approach
1. Defining sustainability and its approach within IOI.
2. Engaging with all our stakeholders.
3. Setting sustainability goals and commitments.
4. Establishing proper systems and processes to track progress, communicate actions and meet stakeholders’ expectations.
5. Embracing six of the 17 United Nations’ Sustainable Development Goals (“UN SDGs”) which are most relevant to our business operations.

Key Initiatives
2. Practice the highest level of transparency and wider stakeholder engagement.
3. Eliminate all forms of illegal, forced, bonded, compulsory or child labour in our operations and supply chain.
4. Protect High Conservation Value (“HCV”) and High Carbon Stock (“HCS”) areas in our plantations.
5. Ensure that our plantations are RSPO-certified and our Malaysian plantations are Malaysian Sustainable Palm Oil (“MSPPO”) certified.

Key Highlights
1. 176,384.4 hectares of RSPO-certified and 174,653.5 hectares of MSPPO-certified areas.
2. 3,653.4 hectares of HCV and 11,509 hectares of other conservation areas.
3. 10 biogas plants, a new 6.5 MW capacity cogeneration plant at IOI Pan-Century Oleochemicals Sdn Bhd in Pate Gedang, Johor and expansion of 90 kW capacity photovoltaic solar panels at IOI Oleochemicals Berhad in Penang, Pulau Pinang.
4. Liquidified Natural Gas system to produce steam and 100% of effluent treated water for retenary usage at IOI Edible Oils Sdn Bhd in Sandakan, Sabah.

Focus for FY2021
1. Collaborate with governments, civil societies and academia. Empower smallholders and enhance community development.
2. Optimise agricultural land use and improve yield through palm biotechnology.
3. Reduce greenhouse gas emissions and protect the ecosystem through the rehabilitation of biodiversity and land management. Strengthen capacity building and uphold human rights, health and safety in the workplace.
4. Innovate and drive digital integration in operations. Commit to sustainability certifications and ensure sustainable, transparent and traceable supply chain.
In the age of the Fourth Industrial Revolution, we are adopting more technological innovations to enhance our business operations. Our five strategic priorities are underpinned by technologies, from digital tools to mechanisation equipment. Digitalisation and automation enable us to execute our strategy more effectively and efficiently so we can remain competitive and propel the organisation to the digital core era. We also implemented a revitalised mechanisation plan in our estates and adopted novel technologies to modernise the upstream business and reduce dependency on manual labour.

Our Approach
1. Ensure the standardisation of business processes within our core business segments, and bring various analytical and transactional capabilities from a plethora of systems to the SAP system.
2. Enhance our estates’ operational efficiency and cost savings through mechanisation.

Key Initiatives
1. **Digitalisation**: Ensure proper management of the complexity of software and services offered and full utilisation of the SAP system platform. Improve decision-making process and performance by allowing users to plan, execute, analyse, and report based on live data. Provide savings in plantation operations’ support services based on the SAP system and other digital solutions. Integrate other digital solutions into SAP, including business intelligence, data analytics, and Robotic Process Automation (“RPA”). Deploy and implement other digitalisation initiatives including electronic salary payment and enhance mobile network connectivity in the estates.
2. **Mechanisation**: Reduce labour dependency in estate operations to optimise workforce productivity.

Key Highlights
1. **ONE IOI Integrated Platform**: Implemented to approximately 75% of our plantation operating units.
2. **Fresh Fruit Bunches (“FFB”) Main Line Evacuation**: Implemented in 17 estates, which equates to about 20% of our total estates across Peninsular Malaysia, Sabah and Indonesia as at end of FY2020.
3. **Digital & Cashless**: Deployed e-Wallet Merchantrade to our plantation operating units to automate and simplify salary payment to workers.

Focus for FY2021
1. **Digitalisation**: Complete full implementation of SAP system by October 2020. Explore RPA and its integration into the SAP system to allow for better control over business operations and provide greater simplicity and flexibility to the business. Implement RPO, EnMS and ASRS at oleochemical manufacturing plants. Expand e-Wallet Merchantrade to all plantation operating units.
2. **Mechanisation**: Expand the FFB Main Line Evacuation and integrate it with the Mechanical Assisted In-field Collection for better management of estates’ harvesting interval.
The Key Indicators section outlines the financial performance of IOI Corporation Berhad for the years 2016 and 2017. It provides a snapshot of the company’s operations across various sectors, including financial, plantations, and manufacturing. The text highlights key metrics such as revenue, profit, gross margin, and profit before interest and taxation. It also includes a section on five-year financial highlights, providing a comparative analysis of the company’s performance over the past five years.

The EQUITY AND LIABILITIES section shows the company’s equity, liabilities, and capital employed, highlighting trends and changes over time. The FINANCIAL STATISTICS section provides detailed financial data, including the composition of assets, liabilities, and equity.

The PERFORMANCE REVIEW section discusses the company’s strategic direction, performance indicators, and governance. It includes a note on the company’s approach to creating value for its stakeholders.

The additional information section provides context for the financial data presented, including notes on key financial ratios and adjustments. The text is clear and concise, using bullet points and tables to present information effectively.

The company’s efforts to create value are highlighted, and the text emphasizes the importance of strategic direction in achieving long-term goals.

The document is well-structured, with a logical flow of information that is easy to follow. The use of tables and graphs aids in the interpretation of the data, making it accessible to a wide audience.

Overall, the document provides a comprehensive overview of IOI Corporation Berhad’s financial performance and strategic direction, offering insights into the company’s operations and future prospects.
Group Financial Overview

**Cash flow for the financial year ended 30 June 2020**

**RM million**

- Net operating cash flow: 872.3
- Capital expenditure, net of disposal: (405.6)
- Free cash flow from operations: 466.7
- Dividends received from investments: 81.6
- Proceeds from issuance of shares: 1.7
- Additions to other investments: (8.5)
- Repayment to an associate: (16.3)
- Proceeds from issuance of shares: 1.7
- Acquisitions of additional interest in subsidiaries: (0.2)
- Dividends paid: (534.2)
- Net interest paid: (95.7)
- Other comprehensive loss: (2.2)
- Net foreign currency translation loss: (207.9)
- Net interest expenses: (103.3)
- Net cash outflow in net borrowings: (181.2)
- Transaction cost of borrowings: (0.1)
- Accretion of borrowings: (2.8)
- Dividend payments: (8.2)
- Lease interest expenses: (2.8)
- Repayment to an associate: (16.3)
- Lease reassessments and modifications of leases: (0.4)
- Additions to lease liabilities: (8.5)
- Translation difference: (157.8)
- Net borrowings as at 30 June 2020: (2,660.5)

**STATEMENT OF FINANCIAL POSITION**

**as at 30 June 2020 (RM million)**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Equity</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>8,551.8</td>
<td>Non-controlling interests</td>
</tr>
<tr>
<td>Other long term assets</td>
<td>5,309.7</td>
<td>Borrowings (B)</td>
</tr>
<tr>
<td>Other short term assets</td>
<td>2,577.1</td>
<td>Borrowings (B)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,513.0</td>
<td>Other liabilities</td>
</tr>
</tbody>
</table>

- Net Borrowings = (B) – (A) = RM2,660.5 million
- Net Gearing = 28.6%

**STATEMENT OF FINANCIAL POSITION**

**as at 30 June 2019 (RM million)**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Equity</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>8,472.9</td>
<td>Non-controlling interests</td>
</tr>
<tr>
<td>Other long term assets</td>
<td>3,235.4</td>
<td>Borrowings (D)</td>
</tr>
<tr>
<td>Other short term assets</td>
<td>2,196.3</td>
<td>Borrowings (D)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,513.0</td>
<td>Other liabilities</td>
</tr>
</tbody>
</table>

- Net Borrowings = (D) – (C) = RM2,907.1 million
- Net Gearing = 24.8%
**Group Performance Highlights**

**In RM million unless otherwise stated**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>%/(-)%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL PERFORMANCE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>7,802.2</td>
<td>7,385.6</td>
<td>6</td>
</tr>
<tr>
<td>Profit before interest and taxation</td>
<td>1,137.9</td>
<td>1,076.8</td>
<td>6</td>
</tr>
<tr>
<td>Net profit attributable to owners of the parent</td>
<td>600.9</td>
<td>631.7</td>
<td>(5)</td>
</tr>
<tr>
<td>Average shareholders’ equity</td>
<td>9,297.9</td>
<td>9,228.0</td>
<td>1</td>
</tr>
<tr>
<td>Average capital employed</td>
<td>15,752.7</td>
<td>15,774.0</td>
<td>–</td>
</tr>
<tr>
<td>Operating margin (%)</td>
<td>12.75</td>
<td>12.31</td>
<td>4</td>
</tr>
<tr>
<td>Return on average shareholders’ equity (%)</td>
<td>6.46</td>
<td>6.85</td>
<td>(6)</td>
</tr>
<tr>
<td>Return on average capital employed (%)</td>
<td>4.65</td>
<td>4.76</td>
<td>(2)</td>
</tr>
<tr>
<td>Basic earnings per share (sen)</td>
<td>9.57</td>
<td>10.05</td>
<td>(5)</td>
</tr>
<tr>
<td>Dividend per share (sen)</td>
<td>8.0</td>
<td>8.0</td>
<td>–</td>
</tr>
<tr>
<td>Net assets per share (sen)</td>
<td>148</td>
<td>148</td>
<td>–</td>
</tr>
<tr>
<td>Dividend cover (number of times)</td>
<td>1.12</td>
<td>1.26</td>
<td>(10)</td>
</tr>
<tr>
<td>Interest cover (number of times)</td>
<td>5.82</td>
<td>5.97</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>PLANTATION PERFORMANCE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFB production (MT)</td>
<td>3,097,262</td>
<td>3,398,847</td>
<td>(9)</td>
</tr>
<tr>
<td>Mill production (MT)</td>
<td>21.24</td>
<td>23.00</td>
<td>(8)</td>
</tr>
<tr>
<td>Crude palm oil</td>
<td>708,212</td>
<td>756,596</td>
<td>(6)</td>
</tr>
<tr>
<td>Palm kernel</td>
<td>151,473</td>
<td>166,716</td>
<td>(9)</td>
</tr>
<tr>
<td>Oil extraction rate (%)</td>
<td>21.83</td>
<td>21.44</td>
<td>2</td>
</tr>
<tr>
<td>Palm kernel</td>
<td>4.67</td>
<td>4.72</td>
<td>(1)</td>
</tr>
<tr>
<td>Average selling price (RM/MT)</td>
<td>2,314</td>
<td>2,025</td>
<td>14</td>
</tr>
<tr>
<td>Crude palm oil</td>
<td>1,375</td>
<td>1,390</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>MANUFACTURING PERFORMANCE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oleochemical Plant utilization (%)</td>
<td>77</td>
<td>82</td>
<td>(6)</td>
</tr>
<tr>
<td>Sales (MT)</td>
<td>669,854</td>
<td>714,131</td>
<td>(6)</td>
</tr>
<tr>
<td>Refinery Plant utilization (%)</td>
<td>69</td>
<td>65</td>
<td>6</td>
</tr>
<tr>
<td>Sales (MT)</td>
<td>1,973,792</td>
<td>1,917,195</td>
<td>3</td>
</tr>
</tbody>
</table>

**Group Quarterly Results**

<table>
<thead>
<tr>
<th></th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
<th>4th Quarter</th>
<th>2020 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,775.5</td>
<td>1,955.2</td>
<td>2,033.9</td>
<td>2,037.6</td>
<td>7,802.2</td>
</tr>
<tr>
<td>Operating profit</td>
<td>237.7</td>
<td>144.4</td>
<td>316.0</td>
<td>296.5</td>
<td>994.6</td>
</tr>
<tr>
<td>Share of results of associates</td>
<td>42.3</td>
<td>62.3</td>
<td>43.2</td>
<td>21.2</td>
<td>144.5</td>
</tr>
<tr>
<td>Share of results of a joint venture</td>
<td>0.3</td>
<td>0.1</td>
<td>0.3</td>
<td>0.5</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Profit before interest and taxation</td>
<td>279.7</td>
<td>206.6</td>
<td>317.8</td>
<td>333.8</td>
<td>1,137.9</td>
</tr>
<tr>
<td>Interest income</td>
<td>17.7</td>
<td>19.1</td>
<td>26.0</td>
<td>25.1</td>
<td>68.2</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(42.9)</td>
<td>(42.2)</td>
<td>(45.1)</td>
<td>(46.1)</td>
<td>(171.5)</td>
</tr>
<tr>
<td>Net foreign currency translation/(loss)/gain on foreign currency denominated borrowings and deposits</td>
<td>(55.9) 27</td>
<td>85.8 (41) 133</td>
<td>(236.4) 113</td>
<td>(1.4) 1</td>
<td>(207.9)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>198.6</td>
<td>260.3</td>
<td>52.6</td>
<td>306.2</td>
<td>826.7</td>
</tr>
<tr>
<td>Taxation</td>
<td>(50.9) 22</td>
<td>(55.4) 25</td>
<td>(49.7) 22</td>
<td>(69.0) 31</td>
<td>(225.0)</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>147.7</td>
<td>213.9</td>
<td>2.9</td>
<td>237.2</td>
<td>601.7</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the parent</td>
<td>149.0</td>
<td>213.5</td>
<td>0.1</td>
<td>238.3</td>
<td>600.9</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(1.3) (162)</td>
<td>0.4</td>
<td>2.8</td>
<td>(1.3) (138)</td>
<td>0.8</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>147.7</td>
<td>213.9</td>
<td>2.9</td>
<td>237.2</td>
<td>601.7</td>
</tr>
<tr>
<td>Basic/Diluted earnings per share (sen)</td>
<td>2.37</td>
<td>3.40</td>
<td>–</td>
<td>3.80</td>
<td>9.57</td>
</tr>
<tr>
<td>Profit before interest and taxation on segmental basis</td>
<td>126.6 18</td>
<td>175.3 25</td>
<td>165.4 24</td>
<td>234.2 33</td>
<td>701.5</td>
</tr>
<tr>
<td>Plantation</td>
<td>126.6 18</td>
<td>175.3 25</td>
<td>165.4 24</td>
<td>234.2 33</td>
<td>701.5</td>
</tr>
<tr>
<td>Resource-based manufacturing</td>
<td>136.5 35</td>
<td>29.9 8</td>
<td>119.1 31</td>
<td>99.6 26</td>
<td>385.1</td>
</tr>
<tr>
<td>Other operations</td>
<td>2.3 12</td>
<td>2.1 11</td>
<td>0.2</td>
<td>14.4 76</td>
<td>19.0</td>
</tr>
<tr>
<td>Unallocated corporate net income/(expenses)</td>
<td>14.3 44</td>
<td>(0.7) (2)</td>
<td>33.1 102</td>
<td>(14.4) (44)</td>
<td>32.3</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>125.4 19</td>
<td>206.5 18</td>
<td>317.8 28</td>
<td>333.8 29</td>
<td>1,137.9</td>
</tr>
</tbody>
</table>

**Financial Calendar**

**30 JUNE 2020**

**ANNUAL REPORT 2020**

**PAYMENT OF DIVIDENDS**

**1st Interim Declaration**

Entitlement: 4 March 2020

Payment: 13 March 2020

**2nd Interim Declaration**

Entitlement: 10 September 2020

Payment: 18 September 2020
Group Financial Review

INTRODUCTION

The purpose of this review is to highlight and provide brief insights on key financial and operating information at Group level. A more detailed commentary on operating performance is covered under the respective business segment reports.

KEY FINANCIAL INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings before interest and taxation (&quot;EBIT&quot;)</td>
<td>RM million</td>
<td>1,137.9</td>
<td>1,076.8</td>
</tr>
<tr>
<td>Pre-tax earnings</td>
<td>RM million</td>
<td>826.7</td>
<td>872.6</td>
</tr>
<tr>
<td>Net earnings</td>
<td>RM million</td>
<td>600.9</td>
<td>631.7</td>
</tr>
<tr>
<td>Return on average shareholders' equity (&quot;ROE&quot;)</td>
<td>%</td>
<td>6.46</td>
<td>6.85</td>
</tr>
<tr>
<td>Return on average capital employed (&quot;ROCE&quot;)</td>
<td>%</td>
<td>6.45</td>
<td>4.76</td>
</tr>
<tr>
<td>Net operating profit after taxation (&quot;NOPAT&quot;)</td>
<td>RM million</td>
<td>732.1</td>
<td>790.9</td>
</tr>
<tr>
<td>Total returns to shareholders – Capital appreciation per share</td>
<td>RM</td>
<td>0.09</td>
<td>(0.29)</td>
</tr>
<tr>
<td>– Dividend per share</td>
<td>sen</td>
<td>8.0</td>
<td>8.0</td>
</tr>
<tr>
<td>Net cash flow generated from operation</td>
<td>RM million</td>
<td>872.3</td>
<td>1,212.7</td>
</tr>
<tr>
<td>Net gearing</td>
<td>%</td>
<td>28.6</td>
<td>24.8</td>
</tr>
</tbody>
</table>

Note: nm = not meaningful

FINANCIAL HIGHLIGHTS AND INSIGHTS

- The Group's revenue for FY2020 increased by 5.6% to RM7.80 billion as compared to RM7.39 billion in FY2019 from all segments.
- As Group level, the results for FY2020 versus FY2019 are best compared and explained at three (3) levels, mainly, EBIT, Pre-tax and Net Earnings, as different factors affected the changes between the two (2) fiscal years at the respective levels.
- Looking at EBIT, contributions from the segments are as follows:

<table>
<thead>
<tr>
<th>Segment</th>
<th>2020 (RM million)</th>
<th>Mix %</th>
<th>2019 (RM million)</th>
<th>Mix %</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plantation</td>
<td>701.5</td>
<td>62</td>
<td>483.9</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Resource-based manufacturing</td>
<td>385.1</td>
<td>34</td>
<td>553.4</td>
<td>51</td>
<td>(30)</td>
</tr>
<tr>
<td>Total</td>
<td>1,086.6</td>
<td>96</td>
<td>1,037.3</td>
<td>96</td>
<td>5</td>
</tr>
<tr>
<td>Others including unallocated corporate income</td>
<td>51.3</td>
<td>4</td>
<td>39.5</td>
<td>4</td>
<td>30</td>
</tr>
<tr>
<td>EBIT</td>
<td>1,137.9</td>
<td>100</td>
<td>1,076.8</td>
<td>100</td>
<td>6</td>
</tr>
</tbody>
</table>

- The plantation segment's EBIT increased by 45% to RM701.5 million, due mainly to higher CPO price realised as well as improved crude palm oil extraction rate offset by lower FFB production.
- The resource-based manufacturing segment's EBIT decreased by 30% to RM385.1 million. The lower profit is due mainly to lower operational contribution from all sub-segments and lower share of associates' results.
- Pre-tax Earnings decreased by 5% over the last financial year, mainly due to total net foreign currency translation loss on foreign currency denominated borrowings and deposits amounted to RM207.9 million (FY2019 – RM102.1 million) mitigated by higher EBIT generated.
- At the Net Earnings level, profit attributable to owners of the parent decreased to RM600.9 million. The decrease of the net earnings is due mainly to lower Pre-tax Earnings as explained in the foregoing paragraphs.
- The Group's Interest Cover was 5.8 times (FY2019 – 6.0 times).
- With the decrease of net earnings, the Group recorded a ROE of 6.46% for FY2020 based on an average shareholders' equity of RM9,297.9 million (FY2019 – RM102.1 million) mitigated by higher EBIT generated.
- With the decrease of NOPAT, the ROCE decreased from 4.76% for FY2019 to 4.65% for FY2020.
- The Group strives to enhance ROE and ROCE by continuous improvement in operating performance and by active management of its capital structure. Initiatives undertaken by the Group include maintaining dividend pay-outs, share buy-back (and cancellation) programme and a continuous review and adjustment of the Group's debt gearing ratio having regard to maintaining stable credit ratings.
Group Financial Review

FINANCIAL HIGHLIGHTS AND INSIGHTS (continued)
The equity reduction for purpose of capital management includes the following:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash dividend</td>
<td>534.2</td>
<td>502.8</td>
</tr>
<tr>
<td>Share buy-back</td>
<td>68.1</td>
<td>-</td>
</tr>
<tr>
<td>Total equity repayments</td>
<td>602.3</td>
<td>502.8</td>
</tr>
</tbody>
</table>

- The Group generated an Operating Cash Flow of RM872.3 million for FY2020 against RM1,212.7 million for FY2019. Similarly, Free Cash Flow decreased from RM800.6 million to RM466.7 million due mainly to increase in net working capital.
- The inventory turnover days for FY2020 has increased to 53 days, as compared to inventory days of 51 days for FY2019.
- The trade receivables turnover days of 28 days for FY2020 is in line with the trade receivables turnover days of 27 days for FY2019.
- As for the cash and cash equivalents, it decreased from RM2.6 billion reported in FY2019 to RM2.3 billion reported in FY2020, due mainly to decrease in net cash from operating activities.
- The net gearing ratio of the Group was increased from 24.8% in FY2019 to 28.6% in FY2020.
- The Group’s Shareholders’ Equity as at 30 June 2020 stood at RM9.3 billion. The movement during the financial year included net earnings of RM0.6 billion, offset by total dividend payments of RM0.5 billion and share buy-back of RM68.1 million.
- For FY2020, the Group spent a total of RM413.0 million (FY2019 – RM424.7 million) for Capital Expenditure (“Capex”).

RETURNS TO SHAREHOLDERS
Two interim cash dividends totalling 8.0 sen per ordinary share amounting to a total payout of RM502.1 million were declared for FY2020.

If a shareholder had bought 1,000 ordinary shares in the Company (“IOIC Shares”) when it was listed in 1980 and assuming the shareholder had subscribed/accepted for all rights issues and offer for sale to date and had not sold any of the shares, he would have as at 30 June 2020, 76,000 IOIC Shares worth RM329,840 based on IOIC Share price of RM4.34 and 55,417 IOI Properties Group Berhad Shares (“IOIPG Shares”) worth RM54,308 based on IOIPG Share price of RM0.98. The appreciation in value together with the dividends and IOIPG Shares received less capital outlay translates to a remarkable compounded annual rate of return of 16.8% for each of the 40 years since the Company was listed.

The Company continues to manage its capital in a proactive manner to provide value to shareholders, optimise gearing levels and provide for funding requirements. The Group also continues to maintain a healthy cash and bank balance, which as at 30 June 2020 stood at RM2.3 billion, and a net gearing ratio of 28.6%.

Poised to harness strategic opportunities
Who We Are & What We Do

Plantation is one of the core businesses of IOI Corporation Berhad (“IOI”), which is engaged in the cultivation of oil palm and processing of palm oil with operations in seed breeding, cultivation and crude oil extraction. Today, we have 96 estates, 15 palm oil mills, and four research and development (“R&D”) centres across Malaysia and Indonesia, with a workforce of more than 23,000.

Our current total planted area (including subsidiary companies) stands at 178,068 hectares (FY2019: 177,279 hectares) and our associate company stands at 132,578 hectares (as at 30.6.2020). Our total planted area is 99% oil palm and 83% is classified as mature. The weighted average palm age is 13 years. Our current annual milling capacity is 4.6 million MT of fresh fruit bunches (“FFB”).

Key Business Highlights

The total FFB production for the Group is 3.1 million MT in FY2020 as compared to 3.4 million MT in FY2019. The FFB yield recorded in the reporting year is 21.24 MT per hectare as compared to 23.00 MT per hectare in the previous year. The lower FFB yield is primarily impacted by the ongoing acceleration in the replanting activities in the Sabah region, unfavourable dry weather and the Movement Control Order (“MCO”) restriction due to the COVID-19 pandemic. Despite the decrease in the total FFB production output by 8.9%, the Group’s operations recorded a higher oil extraction rate (“OER”) of 21.83% as compared to 21.44% in FY2019 due to IOI’s high-yielding planting materials that boost the oil yields and productivity.

In Indonesia, the Group recorded a 17% growth in FFB production as a result of an increase of immature palms maturing into young palms. Crude palm oil (“CPO”) prices were on a downward trend in the first half of 2020 due to subdued demand and higher than expected production output. The prices started to recover in the second quarter of FY2020 and surged in the fourth quarter on the back of higher demand.

Key Focus Areas

During FY2020, we continued to focus on four main strategic priorities to strive for operational excellence:

- Innovating to produce high-yielding planting materials
- Reduce dependency on labour via mechanisation, increase productivity and operational efficiency
- Digitalisation and automation of business process
- Diversifying crops and exploiting other profitable crops

Financial Highlights

The Group’s plantation segment’s profit improved by 45% to RM701.5 million as compared to RM483.9 million in the previous year, due to the average realised CPO price, which was higher by RM289 per MT as compared to the previous year. The revenue of RM1.90 billion in FY2020 was 7% higher year-on-year as compared to RM1.77 billion in the previous year.

The operating expenses were lower than the prior year, due to lower estate upkeep and harvesting costs and mill processing expenditures as well as a reduction in the amortization of bearer plants. The general charges also marginally increased due to the higher minimum wages and high recruitment costs. However, they were cushioned by the higher OER which improved by 0.39% from 21.44% to 21.83% in the current year.

The segment spent a total of RM296.0 million in capital expenditure (“Capex”) in FY2020 as compared to RM279.1 million in FY2019. This was primarily due to increased replantings in Sabah and new plantings in Indonesia, improvement of our infrastructure in Indonesia as well as mill expansion. Over the next four years, we plan to carry out a large-scale replanting programme in the Sabah region, which we target to complete by FY2024.
Group Business Review

Plantation

5-Year Plantation Performance Statistics

### CROP STATEMENT

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>OIL PALM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average mature area harvested (Ha)</td>
<td>145,802</td>
<td>147,770</td>
<td>148,954</td>
<td>145,704</td>
<td>146,912</td>
</tr>
<tr>
<td>FFB production (MT)</td>
<td>3,097,262</td>
<td>3,949,847</td>
<td>3,911,957</td>
<td>3,155,628</td>
<td>3,145,317</td>
</tr>
<tr>
<td>Yield per mature hectare (MT)</td>
<td>21.24</td>
<td>23.00</td>
<td>23.60</td>
<td>21.66</td>
<td>23.60</td>
</tr>
<tr>
<td>Mill production (MT)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude palm oil</td>
<td>708,212</td>
<td>756,956</td>
<td>757,949</td>
<td>691,184</td>
<td>697,334</td>
</tr>
<tr>
<td>Palm kernel</td>
<td>151,473</td>
<td>166,716</td>
<td>175,937</td>
<td>155,426</td>
<td>163,520</td>
</tr>
<tr>
<td>Oil extraction rate (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Palm kernel</td>
<td>4.72</td>
<td>4.85</td>
<td>4.79</td>
<td>4.79</td>
<td>5.05</td>
</tr>
<tr>
<td>Average Selling Price (RM per MT)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude palm oil</td>
<td>2,314</td>
<td>2,025</td>
<td>2,549</td>
<td>2,766</td>
<td>2,249</td>
</tr>
<tr>
<td>Palm kernel</td>
<td>1,375</td>
<td>1,590</td>
<td>2,252</td>
<td>2,691</td>
<td>1,740</td>
</tr>
</tbody>
</table>

### AREA STATEMENT

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>OIL PALM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mature</td>
<td>146,856</td>
<td>147,995</td>
<td>154,613</td>
<td>149,714</td>
<td>148,166</td>
</tr>
<tr>
<td>Immature</td>
<td>30,053</td>
<td>28,161</td>
<td>19,621</td>
<td>24,682</td>
<td>21,105</td>
</tr>
<tr>
<td>Rubber</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mature</td>
<td>176,909</td>
<td>176,356</td>
<td>174,234</td>
<td>174,396</td>
<td>179,271</td>
</tr>
<tr>
<td>Immature</td>
<td>5,845</td>
<td>5,845</td>
<td>5,845</td>
<td>5,845</td>
<td>5,845</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursery</td>
<td>248</td>
<td>206</td>
<td>229</td>
<td>142</td>
<td>143</td>
</tr>
<tr>
<td>Estate under development</td>
<td>836</td>
<td>8,582</td>
<td>8,582</td>
<td>8,582</td>
<td>9,265</td>
</tr>
<tr>
<td>Labour lines, building sites and others</td>
<td>27,415</td>
<td>32,070</td>
<td>34,018</td>
<td>33,746</td>
<td>32,189</td>
</tr>
<tr>
<td>Total area</td>
<td>206,567</td>
<td>217,937</td>
<td>217,919</td>
<td>217,917</td>
<td>217,917</td>
</tr>
</tbody>
</table>

Oil Palm Hectarage by Age

- Mature: 99.3%
- Immature: 0.7%

Oil Palm Hectarage by Region

- East Malaysia: 64%
- Peninsular Malaysia: 24%
- Indonesia: 12%
**Group Business Review**

**Plantation**

**Average Realised CPO and PK Prices**

<table>
<thead>
<tr>
<th>Month</th>
<th>Average CPO Price</th>
<th>Average PK Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul-Sep</td>
<td>RM2,620.4 per MT</td>
<td>RM2,370.6 per MT</td>
</tr>
<tr>
<td>Oct-Nov</td>
<td>RM2,404.8 per MT</td>
<td>RM2,273 per MT</td>
</tr>
<tr>
<td>Dec-Jan</td>
<td>RM2,289.2 per MT</td>
<td>RM2,164.6 per MT</td>
</tr>
<tr>
<td>Feb-Mar</td>
<td>RM2,240.8 per MT</td>
<td>RM2,125.6 per MT</td>
</tr>
<tr>
<td>Apr-May</td>
<td>RM2,192.4 per MT</td>
<td>RM2,088 per MT</td>
</tr>
<tr>
<td>Jun-Jul</td>
<td>RM2,144 per MT</td>
<td>RM2,044.8 per MT</td>
</tr>
</tbody>
</table>

**Business Performance Review 2020**

**Strategic Objectives**

- Innovating to produce high-yielding planting materials
- Reduce dependency on labour via mechanisation, increase productivity and operational efficiency
- Digitalisation and automation of business process
- Diversifying crops and exploring other profitable crops

**Key Initiatives**

- Digitalisation
- Mechanisation
- Developing work system and breakthrough formulations
- Continued investment in R&D
- Empowering employees towards positive changes
- Driving to maximise oil yields through innovating with high-yielding clones, superior planting materials and achieving high early yields from young mature palms
- Optimize land utilisation for other crops

**Achievements in FY2020**

1. Achieved the highest OERs among the mills of all plantation companies in the country as a result of FFB crops of estates that are planted with superior high-yielding planting materials.

   **MILL**
   
   a. Bukit Lesui Mill (Pentaiutal): 24.09%
   
   b. Pamol Kluang Mill (Pentaiutal): 23.96%
   
   c. Banurong Mill (Sabah): 23.41%

2. Continued to attain high yields (as indicated by our top three best performing estates):

   **ESTATE**
   
   a. Kahang Estate: 7.19 MT of CPO per hectare
   
   b. Montem 1 Estate: 6.84 MT of CPO per hectare
   
   c. Merchong Estate: 6.85 MT of CPO per hectare

3. Gained positive results of our ongoing digital transformation:

   a. Approximately 75% of the plantation's operating units are integrated with the SAP system, and are equipped with the full spectrum of the SAP modules (Finance & Controlling, Estate Management, Checkroll, Production, Plant Maintenance, Investment Management, Sales & Fund Management).

4. Sourced good planting materials for coconut expansion.

**Challenges/Risks**

- Prolonged dry and hot periods, which impact crop productivity.

**Mitigation Actions**

1. Carry out ablation after 12 months from planting at low rainfall areas.
2. Apply water conservation practices such as Cissal Endel Conservation Trench in flat areas to retain water.
3. Construct drainage and irrigation systems to retain moisture in fields.
4. The outbreak of insects and vertebrate pests (such as bagworms and rats) and diseases such as Ganoderma infection, which impact palms and crops negatively.

**Risks & Opportunities**

- The risk of the global pandemic COVID-19 that caused the lockdown of six districts in Sabah (from 25 March till 2 April 2020), which has not been completely overcome.

**How We Create Value**

Palm oil prices are in the recovery phase and the price outlook is expected to be bullish in the second half of 2020 due to the increase in global consumption and restocking activities after the outbreak of the COVID-19 pandemic. Prices remain sensitive to the recovery of the COVID-19, crude oil prices and world economy as a whole, with the US-China trade war being the driving factor.

The FFB production volume is expected to be flat or slightly lower in FY2021, due to the aggressive replanting programme carried out in the last four years. A sizable proportion of palm in Sabah will be due for replanting in the next four years.

The global palm oil market will be driven by factor such as US-China trade war being the driving factor, COVID-19, crude oil prices and world economy as a whole, with the US-China trade war being the driving factor.

**Outlook & Prospects**

The FFB production volume is expected to be flat or slightly lower in FY2021, due to the aggressive replanting programme carried out in Sabah, offset by the increased crop production from our young plantings in Indonesia. We also expect that once the government cues the travel restrictions, allowing those with expired work permits to return home, there may be a labour shortage due to the uncertainty of the incoming of workers.

With the limited land for oil palm usages and labour shortage, boosting production yield is one of our key initiatives through the use of high quality planting materials, digitalisation and mechanisation to increase palm oil yields and enhance our competitiveness as a global player while also ensuring sustainability in the palm oil industry.
Group Business Review

Who We Are & What We Do

The Group’s global resource-based manufacturing business, comprising our refining, oleochemical and specialty oils and fats sub-segments, plays an important role in fortifying our integrated palm value chain. It consists of downstream activities such as refining of crude palm oil and palm kernel oil, and processing of refined palm oil and palm kernel oil into oleochemical as well as specialty oils and fats products. With our local and international manufacturing facilities, we are well-equipped to meet the needs of our customers domestically and internationally.

Financial Highlights

The Group’s resource-based manufacturing segment’s profit of RM385.1 million for FY2020 is 30% lower than the profit of RM553.4 reported for FY2019. Excluding the fair value gain on derivative financial instruments, the underlying profit of RM381.3 million for FY2020 is 27% lower than the profit of RM524.5 million for FY2019. The lower profit is due mainly to lower operational contributions from our refining and oleochemical sub-segments with reduction in margins. The share of our associates’ results is also lower due to lower sales arising from the COVID-19 pandemic as well as a one-off debt write-down in the European operation.

Resource-Based Manufacturing

Optimise refineries’ processing capacity and efficiency
Supply consistently high-quality palm oil products
Market and expand certified sustainable palm oil products
Maximise consumer packing capacities
Ensure supply chain efficiency
Drive innovation and promote sustainable development

Who We Are & What We Do

The Group’s global resource-based manufacturing business, comprising our refining, oleochemical and specialty oils and fats sub-segments, plays an important role in fortifying our integrated palm value chain. It consists of downstream activities such as refining of crude palm oil and palm kernel oil, and processing of refined palm oil and palm kernel oil into oleochemical as well as specialty oils and fats products. With our local and international manufacturing facilities, we are well-equipped to meet the needs of our customers domestically and internationally.

Financial Highlights

The Group’s resource-based manufacturing segment’s profit of RM385.1 million for FY2020 is 30% lower than the profit of RM553.4 reported for FY2019. Excluding the fair value gain on derivative financial instruments, the underlying profit of RM381.3 million for FY2020 is 27% lower than the profit of RM524.5 million for FY2019. The lower profit is due mainly to lower operational contributions from our refining and oleochemical sub-segments with reduction in margins. The share of our associates’ results is also lower due to lower sales arising from the COVID-19 pandemic as well as a one-off debt write-down in the European operation.

REFINING

The Group has two wholly-owned refineries in Malaysia with a combined annual capacity of about 1.8 million MT. They are located in Pasir Gudang, Johor and in Sandakan, Sabah. Both refineries are closely located to our plantations and mills, and along major shipping routes with direct port access. These refineries produce palm and palm kernel oil fractions for domestic and export markets as well as feedback for the Group’s downstream activities.

Key Focus Areas

Manufacturing Facilities

Combined Annual Refining Capacity
1.8 million MT

Sales of Total Certified Refined Products
277,000 MT

Key Business Highlights

• The sales volume of our certified refined products has increased as we continue on focusing to expand our sustainable value-added markets.
• Our lauric division managed to perform better with positive margins in most of the segments.
• Despite an overall poorer performance that is mainly due to lower Malaysian crude palm oil (“CPO”) production and slowdown during the Movement Control Order (“MCO”) period, our various strategic initiatives are in line to improve our refinery utilisation and efficiency.
B|r| 5: Business Performance Review

<table>
<thead>
<tr>
<th>Strategic Objectives</th>
<th>Key Initiatives</th>
<th>Achievements in FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market more certified sustainable products with added value</td>
<td>• Focusing and expanding our markets for certified and sustainable palm oil.</td>
<td>1) Increased sales of total certified refined products from 274,000 MT in FY2019 to 210,000 MT in FY2020.</td>
</tr>
<tr>
<td>Maximise consumer packing capacities</td>
<td>• Increasing consumer pack plant output of small-sized products (0.5L to 5L).</td>
<td>2) Developed 500lb PET bottles and successfully started sales with the completion of the fully automated packing Line 4 in EOI Pan-Century Edible Oils Sdn Bhd in September 2019.</td>
</tr>
<tr>
<td>Drive innovation and promote sustainable development</td>
<td>• Utilisation of oil palm biomass from palm oil mills to reduce greenhouse gas emissions and contribute towards sustainable oil palm in the entire supply chain.</td>
<td>3) Participated in the United Nations World Food Programme tender and successfully completed shipments in small packs during the MCO period.</td>
</tr>
<tr>
<td></td>
<td>• Installed CPO Washing Plant with our customised solutions to produce low 3-MCPD content in processed oils.</td>
<td>4) Initiated a new venture for consumer products with a prominent food products company for Middle Eastern markets.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5) Completed new biomass boiler in Sandakan, Sabah that generates up to 600lb steam and cogenerates up to 6.5 MW power.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6) Produced low 3-MCPD palm and lauric oil products.</td>
</tr>
</tbody>
</table>

Challenges/Risks

| Trade wars and rising protectionism have disrupted the traditional pricing mechanism leading to price fluctuation of about 64% in the financial year. |
| Volatile crude oil prices and the Palm Oil-Gas Oil spread with palm oil trading at a premium are discouraging the production of biodisel. These prices will offset the slowdown in offtake from importing countries. |
| Many producing countries like Indonesia and Malaysia are increasing their inventories partly for food security purposes. |

Mitigation Actions

| 1) IOI is a fully integrated company which helps to mitigate the volatile price fluctuations. |
| As a company with a full food footprint, our sales are well diversified to many countries and different market segments which help mitigate the risk of over-dependence on any particular market or segment. |
| Our sales are mainly for the food sector. |
| Many producing countries like Indonesia and Malaysia are increasing the domestic consumption of vegetable oils blending into biodiesel which will offset the slowdown in offtake from importing countries. |
| Refiners are continuously looking for opportunities to secure CPO in the coming months and hedge into derivatives when necessary. |

Outlook & Prospects

Palm oil commodity prices are expected to remain volatile in the new financial year. The market is influenced by both domestic fundamentals as well as uncertainties in the global macroeconomies. The effects of the COVID-19 pandemic at the beginning of this year are still lingering and transforming the world economies. The impacts are more apparent in the HORECA sector, and to some extent the crude oil prices. These directly and indirectly have resulted in the loss of demand from many major consuming countries. Concerns over trade tensions between the US and China, and more trade protectionism in the worldwide economies have increased the probability of price fluctuations.

We are keeping a positive outlook for the next financial year with our Group’s fully integrated supply chain business model and continuous drive to explore opportunities to increase value in every level of our operations. Demand is expected to recover gradually as more countries are easing their lockdowns and businesses are starting to resume their operations. Palm oil production is expected to remain subdued in the coming year due to dry weather, progressive replanting activities by many farmers and the inherent labour shortage issues. The low stockpiles at destination markets are also seeing many countries starting to replenish their inventories partly for food security purposes.

Key Focus Areas

- Drive business growth by increasing sales and expanding new market segments
- Enhance cost efficiency by optimising plant capacity and improving operational efficiency
- Develop niche markets by exploring new product applications and launching new products

Manufacturing Facilities

Export to Over 80 Countries Worldwide

Combined Annual Oleochemical Capacity 780,000 MT

How We Create Value

- Drive business growth by increasing sales and expanding new market segments
- Enhance cost efficiency by optimising plant capacity and improving operational efficiency
- Develop niche markets by exploring new product applications and launching new products

Oleochemical

The principal activities of the Group’s oleochemical sub-segment are manufacturing and sales of fatty acids, glycerine, soap noodles and downstream oleochemical products such as fatty esters and specialty derivatives. These versatile products are used in a wide variety of applications from industrial sectors such as automotive, construction and plastics to food, nutrition, pharmaceutical and cosmetic. Our oleochemical products are exported to more than 80 countries worldwide. Our main customers are located in Japan, China, Europe and the United States (“US”), which include some of the world’s most esteemed and well-known multinational corporations.

The Group undertakes oleochemical manufacturing activities in four manufacturing facilities. Two of the manufacturing facilities are located in Peninsular Malaysia, while the other two facilities are in Germany. Our total combined production capacity is about 780,000 MT per annum. The Penang and Johor plants are exclusively based on palm oil whereas the Germany plants use mainly palm oil supplemented by other vegetable oils such as coconut oil, rapeseed oil and sunflower oil. These plants complement and add value to each other through technical know-how collaborations and application of basic oleochemicals into niche derivatives.

Our manufacturing facilities are certified and accredited by globally recognised bodies in various aspects of quality and international standards compliance. On top of the ISO 9001, ISO 14001 and ISO 50001 certifications, the Penang, Johor and Wittenberg sites have received the Food Safety System Certification (“FSSC”) 22000 on food safety management, and the Witten site is certified by the European Commission Good Manufacturing Practice (“EU-GMP”) for the production of Active Pharmaceutical Ingredients (“API”).
Key Business Highlights

- Our fatty acids business unit delivered a commendable performance albeit slightly lower than previous year despite the many external challenges. The business was strong in the first half of FY2020. However, our business dropped in the second half of FY2020 due to the US-China trade war and the COVID-19 pandemic.

- The imposition of MCO in Malaysia in March 2020 has affected the plant operations and the supply chain functions. As a result, some delayed deliveries and loss of orders were faced in March and April this year. This was also due to the export market's country lockdown and restrictions. Subsequently, the business normalised in May and fully recovered in June 2020.

- Our soap business unit performed better than the previous year. The business was affected by the same external factors as the fatty acids business. However, the COVID-19 pandemic has a positive impact on the demand for soap products through increased awareness on personal hygiene via hand washing. The increased demand was seen in the last quarter of FY2020.

- Our enter business unit showed a good performance albeit slightly lower than previous year. Generally, business was lower due to the US-China trade war and the COVID-19 pandemic. The main business in North East Asian region, mainly China and South Korea, was impacted. This was partially compensated by new businesses in the Americas, namely the Latin America countries.

- Our German business performed well during the financial year. Profitability was significantly higher than the previous year with only a small increase in sales volume. This was due to the higher sales of high margin pharmaceutical products notably the API product group. The COVID-19 pandemic had contributed some positive impact to our business as the demand for our pharmaceutical products has increased. This has positively improved our pharma business unit.

Business Performance Review 2020

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<tbody>
<tr>
<td>Drive business growth</td>
<td>Optimising plant manufacturing capacity.</td>
<td>1) Increment in specialty plants’ achievable capacity.</td>
</tr>
<tr>
<td></td>
<td>Enhancing cost efficiency and reducing labour dependency through plant automation.</td>
<td>2) Reduction in overall energy cost.</td>
</tr>
<tr>
<td></td>
<td>Embarking on energy efficiency and water recycling projects.</td>
<td>3) Improvement in fatty acids’ fractionation efficiency and product quality.</td>
</tr>
<tr>
<td></td>
<td>Resuming aging plants.</td>
<td>4) Embarked on new fatty acid plant expansion since end of 2019 and expect to be commissioned by end of 2021.</td>
</tr>
<tr>
<td></td>
<td>Embarking on new plant expansions.</td>
<td>5) Filed 14 patents for pharmaceutical applications, four patents for polyglycerine esters and 10 patents for keto esters.</td>
</tr>
<tr>
<td></td>
<td>Filing patents for new product applications.</td>
<td>6) Developed more than 30 formulations for personal care and cosmetic applications.</td>
</tr>
<tr>
<td></td>
<td>Developing new product formulations in CARE Studio.</td>
<td></td>
</tr>
</tbody>
</table>

Challenges/Risks

- The COVID-19 pandemic resulted in operational disruption during the MCO period.
- Initiating enhanced Business Continuity Plan to minimise operational disruption.
- Our reliance on foreign labour for manual work was worsened by the COVID-19 pandemic which caused labour shortage.
- We have introduced plant automation and process improvement to reduce dependency on foreign labour and enhance cost efficiency.
- The ongoing US-China trade war has dampened demand from affected markets.
- Our Group has diversified sales in more than 80 countries that mitigates our exposure to localized risks in particular markets.
- The heightened corporate credit risks due to COVID-19 has impacted some businesses.
- We are continuously developing new markers and exploring new export markets for diversification and growth.

Outlook & Prospects

- Despite the uncertainty of the COVID-19 pandemic and its ongoing impact on the global economy, the market outlook for the oleochemical business is still positive. We market our oleochemical products globally as well as to a very wide ranging and diverse industry and application sectors.

- The increasing demand from the pharmaceutical, cleaning products, food and nutrition sectors has mitigated the negative impact of the COVID-19 pandemic. Coupled with our continual focus on operational excellence and cost efficiency across all our plants and operations, we will strive to maintain our overall profitability.

SPECIALTY OILS & FATS

The Group's 30%-owned associate company, Bunge Lodder Cröklaan Group B.V. ("Bunge Lodder") is a leading producer of specialty oils and fats for the food manufacturing and food service industry globally, and its products are used in a variety of applications from bakery and confectionery to culinary and human nutrition.

Bunge Lodders’ refineries in Europe are also producing fully mitigated palm oil and palm derivatives on a large scale which enables the company to deliver their products with low Glycidyl Esters levels and also low 3-MCPD levels.

Our continuing business collaboration and strategy with Bunge Limited ("Bunge") to build Bunge Lodders into a leading food ingredients business has culminated to its unmatched global presence, with differentiated and comprehensive product offerings based on tropical and seed oils and world class formulation and application capabilities. Bunge Lodders is well-positioned to capture the growing global market for blended oils and is poised to tap into new markets via Bunge’s extensive network and to expand their product range in the nutrition category.

Like most businesses around the world, Bunge Lodders’ business has been affected by the COVID-19 pandemic, but sales volumes are expected to recover gradually.
Poised on enhanced governance and leadership
Board of Directors

Tan Sri Peter Chin Fah Kui
Independent Non-Executive Chairman

Dato’ Lee Yeow Chor
Group Managing Director and Chief Executive

Lee Yeow Seng
Non-Independent Non-Executive Director

Tan Sri Dr Rahamat Bivi binti Yusoff
Independent Non-Executive Director

Datuk Karownakaran @
Karunakaran a/l Ramasamy
Independent Non-Executive Director

Cheah Tek Kuang
Independent Non-Executive Director
Profiles of the Board of Directors

Tan Sri Peter Chin Fah Kui
Independent Non-Executive Chairman

Qualification
• LLB (Honours), King’s College, London

Relevant Experience
• Chairman for Miri Municipal Council in 1984
• Member of Parliament for Lambir and Miri constituencies in Sarawak from 1986 to 2013
• Special Advisor to Malaysian Green Technology and Climate Change Centre ("MGTC")
• Chairman of MGTC from 7 April 2015 to 6 April 2018

Directorship of other Listed Issuers/Public Companies
• Other Listed Issuer
  – None
• Non-Profit Public Company
  – Trustee of Yayasan Tan Sri Lee Shin Cheng

Dato' Lee Yeow Chor
Group Managing Director and Chief Executive

Qualification
• Barrister-at-Law from Gray’s Inn, London

Relevant Experience
• Chairman for Miri Municipal Council in 1984
• Member of Parliament for Lambir and Miri constituencies in Sarawak from 1986 to 2013
• Special Advisor to Malaysian Green Technology and Climate Change Centre ("MGTC")
• Chairman of MGTC from 7 April 2015 to 6 April 2018

Directorship of other Listed Issuers/Public Companies
• Other Listed Issuer
  – None
• Non-Profit Public Company
  – Trustee of Yayasan Tan Sri Lee Shin Cheng
• Public Companies
  – Non-Executive Director of IOI Properties Group Berhad
  – Director of IOI Oleochemical Industries Berhad
  – Director of Uno Geo Plantations Berhad
  – Director of Dynamic Plantations Berhad
Profiles of the Board of Directors

Lee Yeow Seng
Non-Independent Non-Executive Director

Qualification
• LLB (Honours), King’s College, London
• Barmitzen-at-law from Bar of England & Wales, Inner Temple

Relevant Experience
• Involved in corporate affairs and general management within IOI Group prior to the demerger and listing of IOI Properties Group Berhad
• Served as the London and Singapore offices of a leading international financial services group for approximately two (2) years

Directorship of other Listed Issuers/Public Companies
• Other Listed Issuer
  – Executive Vice Chairman of IOI Properties Group Berhad
• Public Companies
  – Executive Director of IOI Properties Berhad
  – Director of Resort Villa Golf Course Berhad
  – Director of Property Village Berhad

Tan Sri Dr Rahamat Bivi binti Yusoff
Independent Non-Executive Director

Qualification
• Ph.D. in Political Science and International Relation, Australian National University
• Master of Economics, University of Western Michigan, USA
• Bachelor of Social Science (Economics) (Honours) degree, Universiti Sains Malaysia
• Diploma in Public Administration, the Institute of Public Administration (INTAN), Malaysia

Relevant Experience
• Co-Chairperson of Malaysia-Thailand Joint Authority
• Chairman of Perbadanan Insurans Deposit Malaysia
• Chairman of Malaysia Nuclear Power Corporation
• Member of the Advisory Council of Asian Development Bank Institute
• Assistant Secretary (Tax, Contract and Supply Divisions) in the Ministry of Finance ("MOF") from 1981 to 1988
• Project Officer in Institute of Public Administration from 1988 to 1991
• Assistant Director, Macroeconomic and Evaluation Section of Economic Planning Unit (“EPU”) in Prime Minister’s Department from 1991 to 1993. Promoted to the position of Principal Assistant Director, Macroeconomic and Evaluation in 1994 and held the position until 2000
• Served as Principal Assistant Director, Section Industry and Services in 2001 and seconded to the Energy Commission as Director in June 2002
• Under Secretary of Economic Division of MOF in 2006 and promoted to Director, Budget Division of MOF in 2008 and Deputy Secretary General (Systems & Controls) of MOF in 2011
• Director General of EPU from 2011 to June 2017

Directorship of other Listed Issuers/Public Companies
• Other Listed Issuer
  – None
• Public Companies
  – Independent Non-Executive Director of Ekuiti Nasional Berhad
  – Independent Non-Executive Director of Bank Pembangunan Malaysia Berhad
Profiles of the Board of Directors

Datuk Karownakaran @ Karunakaran a/l Ramasamy
Independent Non-Executive Director

Qualification
• Bachelor of Economics (Accounting) (Honours) degree, University of Malaya
• Post Graduate Course in Industrial Project Planning, University of Bradford, UK

Relevant Experience
• Joined the Malaysian Investment Development Authority [formerly known as Malaysian Industrial Development Authority (“MIDA”) in August 1972 and served in various positions including Director and Director-General until his retirement in 2008
• Served as a member of the Cabinet Committee on Investment
• Chairman of Etiqa International Holdings Sdn Bhd
• Chairman of Etiqa Life Insurance Berhad from January to December 2018
• Chairman of Etiqa General Insurance Berhad from March 2016 to December 2018
• Chairman of Etiqa Family Takaful Berhad from March 2016 to December 2017
• Director of Sime Darby Motors Sdn Bhd from December 2012 to October 2017
• Director of Maybank (Cambodia) Plc from October 2012 to October 2017
• Chairman/Director of Maybank Private Equity Sdn Bhd from May 2013 to December 2016
• Director of Maybank Asset Management Group Berhad from 2012 to 2016
• Director of Chemical Company of Malaysia Berhad from 2013 to 2014
• Director of Maybank Investment Bank Berhad from 2009 to 2014

Directorship of other Listed Issuers/Public Companies
• Other Listed Issuers
  – Chairman of Integrated Logistics Berhad
  – Independent Non-Executive Director of Malaysian Banking Berhad
  – Independent Non-Executive Director of Bursa Malaysia Berhad

• Public Companies
  – Chairman of Maybank Amanah Holdings Berhad
  – Chairman of Maybank Singapore Limited

Cheah Tek Kuang
Independent Non-Executive Director

Qualification
• Bachelor of Economics degree, University of Malaya
• Fellow of The Asian Institute of Chartered Bankers

Relevant Experience
• Member of the Appeals Committee of Bursa Malaysia Securities Berhad
• Director of Bursa Malaysia Berhad from 2004 to 2012
• Member of Kumpulan Wang Persaraan (Diperbadankan)’s Investment Panel from 2007 to 2016
• Board member of Employees’ Provident Fund from 1996 to 2007 and served in its Investment Panel from 2007 to 2009
• Joined Malaysian Industrial Development Authority in 1970
• Joined AmInvestment Bank Berhad in 1978 and was promoted to Managing Director in 1994
• Appointed as Group Managing Director of AMMB Holdings Berhad on 1 January 2005 till his retirement in April 2012
• Director of Velesto Energy Berhad from May 2013 to May 2019

Directorship of other Listed Issuers/Public Companies
• Other Listed Issuers
  – Independent Non-Executive Director of Eco World International Berhad
  – Independent Non-Executive Director of UPA Corporation Berhad

• Public Company
  – Independent Non-Executive Director of Berjaya Golf Resort Berhad

• Non-Profit Public Companies
  – Director of Malaysian Institute of Art
  – Governor of Yayasan Bursa Malaysia

Note:
1. Dato’ Lee Yeow Chor and Lee Yeow Seng are members of the immediate family.
2. Saws as disclosed in item (1), none of the Directors have:
   (a) any family relationship with any directors/major shareholders of the Company;
   (b) any conflict of interest with the Company;
   (c) any conviction for offences (other than traffic offences, if any) within the past five (5) years; and
   (d) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2020.
The management team is headed by the Group Managing Director and Chief Executive, Dato’ Lee Yeow Chor. He is assisted by the following senior management team:

**CORPORATE**

Lee Tuan Meng  
Group Chief Financial Officer  
Malaysian  •  Age 60  •  Male

Farah Suhanah Ahmad Sarji  
Group Legal Counsel  
Malaysian  •  Age 55  •  Female

Dr Surina binti Ismail  
Group Head of Sustainability  
Malaysian  •  Age 60  •  Female

**PLANTATION**

Sudhakaran a/l Nottath Bhaskaran  
Plantation Director

Ragupathy a/l Selvaraj  
Senior General Manager, Plantation

Subramaniam a/l Arumugam  
Head of Plantations, Indonesia

**COMMODITY MARKETING**

Lim Jit Uei  
Group Head of Commodity Marketing

**REFINERY**

Shyam a/l M. K. Lalokuman  
General Manager

**OLEOCHEMICAL**

Tan Kean Hua  
Executive Director

Koo Peng Wai  
Chief Operating Officer, Johor

Lai Choon Wah  
Chief Operating Officer, Penang

Thomas Kummer  
Chief Operating Officer, Germany

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Senior Management Team

CORPORATE

Tan Choong Khiang
Company Secretary
Malaysian  Age 50  Male
Date of Appointment 8 August 2011
Skills and Experience
Mr Tan Choong Khiang is a fellow member of the Malaysian Institute of Chartered Secretaries and Administrators (“MACSA”). He is the Head of Corporate Secretarial in IOI Group and is responsible of monitoring and supervising the overall corporate secretarial functions of IOI Group. He has vast working experience in secretarial practice, corporate governance, corporate advisory and compliance, in various industries. Prior to joining IOI Group, he was an Associate Director – Corporate Services with T ricor Services (Malaysia) Sdn Bhd, where he was responsible for management and business development of their corporate secretarial and accounting service divisions.

Alvin Lee Chin Huat
Head of Business Systems and Information
Malaysian  Age 46  Male
Date of Appointment 18 June 2018
Skills and Experience
Mr Alvin Lee holds a Master of Science [Information Technology (“IT”) ] from Universiti Putra Malaysia. He has more than nineteen (19) years of experience in IT business application, with specialisation in network, systems, database and software project development in diverse exposures of different industries ranging from automotive, machinery, retail, merchandising to manufacturing.

Ling Kea Ang
Head of Group Internal Audit
Malaysian  Age 53  Male
Date of Appointment 1 July 2015
Skills and Experience
Mr Ling Kea Ang is a Chartered Accountant and holds The Association of Chartered Certified Accountants (“ACCA”) qualification and is a member of the Malaysian Institute of Accountants (“MIA”) and Institute of Internal Auditors Malaysia. He has more than twenty-seven (27) years of experience in external and internal auditing. Prior to joining IOI Group, he was attached to one of the Big Four international accounting firms and had acquired broad experience in auditing, accounting and taxation of large publicly listed companies listed on the Bursa Malaysia Securities Berhad, large multinational corporations and privately owned businesses which were involved in various business sectors of the Malaysian economy. He was also assigned to carry out internal audit and Sarbanes-Oxley Section 404 audit of multinational corporations and was also involved in other special assignments like corporate listing and due diligence exercises.

PLANTATION

Sudhakaran a/l Nottath Bhaskaran
Plantation Director
Malaysian  Age 61  Male
Date of Appointment 16 March 2003
Skills and Experience
Mr Sudhakaran a/l Nottath Bhaskaran holds an Honours Degree in Mechanical Engineering from University of Technology Malaysia and a Diploma in Palm Oil Mill Engineering from Malaysian Palm Oil Board (“MPOB”). He started his career in Felda Mills Corporation as a Mill Engineer and later joined Unilever Plantations where he held several positions as Mill Manager, Estate Manager and General Manager of Plantations. He joined IOI Group in 2003 as General Manager of Sandakan Refinery and later assumed the position of General Manager of Sandakan Plantations before his posting to Head Office as Senior General Manager, Plantations Division. He was subsequently promoted to Plantation Director on 1 July 2017.

Ragupathy a/l Selvaraj
Senior General Manager, Lahad Datu
Malaysian  Age 62  Male
Date of Appointment 1 July 1989
Skills and Experience
Mr Ragupathy a/l Selvaraj holds a Bachelor of Science in Agriculture from Andhra Pradesh Agriculture University, Hyderabad, Andra Pradesh, India. Prior to joining IOI Group as an Assistant Manager in 1989, he was a Cadet Planter in Duras Estate (1988) which was later acquired by IOI Group in 1989.

Subramaniam a/l Arumugam
Head of Plantations, Indonesia
Malaysian  Age 56  Male
Date of Appointment 1 March 2018
Skills and Experience
Mr Subramaniam a/l Arumugam holds a Bachelor of Science (Agribusiness) degree from the University Pertanian Malaysia. He has over thirty-one (31) years working experience in the plantation industry and held positions of General Manager as well as Regional Controller in various big plantation companies in Malaysia and Indonesia. Prior to joining IOI Group, he was the Regional Controller at SinarMas (Golden Agri Resources).
Senior Management Team

COMMODITY MARKETING

Lim Jit Uei
Group Head of Commodity Marketing
Singaporean • Age 46 • Male
Date of Appointment: 3 August 2015
Skills and Experience:
- Mr Lim Jit Uei obtained a Bachelor of Science in Real Estate (Honours) from the National University of Singapore. He has more than fifteen (15) years of experience in the trading of agricultural commodities with leading commodity companies.
- Prior to joining IOI Group, he was the Regional Procurement Manager (Commodities) for a global food ingredients manufacturer. He also sits on the Management Board of the Palm Oil Refiners Association of Malaysia ("PORAM").
- Mr Lim Jit Uei is the brother-in-law of Dato’ Lee Yeow Chor and Lee Yeow Seng.

REFINERY

Shyam a/l M. K. Lakshmanan
General Manager
Malaysian • Age 57 • Male
Date of Appointment: 1 February 2013
Skills and Experience:
- Mr Shyam a/l M.K. Lakshmanan holds a Master’s Degree in Manufacturing Systems Engineering from the University of Warwick. He is a Chartered Chemical Engineer (UK), a Professional Engineer and a First Grade Steam Engineer. Prior to joining IOI Group, he initially worked as a Process Engineer in the edible oil industry and then moved to the chemical industry. His international experiences include handling mineral processing projects in China and Indonesia, and heading a mineral processing plant in Western Australia. As a Certified Energy Manager, he leads the energy and resources savings projects as well as environment conservation efforts. He is also a Chartered Scientist (UK) and guides the Research and Development being conducted as Sandakan Refinery to reduce 3-MCPD and GE in palm oil products.

OLEOCHEMICAL

Tan Kean Hua
Executive Director
Malaysian • Age 56 • Male
Date of Appointment: 1 April 2011
Skills and Experience:
- Mr Tan Kean Hua holds a First Class Honours Degree in Chemical Engineering from the University of Malaya and an Executive MBA Degree from the University of Bath – Malaysian Institute of Management. He is a Fellow of Institution of Chemical Engineers, UK (FIChemE) and Chartered Chemical Engineer of the Engineering Council, UK (CEng).
- Prior to joining IOI Group in 2004, he held a senior marketing position in an oleochemicals multinational company. He was the Chairman of Malaysian Oleochemical Manufacturers Group (“MOMG”) from March 2010 till March 2017. He also held the chair of the Asian Oleochemical Manufacturers Group (“AOMG”) twice during his MOMG Chairmanship. He was the Board Member of the Board of MAPOR for three (3) terms from May 2010 until May 2017.

OLEOCHEMICAL

Koo Ping Wui
Chief Operating Officer, Johor
Malaysian • Age 56 • Male
Date of Appointment: 3 February 2020
Skills and Experience:
- Mr Koo Ping Wui holds a Master Degree in Business Administration from the National University of Malaysia and Diploma in Marketing from the Marketing Confederation of Australia. Prior to joining IOI Oleochemicals Industries Berhad, he has worked in the pharmaceutical and medical supplies industry for 15 years. He joined IOI in 2003 and has headed sales and marketing teams in various subsidiaries within IOI Oleochemical Division. Before his appointment as Chief Operating Officer, Johor in 2020, he was the Chief Marketing Officer, IOI Oleo GmbH based in Hamburg, Germany since 2017.

Risks & Opportunities

1. Lim Jit Uei has family relationship with Dato’ Lee Yeow Chor and Lee Yeow Seng, both are Directors and major shareholders of the Company.

Note: 1. Lim Jit Uei has family relationship with Dato’ Lee Yeow Chor and Lee Yeow Seng, both are Directors and major shareholders of the Company.
2. Sits as disclosed in item (3), none of the above senior management team members has:
   (a) any directorship in public companies and listed issuers;
   (b) any family relationship with any directors and/or major shareholders of the Company;
   (c) any conflict of interest with the Company;
   (d) any conviction for offences (other than traffic offences, if any) within the past five (5) years;
   (e) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year;
   (f) any shares in the Company (whether directly or indirectly) except below direct shareholding:
      - Tan Kean Hua (2,600 shares)
      - Koo Ping Wui (12,000 shares)

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   (c) any conflict of interest with the Company;
   (d) any conviction for offences (other than traffic offences, if any) within the past five (5) years;
   (e) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year;
   (f) any shares in the Company (whether directly or indirectly) except below direct shareholding:
      - Tan Kean Hua (2,600 shares)
      - Koo Ping Wui (12,000 shares)
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 2020 (“FY2020”). This Corporate Governance Overview Statement (“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 2020/2021.

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 following three (3) principles as set out in the Malaysian Code on Corporate Governance (the “CG Code”):

- 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.
- The Board considers that the Company has adopted the CG practices and applied the main principles of the CG Code for FY2020 except:
  - Practice 4.5 (The Board must have at least 30% women Directors)
  - Practice 7.2 (The Board discloses on a named basis the top five (5) senior management’s remuneration in bands of RM50,000)
  - Practice 12.3 (Listed company with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate voting including voting in absentia and remote shareholders’ participation at general meetings)

Details of how we applied the CG Code principles and complied with its practice are set out in the Corporate Governance ("CG") Report which is available on the Company's website at www.ioigroup.com/Content/IR/IR_Reports. The explanation for departure is further disclosed in the CG Report.
Corporate Governance Overview Statement

Boards Leadership, Rules 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.

Effective management and good stewardship are led by the Board. Our Board is currently composed of an Independent Non-Executive Chairman, our Group Managing Director and four (4) Non-Executive Directors ("NEDs"). The composition of our 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 and our Corporate Governance Committee has concluded that each of them provides objective viewpoints in order to support the ultimate decision and has approved the written terms of reference of the various Committees to which it has delegated its authority in certain matters. Further detail on the work of the ARMC and GNRC are provided in the respective sections of this Statement and the ARMC Report. The terms of reference of each of the Board's Committees are also available on our website.

The Company Secretary ("CS"), 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 CS is also responsible for ensuring effective communication flows between the Board and its Committees, and between senior management and NEDs. The CS 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 CS has oversight on overall corporate secretarial functions of IOI Group, both in Malaysia and the regions where IOI Group operates.

Board Evaluation

Our Board conducted an internal Board evaluation during FY2020 which covered, among others:

- Performance of the Board and its 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)

Board Evaluation Process

- Completion of questionnaires on effectiveness of the Board and its Committees and individual Directors
- Collation of results and preparation of findings and actions
- Deliberations in the GNRC and Board meetings
- Key areas identified and action plan prepared and approved by the Board

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.

The following sets out the composition of skills and experience of our Board:

<table>
<thead>
<tr>
<th>Directors’ Core Areas of Expertise</th>
<th>Corporate Governance</th>
<th>Board of Business Experience</th>
<th>Government Experience</th>
<th>Stakeholder Engagement</th>
<th>Human Capital Experience</th>
<th>Legal &amp; Regulatory</th>
<th>Accounting &amp; Financial</th>
<th>Environmental &amp; Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>100%</td>
<td>67%</td>
<td>67%</td>
<td>85%</td>
<td>50%</td>
<td>50%</td>
<td>67%</td>
<td>67%</td>
</tr>
</tbody>
</table>

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 respective Committees enjoy their responsibilities and interpersonal and professional relationships are highlighted in the various Committees reports. The Board discharges its responsibilities through a programme of meetings that includes regular reviews of financial performance and critical business issues, annual budget and strategy review.
The results of the Board evaluation were presented to the Board in September 2020 where the Board noted the findings and areas that necessitated further improvements. Board members had provided feedback not only on the areas of assessment but also on areas that the Board could improve on moving forward. The Board was satisfied with the evaluation results which indicated that each of the Directors continues to discharge their respective duties and responsibilities effectively, and that the Board as a whole and its Committees have been effective in discharging their oversight responsibilities and continue to function effectively. As the average rating of the Board evaluation was relatively high, no apparent shortcoming had been identified. However, with the view to raise the bar on the performance of our Board and its Committees and given our Group’s globalized business and its diversification into non-crude palm oil business, our Board agreed that notwithstanding the adequate composition, the potential inclusion of new Board members who possess broad exposure to various business and experience in international business could be considered. The findings of the Board evaluation also have recommended areas of focus by the Board, the salient points of which are as follows:

- **strategic planning focusing on future investment, organic growth and diversification of the Group’s commodity base**
- **long-term strategy to reduce dependency on foreign labour through ongoing automation programme**
- **sustainability and succession planning**

In line with CG Code’s best practice of having externally facilitated Board evaluation periodically by engaging professional independent consultant, the Board will continue with its three (3)-year External Board Effectiveness Review Cycle, depicted as follows:

**Board Effectiveness Review Cycle**

Appointment to the Board and Diversity

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. Appointments are made following a formal and transparent Board selection process, the flow chart of which is accessible through the Company’s website at www.ioigroup.com/Content/Upflpdf/IOIC_Directors_Selection_Process_Flow_Cham.pdf.

All potential new Directors are required to disclose their significant contribution and their commitment of 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 interest or 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 FY2020.

On appointment to the Board, all Directors will receive an induction which is tailored to the new Director’s individual requirements. On completion of the induction, Directors are expected to have sufficient knowledge and understanding of the nature of the business, and the opportunities and challenges facing the Group, to enable them to effectively contribute to strategic discussions and oversight of the Group.

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 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 FY2021 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 recognize 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 policies, and we promote a culture of diversity, respect, and equal opportunity, where individual success depends only on personal ability and contributions. 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 IOIC’s Core Values, which we believe will lead to greater diversity throughout the Group.
Corporate Governance Overview Statement

What the Board and GNRC Did During FY2020

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 an integrated plantation company, enhance financial resilience and deliver consistent and stronger returns through business cycles. Key highlights of our Board’s FY2020 activities and priorities are summarised as follows:

<table>
<thead>
<tr>
<th>Principal matters considered by the Board in FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Matters</strong></td>
</tr>
<tr>
<td>IOI Group’s five-year strategy blueprint</td>
</tr>
<tr>
<td>Sustainability strategy</td>
</tr>
<tr>
<td>Succession planning</td>
</tr>
<tr>
<td>Dividend decisions</td>
</tr>
<tr>
<td>Potential growth opportunities</td>
</tr>
</tbody>
</table>

- Revisited and refreshed IOI’s vision, mission and core values
- The GNRC’s terms of reference, which are listed on the Group’s website, include all matters required by the CG Code. No changes were made to the terms of reference during FY2020. The GNRC believes that our Board continues to have the appropriate skills, knowledge and experience to oversee the effective delivery of our strategy. Throughout FY2020, Directors took opportunities to meet with senior management across the Group.

Looking ahead to FY2021

During FY2021, our Board will:

- Refine our strategic propositions
- Continue with Board and senior management succession planning
- Oversee the Group’s digitalisation & mechanisation implementation
- Continue evaluating business diversification, mergers and acquisitions and exploring new business opportunities

Key Learning Areas/Topics

- Strategic Management 24%
- Risk Management & Internal Control 10%
- Economic, Finance & Business 30%
- Trade, Investment & Commerce 5%
- Sustainability 10%
- Regulatory Compliance 5%
- Leadership & Management 20%
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.

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 NEDs.

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:

<table>
<thead>
<tr>
<th>Per Annum (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiaries</td>
</tr>
<tr>
<td>13,453</td>
</tr>
<tr>
<td>GNRC Chairmen fee</td>
</tr>
<tr>
<td>50,000</td>
</tr>
<tr>
<td>GNRC Member's fee</td>
</tr>
<tr>
<td>55,000</td>
</tr>
</tbody>
</table>

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and its subsidiaries during FY2020 are as follows:

<table>
<thead>
<tr>
<th>Appointment</th>
<th>Per Annum (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base fee</td>
<td>130,000</td>
</tr>
<tr>
<td>Chairman’s fee</td>
<td>115,000</td>
</tr>
<tr>
<td>ARMC Chairman’s fee</td>
<td>50,000</td>
</tr>
<tr>
<td>ARMC Member's fee</td>
<td>55,000</td>
</tr>
<tr>
<td>GNRC Chairmen fee</td>
<td>30,000</td>
</tr>
<tr>
<td>GNRC Member's fee</td>
<td>20,000</td>
</tr>
</tbody>
</table>

The number of Directors whose remuneration falls under the following bands are:

<table>
<thead>
<tr>
<th>Range of Remuneration</th>
<th>Number of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM0.00 to RM100,000</td>
<td>0</td>
</tr>
<tr>
<td>RM100,001 to RM150,000</td>
<td>1</td>
</tr>
<tr>
<td>RM150,001 to RM200,000</td>
<td>2</td>
</tr>
<tr>
<td>RM200,001 to RM250,000</td>
<td>1</td>
</tr>
<tr>
<td>RM250,001 to RM300,000</td>
<td>1</td>
</tr>
<tr>
<td>RM300,001 to RM350,000</td>
<td>1</td>
</tr>
<tr>
<td>RM350,001 to RM400,000</td>
<td>1</td>
</tr>
<tr>
<td>RM400,001 to RM450,000</td>
<td>1</td>
</tr>
<tr>
<td>RM450,001 to RM500,000</td>
<td>1</td>
</tr>
</tbody>
</table>

**EFFECTIVE AUDIT, RISK MANAGEMENT AND INTERNAL Controls**

The members of the ARMC possess the financial knowledge and commercial experience to meet the needs of the Board and the Group's business. The ARMC assures 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 responsibilities 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 risk management framework and regularly assessing the framework to ascertain its adequacy and effectiveness.

During FY2020, our Board continued to review the effectiveness of our system of controls, risk management and high-level internal control processes. These reviews included an assessment of internal controls and, in particular, financial, operational and compliance controls, and risk management and their effectiveness, supported by management assurance of the maintenance of controls reports from the Group Internal Audit, Group Insurance & Risk Management Senior Manager as well as the external auditors on matters identified in the course of their 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.

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

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-governmental organisations (“NGOs”), employees, regulators, suppliers, contractors and customers. This is due to both the influence they have on our business and their impact on our operations and organisational strategy.

A variety of engagement initiatives including direct meetings, workshops and dialogues with communities are constantly led to learn about their welfare needs. Our stakeholders and NGOs actively engaged with our GMD, Group Head of Sustainability, Head of Stakeholder Engagement and Group Head of Commodity Marketing in FY2020. For instance, in line with IOI Group's sustainability committee, our Sustainability team held a meeting with Malaysian Palm Oil Board (“MPOB”) in December 2019 to review the certification of 48 of our Group's external fresh fruit bunch suppliers to explore potential collaborations with MPOB.

In November 2019, the South Ketapang Landscape Initiative, jointly led by IOI Group, Aidenvironment and Global Environment Centre, held its year-end South Ketapang Landscape Forum which was attended by more than 100 representatives of the relevant government agencies, companies operating within the landscape and local communities. At the forum, three (3) working groups, which were formed in the course of the initiative, shared their results and recommendations on how this public-private partnership, going forward, could effectively manage production-destination conflicts in the areas of conservation, forest protection and control, and village development.

We also actively seek solutions to grievances and disputes through an established grievance mechanism, negotiations and other due processes. These sets of handling procedures are developed to guide us through our resolutions with the stakeholders involved:

• Boundary dispute handling
• Squatters dispute handling
• Social issues handling

During FY2020, we have made further progress in addressing the longstanding land dispute with nine (9) communities located around IOI Palm oil concession in Sarawak. Our Stakeholder Engagement team conducted socialisation sessions with the community leaders to inform them about the way the negotiations for the final settlement will be conducted.

In our quarterly, half-yearly and annual financial reports to shareholders and other interested parties, we aim to present a balanced and understandable assessment of our strategy, financial position and prospects. We make information about the Group available to shareholders through a range of media, including our corporate website at www.ioigroup.com, which contains a wide range of data of interest to institutional and private investors. We consider our website to be an important means of communication with our shareholders.

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. As a testament to our commitment in promoting effective investor relations practices, we were selected through an annual poll organised by Alpha Southern Asia Magazine, with votes collected from investors and analysts across the Asian Region.

• Further details on stakeholders' engagement and partnership building are accessible in our Sustainability Report 2020.

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The Board of Directors (the "Board") of IOI Corporation Berhad is pleased to present the report on the Audit and Risk Management Committee of the Board for the financial year ended 30 June 2020 ("FY2020") ("ARMC Report").

Our Audit Committee was established on 24 March 1994 in line with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Subsequently, on 6 September 2012, the Audit Committee was renamed as the Audit and Risk Management Committee ("ARMC") to better reflect the ARM C’s role to support the Board in fulfilling its responsibility of overseeing the Group’s risk management framework and policies.

A. MEMBERS

Our ARM C consists of three (3) members, all of whom are Independent Directors, and each satisfies the "independence" requirements contained in the Listing Requirements of Bursa Malaysia. The biography of each member of the ARM C is set out in the Profile of Directors section.

During FY2020, our ARM C comprised of the following members:

Denis Karownkaran@ Karmakaran a/l Ramasamy
Chairman
Independent Non-Executive Director

Tan Sri Dr Rahamat Bivi binti Yusoff
Independent Non-Executive Director

Datuk Karownakaran @ Karunakaran a/l Ramasamy
Member
Independent Non-Executive Director

Cheah Tck Kuang
Member
Independent Non-Executive Director

Tan Sri Peter Chin Fah Kui
Member
Independent Non-Executive Chairman

Our ARMC considers that the ARMC Chairman and Cheah Tek Kuang have relevant financial experience.

Our Group Managing Director and Chief Executive, Group Chief Financial Officer, Head of Group Internal Audit, Group Insurance and Risk Management Senior Manager, certain senior management members and the Company's external auditors are normally invited to attend the ARMC meetings. There is a standing agenda item facilitating the opportunity for the Company's external auditors to meet without management being present. The Company Secretary acts as Secretary to the ARMC.

The full Terms of Reference of the ARMC is posted on the Corporate Governance section of the Company's website at www.ioigroup.com/Content/G/G_Governance or can be obtained from the Company Secretary.

The Terms of Reference prescribes the ARM C’s oversight of financial compliance matters in addition to a number of other responsibilities that the ARM C performs. Those key responsibilities include, among others:

• Oversee the financial reporting process and integrity of the Group’s financial statements
• Evaluate the independence of external auditors
• Review and evaluate the operation and effectiveness of the Company’s internal audit function
• Oversee the Group’s system of disclosure controls and system of internal controls that management and the Board have established
• Assess the Group’s practices, processes and effectiveness of systems of risk management
• Review conflicts of interest situations and related party transactions of the Group
• Review the appropriateness of accounting policies and significant financial reporting issues or significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed

C. HOW OUR ARMC SPENT ITS TIME DURING FY2020

The table below provides an overview of how our ARMC spent its time in FY2020:

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>External Audit</td>
<td>Internal Audit &amp; Risk Management</td>
<td>Financing Reporting</td>
</tr>
<tr>
<td></td>
<td>12%</td>
<td>48%</td>
<td>51%</td>
</tr>
<tr>
<td>Governance</td>
<td>9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The ARM C spent 9% of its time on governance matters, 12% on external audit matters, 48% on internal audit and risk management matters and 51% on financing reporting matters.
The following were the primary areas of financial reporting judgement and disclosure, among others, which were considered by the ARMC in relation to FY2020 financial statements:

(a) Impairment assessment of goodwill on consolidation and impairment assessment of other assets

Goodwill and other assets impairment assessment requires significant judgements and estimates on the future results and key assumptions applied to cash flow projections of the assets being assessed. These assumptions typically include projected growth in future revenues and profit margins, associated discount rates and growth rates. The ARMC received information on the nature of goodwill, and considered the factors that might give rise to an impairment of the Group’s goodwill, and whether those factors had arisen during the reporting period. The ARMC constructively challenged the key assumptions used by management in the respective impairment assessments. Following the discussion, the ARMC was satisfied with the goodwill and other assets impairment assessment as at FY2020.

(b) Impairment assessment of other assets

Impairment assessment of other assets involves significant judgements and estimates on the future results and key assumptions on cash flows to be derived from the carrying amount of the assets. The ARMC received information on the nature of these assets, and considered the factors that might give rise to an impairment of the carrying amount of the assets, and whether those factors had arisen during the reporting period. The ARMC constructively challenged the key assumptions used by management in the respective impairment assessments. Following the discussion, the ARMC was satisfied with the impairment assessment of other assets.

(c) Accounting for derivative financial instruments other than put and call options

Management has adopted the Binomial option pricing model in deriving the fair values of the put and call options of the Group. BDO PLT has evaluated the appropriateness of the valuation model, as well as the key assumptions used in the valuation model, such as the expected underlying share price, expected exercise price, expected dividend yield, risk-free interest rate and expected volatility. The ARMC was satisfied that the options were valued appropriately.

The ARMC also assessed to what extent the financial reports included appropriate disclosures related to the COVID-19 pandemic and the need to provide fair and accurate disclosures in the financial statements to reflect the current impact on the Group’s operations.

In assessing the financial statements to ensure they were prepared in accordance with the companies reporting covenants, the ARMC noted that the Group had adopted the International Financial Reporting Standards as issued by the International Accounting Standards Board and applicable laws and regulations. The ARMC approved the financial statements for the year ended 31 December 2020.

The ARMC reviewed the Group’s financial statements and the auditors’ report, mainly due to:

(a) It was material and involved significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the Group’s operating segments (i.e. plantation and resource-based manufacturing) in determining the recoverable amounts, including projected growth in future revenues and profit margins, growth rates and pre-tax discount rates as well as the effects of the COVID-19 pandemic; and

(b) It was material and involved significant judgements and estimates in arriving fair values as subjective variables needed to be used in order to determine the fair value in accordance with MFRS 9 Financial Instruments.

As part of the year-end reporting process, the ARMC reviewed the external auditors’ report on internal controls, accounting and reporting matters as well as recommendations in respect of control weaknesses noted in the course of their audit. In FY2020, the ARMC also received information on recommendation for improvement in the system of internal controls, which the external auditors have discussed with the respective estate or mill managers and the Group’s internal audit and risk management function.

The ARMC reviewed the Group’s financial statements, including the assumptions underlying the going-concern statement and the period of assessment. The ARMC’s assessment was based on various analyses from management regarding the Group’s capital and liquidity position prior to recommending to the Board that it could conclude that the financial statements should continue to be prepared on the going-concern basis. The ARMC also took note of the principal risks and uncertainties, the existing financial position, the Group’s financial requirements and the expectations for future performance and capital expenditure.

The ARMC reviewed the Group’s consolidated financial statements, including the assumptions underlying the going-concern statement and the period of assessment. The ARMC’s assessment was based on various analyses from management regarding the Group’s capital and liquidity position prior to recommending to the Board that it could conclude that the financial statements should continue to be prepared on the going-concern basis. The ARMC also took note of the principal risks and uncertainties, the existing financial position, the Group’s financial requirements and the expectations for future performance and capital expenditure.

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A total of 87 audit assignments (including eight (8) special audit assignments) were completed during the financial year on various operating units of the Group covering plantation and resource-based manufacturing segments. Audit reports were issued to the ARMC and Board quarterly incorporating findings, recommendations for improvement on the weaknesses noted in the course of the audits and management’s comments on the findings. An established system has been put in place to ensure that all remedial actions have been taken on the agreed audit issues and recommendations highlighted in the audit reports. Certain significant issues and matters unassuaged management had been resolved by management. We were agreed that management would expedite resolving the outstanding audit issues.

At each meeting, the ARMC considered the results of the audits undertaken and considered the adequacy of management’s response to matters raised, including time taken to resolve such matters. In certain instances, enquiries were made to both Head of Group Internal Audit and management over details of issues raised, root causes and the proposed corrective actions. ARMC also challenged management as to what actions it was taking to try to minimise the chances of lapses and ensure that material findings are adequately addressed by management.

The risks, responsibilities, and goals of the ARMC and internal auditing are closely intertwined in many ways. Certainly, as the magnitude of the "corporate accountability" issue increases, so does the significance of the internal auditing and ARMC relationship.

Our ARMC has met with BDO PLT at various stages during the audit process, including without management presence, to discuss their demonstration of a clear understanding of the Group's business, the industry in which the Group operates and its key risks.

In FY2020, our ARMC continued its practice of evaluating key areas of risk by receiving direct presentations from management and Group functional heads. Key risks identified during the period under review were, amongst others, competition in downstream operations, separation and sustainability, freeze in recruiting foreign labour, exposure to trade regulation on commodity products, Group financial reporting risk and impact from the COVID-19 pandemic. These direct reviews are important to the role of our ARMC as they allow ARMC members to meet the business leaders responsible for these areas of risk to scrutinise the key risks, identify emerging risks and define an adequate and practical mitigation action plan. Ensuring effective risk management in these core areas, within the Board’s risk tolerance, will help to protect and enhance shareholders’ value.

A bi-annual review of the effectiveness of risk management and internal control processes was carried out by the ARMC. The ARMC focused its review on the Company’s risk mitigation and controls and the strategic and organisation-wide risks facing the Group. Our ARMC considered the current risk management process during FY2020 and deemed it effective in relation to identifying, assessing and monitoring our Group’s risks. Risk management activities take place throughout the organisation to support the ARMC in its corporate governance responsibilities, working with the business to proactively and effectively manage risk. Our ARMC also met with the Group Insurance and Risk Management Senior Manager without the presence of management to address any issues and concerns arising from the course of the risk management assessment. The details relating to risk management are reported separately under the Statement on Risk Management and Internal Control on pages 104 to 108.

5. Assessing the effectiveness of external audit process

The ARMC places great importance on ensuring that there are high standards of quality and effectiveness in the external audit carried out by BDO PLT. Audit quality and the external auditors’ independence are assessed by the ARMC throughout the year by reviewing and approving the annual audit plan to ensure that it is consistent with the scope of the audit engagement, as well as the provision of non-statutory audit services to the Group.

Our ARMC met with BDO PLT at various stages during the audit process, including without management presence, to discuss their demonstration of a clear understanding of the Group’s business, the industry in which the Group operates and its key risks.

BDO PLT’s audit partners were present at the ARMC meetings to ensure full communication of audit related affairs and they remained fully apprised of all matters considered by the ARMC.

In reviewing the audit plan, the ARMC discussed the significant and elevated risk areas identified by BDO PLT that most directly gave rise to a material financial reporting error or those that are perceived to be of higher risk and requiring additional audit emphasis. Our ARMC also considered the audit scope and materiality threshold.

Our ARMC concluded that the effectiveness of the external audit process remains strong.

6. Auditor’s re-appointment review

Our ARMC assesses annually the external auditors’ qualifications, expertise, resources and the effectiveness of the audit process, including representation on their own internal quality procedures. During FY2020, the ARMC assessed the effectiveness of BDO PLT as the external auditor. To assist the assessment, our ARMC considered:

- Quality of planning, delivery and execution of the audit plan and ability to meet deadlines and responding to issues in a timely manner
- Quality and knowledge of the audit team
- Effectiveness of communications between management and the audit team
- Robustness of the audit, including the audit team's ability to challenge management as well as demonstrate professional scepticism and independence
- Ability to identify risks or potential issues and provide constructive recommendations, observations and implications in areas requiring improvements with regard to the internal control system relating to financial reporting of the Group
- Performance evaluation by management

(i) Auditor’s effectiveness

The ARMC considered the quality of reports from BDO PLT and the additional insights provided by the audit team. We considered:

- the quality, depth and materials underpinning the reports, particularly at partner level
- how well the auditors assessed and accounted for, and the way they applied constructive challenge and professional scepticism in dealing with management
- how the ARMC was satisfied with the independence of BDO PLT

Our ARMC remains satisfied with the effectiveness of BDO PLT based on improvements implemented following the previous year’s statutory audit review, the quality of the presentations received, management commentary on the robustness of the challenge provided, their technical insight and their depth of understanding of the Group's business, the industry in which the Group operates and its key risks.

Our ARMC concluded that the ARMC remains satisfied with the effectiveness of BDO PLT based on improvements implemented following the previous year’s statutory audit review, the quality of the presentations received, management commentary on the robustness of the challenge provided, their technical insight and their depth of understanding of the Group's business, the industry in which the Group operates and its key risks.

(iii) Independence and objectivity

The ARMC reviews the work undertaken by BDO PLT and each year assesses its independence and objectivity. In doing so, it takes into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services. The ARMC also monitors BDO PLT’s compliance with relevant regulatory, ethical and professional guidance on the rotation of partners.

The audit engagement partner is rotated every seven (7) years with cooling-off period of five (5) years as per BDO PLT’s firm policy, which is in accordance with the By-Laws (on professional ethics, conduct and practice) of the Malaysian Institute of Accountants ("MIA"). The current audit engagement partner was re-appointed in 2017. As part of the independence review process, BDO PLT has formally confirmed their independence to the ARMC. BDO PLT reported to the ARMC that it had considered its independence in relation to the audit and confirmed to the ARMC that it complies with professional requirements and that its objectivity is not compromised.

Our ARMC concluded that it continues to be satisfied with the performance of BDO PLT and that BDO PLT continues to be independent in relation to the audit.

(iii) Non-audit work carried out by the external auditors during the period

Our Suitability and Independence of External Auditors Assessment Policy includes a clearly defined pre-approval process for provision of non-audit services to help protect external auditors’ objectivity and independence. Pre-approval from our ARMC for non-audit services is required for non-audit fees exceeding pre-determined thresholds.

The ARMC reviews non-audit fees charged by BDO PLT and their affiliated companies or firms and reviews regularly, the limits for pre-approval of non-audit fees. Fees paid to BDO PLT for audit related and non-audit services during FY2020 are set out in Note 10 to the audited financial statements.

BDO PLT also provided in its engagement letter the specific safeguards put in place for each piece of non-audit work confirming that it was satisfied that neither the extent of the non-audit services provided nor the size of the fees charged had any impact on its independence as statutory auditors.
The nature of the non-audit services rendered to the Group during FY2020 comprised mainly tax compliance and advisory services, the fees of which constituted approximately 20% of the total audit fees paid/payable to BDO PLT and their affiliates. The ARMC has carefully considered the non-audit services provided by BDO PLT and their affiliates and was satisfied that the provision of those non-audit services did not compromise the auditors’ independence, to which in keeping with professional ethical standards, BDO PLT had also confirmed their independence to the ARMC. Given the external auditors’ detailed knowledge of the Group, the ARMC believed that it is in the interest of the Group that BDO PLT and their affiliates performed those services.

The ARMC believes that the provision of non-audit services does not result in lower quality audits where necessary safeguards operate. The safeguards which currently exist as means of eliminating threats to BDO PLT’s independence or reducing such threats “to an acceptable level” include, among others:

(i) Those who provide the non-audit services, which may impose a self-review threat, are not the members of the audit team;

(ii) The advisory services provided are one-off and transaction based and are not expected to recur;

(iii) The external auditors should not provide services that are perceived to be materially in conflict with the role of auditors; and

(iv) The nature and scope of non-audit services provided to the Group are specifically not prohibited by the By-Laws of MIA or promulgations of the International Federation of Accountants.

The ARMC believes that the auditors undertaking the audit related services are best suited to perform or provide such services, which would enable BDO PLT to build a deeper understanding of the Group and further its insights. This also enhances professional scepticism, and the quality of the audit.

Audit fees

The ARMC is satisfied that the level of audit fees (on a group basis) payable in respect of the audit services provided by BDO PLT and their affiliates, being RM1,428,060 for FY2020 (FY2019: RM1,256,540) was appropriate and that an effective audit could be conducted for such a fee. The existing authority for the ARMC to determine the current remuneration of BDO PLT is derived from the shareholders’ approval granted at the Company’s Annual General Meeting (“AGM”) in 2019.

Recommendation to re-appointment

The ARMC considers the re-appointment of external auditors each year and as part of this process, considers the independence of auditors and the effectiveness of the external audit process. Having reviewed the performance of BDO PLT in FY2020, our ARMC has decided to recommend to the Board that BDO PLT be re-appointed for FY2021 audit and a resolution to this effect will be put forward for shareholders’ approval at the 2020 AGM.

7. Other matters considered by our ARMC

Our ARMC also:

(i) Reviewed whistleblowing activities to monitor the actions taken by the Group in respect of whistleblowing reports received.

(ii) Reviewed the Group’s compliance with the relevant provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Statement on Risk Management and Internal Control pursuant to the Listing Requirements of Bursa Malaysia.


(v) Reviewed the internal audit report relating to related party transactions annually.

E. ATTENDANCE

Number of Meetings and Details of Attendance

Six (6) ARMC meetings were held during FY2020. The attendance record of each member was as follows:

<table>
<thead>
<tr>
<th>Member</th>
<th>Total Number of Meetings</th>
<th>Number of Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dato’ Karunakaran @ Karunakaran a/l Ramasamy</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Tan Sri Dr Peter Chin Fah Kui*</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chelai Tek Kuang</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

* Resigned on 1 October 2019
^ Appointed on 1 October 2019

Three (3) ARMC meetings were held subsequent to the financial year end to the date of Directors’ Report and were attended by the following members:

<table>
<thead>
<tr>
<th>Member</th>
<th>Total Number of Meetings</th>
<th>Number of Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dato’ Karunakaran @ Karunakaran a/l Ramasamy</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Tan Sri Dr Rahamat Bivi binti Yusoff</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chelai Tek Kuang</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

E. ANNUAL REVIEW AND PERFORMANCE EVALUATION

As required by its Terms of Reference, an annual performance evaluation was conducted on the composition, performance and effectiveness of the ARMC and its members in an effort to continuously improve its processes. The Board was satisfied that the ARMC and its members have effectively discharged their duties in accordance with the Terms of Reference.

Our ARMC had also conducted an annual evaluation of the performance and competency of our Group Internal Audit Department for FY2020 and was satisfied that the internal audit function had discharged its duties effectively.

The ARMC considers that it has adopted a balanced work approach during the year in terms of focus, objectives and means utilised to obtain the necessary assurance, believes that it has retained appropriate standing within the Company and has maintained appropriate relationships with management and BDO PLT, while remaining independent at all times. In FY2020, the ARMC received the expected full support from the management, internal and external auditors of the Company, enabling it to discharge its responsibilities effectively.

Looking ahead to FY2021

In addition to the routine business, our ARMC has three (3) focus areas for FY2021:

• Independent external assessment of the Group’s risk management framework
• Enhancing the analysis, management and reporting of key risks
• Internal controls, including financial reporting control framework and financial reporting developments
A. INTRODUCTION

The Board of Directors (“the Board”) is cognizant of its overall responsibility to establish a sound risk management and internal control system, including its role in providing risk oversight, setting the tone and culture towards managing principal risks and risk that could impede the corporate objectives and strategies. The Board is pleased to present herein the Statement on Risk Management and Internal Control of the Board during the year.

B. RESPONSIBILITIES AND ACCOUNTABILITIES

The Board

The Board affirms its overall responsibility in ensuring independent oversight of internal control and risk management. The Board continually articulates, reviews the adequacy and effectiveness of the Group’s Enterprise Risk Management (“ERM”) framework and internal controls, and ensures alignment with business objectives. However, it should be noted that internal controls are designed to manage and minimise rather than absolute assurance against material misstatement and breaches of laws and regulation.

The ongoing risk management processes are established for identifying, evaluating, monitoring and managing the principal risks faced by the Group. The annual review of the internal controls in place are adequate and effective to address the Group’s principal risks.

C. RISK MANAGEMENT FRAMEWORK

The Corporate Risk Management Department

The Corporate Risk Management (“CRM”) Department assists the Board and ARMC in discharging their risk management responsibilities. CRM is responsible for assisting the Board to develop a sound risk management framework, monitoring and reporting of principal risks as identified by the management and facilitating bi-annual risk review.

Group Internal Audit Department

The Group Internal Audit Department (“GIAD”) is an integral part of the Group’s internal control system, and reports directly to the ARMC. GIAD’s primary role is to provide independent and objective assurance on the adequacy and effectiveness of governance, risk management and internal control processes by conducting regular audits and continuous assessments. The activities of the GIAD are carried out based on the Annual Audit Plan established on a risk-based approach which is reviewed and approved by the ARMC. Significant audit findings and recommendations for improvement are tabled quarterly to senior management and the ARMC, followed by periodic follow-up review of the implementation of corrective action plans.

Internal Audit Practice Manual has been established incorporating the mandatory elements of the International Professional Practices Framework (“IPPF”).

Audit and Risk Management Committee

The Audit and Risk Management Committee (“ARMC”) is established by the Board. ARMC conducts bi-annual risk review with the respective division’s Risk Management Committee. The ARMC also ensures the internal controls in place are adequate and effective to address the Group’s principal risks.

Corporate Risk Management Department

The Corporate Risk Management (“CRM”) Department assists the Board and ARMC in discharging their risk management responsibilities. CRM is responsible for assisting the Board to develop a sound risk management framework, monitoring and reporting of principal risks as identified by the management and facilitating bi-annual risk review.

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Internal Audit Practice Manual has been established incorporating the mandatory elements of the International Professional Practices Framework (“IPPF”).

C. RISK MANAGEMENT FRAMEWORK

The Group adopts an ERM framework which was formalised in 2002. The framework has been revised in 2019 and adapted as reasonably practicable from the ISO 31000: 2018 Risk Management Guidelines.

The Group’s ERM framework essentially links the Group’s strategic objectives and goals that are aligned to its vision) to principal risks; and the principal risks to controls and opportunities that are translated to actions and programme. The framework also outlines the Group’s approach to its risk management principles:

i) Embrace risks that offer opportunities for superior returns

By linking risks to capital, the Group establishes risk-adjusted-return thresholds and targets that commensurate with varying risk levels assumed by its businesses. Superior risk management and other corporate governance practices are also promoted as contributing factors to lowering long-term cost of funds and boosting economic returns through an optimal balance between costs and benefits.

ii) Risk management as a collective responsibility

By engaging all the divisions as risk owners of their immediate sphere of risks (as shown in the illustration), the Group aims to approach risk management holistically. This is managed through an oversight structure involving the Board, ARMC, Internal Audit, Executive Management and division’s Risk Management Committees.

iii) Risk forbearance shall not exceed capabilities and capacity to manage

Any business risk to be assumed shall be within the Group’s core businesses and competencies to manage. Operating risk management ranges from managing diverse day-to-day operational risks.

iv) Risk management as both a control and strategic tool

As a control tool, the Group ensures that the integrity and types of controls commensurate with assessed risk rankings. The Group also applies risk management as a strategic tool in scoping opportunities, investment and resource allocation, strategy formulation and performance measurement.

The Board through ARMC conducts periodic reviews on the adequacy and integrity of the Group’s ERM framework and policies, particularly in relation to the mechanisms for risk assessment (principal risks identification, evaluation and treatment), communication, monitoring and review.

The Group’s key risk areas are finance, strategic, operation, regulatory compliance, reputation, cyber security and sustainability risks. The Group’s overall risk management objectives is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its performance and positions. The Group operates within an established risk management framework and clearly defined policies and guidelines that are approved by the Board.

D. KEY RISK AREAS

Under the Group’s ERM framework, the Group has relevant policies and guidelines on risk reporting and disclosure which cover the following principal risks:

i) Financial Risk

The Group is exposed to various financial risks relating to foreign currency exchange, interest rate, credit, liquidity and prices. The Group’s risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in Note 38 to the audited financial statements.

ii) Strategic Risk

The Group’s vision is to be a leading and sustainable Malaysian business corporation with global presence. Senior management continually keeps abreast of strategic risk, international issues, business resilience, industry disruption, palm oil alternatives and respond to them appropriately.

iii) Operational Risk

The Group’s policy is to assume operating risks that are within its core businesses and competencies to manage. Operating risk management ranges from managing diverse day-to-day operational risks.

Statement on Risk Management and Internal Control

Governance

Illustration on Frame of Reference

Illustration on Risk Management Framework

IOI Corporation Berhad
The management of the Group’s day-to-day operational risks is primarily decentralised at the division/unit level and guided by approved standard operating procedures. This includes risks relating to supply chain, production, marketing and distribution, safety, health and environment, sustainability and compliance with laws, regulations, certifications and quality accreditations. Operational risks that cut across the organisation, including those relating to the enterprise resource planning system (which includes business information systems), treasury management, transfer pricing, group sustainability and reputation, are co-ordinated centrally.

iv) Compliance Risk

The Group operates in diverse geographical locations and as such, is governed by relevant local and international laws, regulations, standards, certifications and accreditations, including Roundtable on Sustainable Palm Oil Palm Oil Policy ("RSPO") and International Sustainability and Carbon Certification ("ISCC") certifications.

The Group Legal Counsel provides legal advisory and litigation support while the Corporate Secretary assists the Board in ensuring that the governance practices of the Group are in line with the Malaysian Corporate Governance Code and also ensures compliance in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016 and any relevant applicable securities laws in Malaysia.

The Group has in place "Business Ethics Compliance, Anti-Corruption, Anti-Money Laundering policy" to strengthen our fencing of the Group’s ethics parameters, and to uphold integrity which is one of our Group’s Core Values.

v) Reputational Risk

As a palm oil producer, IOI constantly faces anti-palm oil sentiment and allegations from local and international non-governmental organisations ("NGO’s"). Public misconception is that palm oil plantations drives deforestation and destruction of peatland areas. The Group will not rest until we ensure transparent and clear communication at all times in order to mitigate this risk and keep stakeholders informed but will also follow up with clear action plans to address any grievances.

vii) Sustainability Risk

Sustainability is a significant aspect of IOI's operations as it becomes increasingly embedded within both IOI’s plantation and resource-based manufacturing segments. To ensure that IOI continues to embed sustainability practices into its operations, the Sustainable Palm Oil Policy ("SPOF") has been continually revised to reflect the concerns of both our internal and external stakeholders. The SPOF, as the main guideline to address these concerns, has also been further strengthened in its commitments on human rights and workplace rights by introducing industry-leading labour policies after extensive engagement with external and internal stakeholders. The policies include:

(i) Equal Opportunity Employment & Freedom of Association Policy,
(ii) Minimum Wages & Leave Pay Policies in Malaysia,
(iii) Foreign Workers Recruitment Guideline & Procedures in Malaysia, and
(iv) Environmental Management Guidelines which covers also Fire Management, Pest Control &Management, Agrochemical and Biodiversity & Conservation Guidelines.

This is in response to NGOs intensifying scrutiny on both upstream and downstream sectors, in relation to issues such as deforestation, peatland protection, communities’ rights and labour practices. Other challenges related to the above, is the increased demand on traceability of palm oil and palm products, in particular the palm oil supply chain at various stages.

The Group has undertaken a range of sustainable cybersecurity programmes to promote secure business operations. These include the implementation and enhancement of cybersecurity management policies, processes and strategies designed to manage social, environmental and reputational risks. The SSCSC comprises the Group Managing Director and Chief Executive ("GMD"), Group Chief Financial Officer ("CFO"), Heads of Operating Divisions, Group Head of Sustainability, and Senior Management from Group Support Functions.

IOI has also developed a Governance Mechanism to provide a formal channel for full disclosure of grievances raised by any party. The Group believes in open dialogue, partnership and transparency and actively engages with stakeholders, especially the communities living in the vicinity of the Group’s operations.

The Group has also introduced a public dashboard in 2017, called the "Palm Oil Dashboard" on its website. The Palm Oil Dashboard serves as a platform to provide information on IOI’s palm oil operations such as traceability statistics, palm oil sources, production and volume uptake, suppliers engagement activities, and labor news. As a member of the High Carbon Stock Approach ("HCSA") Steering Group, IOI subscribes to No Deforestation, No Peat and No Exploitation. The Group has also updated its Zero Burning Policy to further strengthen its commitment towards zero burning practices across its estates, as part of its efforts to proactively protect the environment and combat haze.

E. INTERNAL CONTROL SYSTEMS

The Group’s Core Values

The Group’s corporate culture is embedded in its core values of integrity, commitment, team spirit, cost efficiency, innovation, and excellence in execution to achieve the Group’s vision and support its business objectives and goals.

Code of Business Conduct and Ethics

The Group communicates the Code of Business Conduct and Ethics to all employees upon their employment. The Code of Business Conduct and Ethics reinforces the Group’s core values of integrity by providing guidance on moral and ethical behaviour that is expected from all employees in following the laws, policies, standards and procedures.

Whistleblowing Channel

The Group’s Whistleblowing Policy was established in 2013 and further revised in October 2019. The policy provides a dedicated and confidential channel for employees and stakeholders to disclose or raise genuine concerns on possible improprieties, improper conduct or other malpractices within the Group, in a transparent and confidential manner. GIAD acts as the Whistleblowing Secretariat. The feedback and communications received through the whistleblowing channel are presented to the ARMC.
Statement on Risk Management and Internal Control

F. RISK REVIEW FOR THE FINANCIAL YEAR

A half-yearly review on the adequacy and effectiveness of the risk management and internal control system has been undertaken for the financial year under review. Each division, cutting across all geographic areas, via its respective Risk Management Committees and workgroups comprising personnel at all levels, carried out the following areas of work:

a) Conducted reviews and updates of profiles of principal risks and emerging risks both internal and external which could potentially derail the achievement of the business objectives and goals.

b) Evaluated the adequacy of key processes, systems, and internal controls in relation to the principal risks.

c) Carried out gap analysis and established strategic responses, actionable programmes and tasks to manage or eliminate performance gaps.

d) Ensured internal audit programmes cover identified principal risks. Audit findings throughout the financial period served as key feedback to validate the effectiveness of risk management activities and embedded internal controls.

e) Reviewed implementation progress of actionable programmes, and evaluated post-implementation effectiveness.

f) Reviewed the adequacy of all business resumption and contingency plans, and their readiness for rapid deployment.

The risk review includes the division’s Internal Control Certification of work:

- Comprising personnel at all levels, carried out the following areas, via its respective Risk Management Committees and workgroups
- Conducted reviews and updates of profiles of principal risks and emerging risks both internal and external which could potentially derail the achievement of the business objectives and goals
- Evaluated the adequacy of key processes, systems, and internal controls in relation to the principal risks
- Carried out gap analysis and established strategic responses, actionable programmes and tasks to manage or eliminate performance gaps
- Ensured internal audit programmes cover identified principal risks. Audit findings throughout the financial period served as key feedback to validate the effectiveness of risk management activities and embedded internal controls
- Reviewed implementation progress of actionable programmes, and evaluated post-implementation effectiveness
- Reviewed the adequacy of all business resumption and contingency plans, and their readiness for rapid deployment

The ARMC and the Board review bi-annually the principal risks of all companies are managed by the respective management teams.

The risk review includes the division’s Internal Control Certification of:

- Comprising personnel at all levels, carried out the following areas, via its respective Risk Management Committees and workgroups
- Conducted reviews and updates of profiles of principal risks and emerging risks both internal and external which could potentially derail the achievement of the business objectives and goals
- Evaluated the adequacy of key processes, systems, and internal controls in relation to the principal risks
- Carried out gap analysis and established strategic responses, actionable programmes and tasks to manage or eliminate performance gaps
- Ensured internal audit programmes cover identified principal risks. Audit findings throughout the financial period served as key feedback to validate the effectiveness of risk management activities and embedded internal controls
- Reviewed implementation progress of actionable programmes, and evaluated post-implementation effectiveness
- Reviewed the adequacy of all business resumption and contingency plans, and their readiness for rapid deployment

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group’s risk management and internal control system. The Board has received assurance from the GMD and Group CFO that the Group’s risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group. This Statement on Risk Management and Internal Control does not cover associates and jointly controlled entities where the internal control systems of these companies are managed by the respective management teams.

This statement has been reviewed and approved by the Board on 15 September 2020.

Review of this statement by external auditors

The external auditors, BDO PUT have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the financial year ended 30 June 2020. Their review was conducted in accordance with Assurance Practice Guide 3 (“APG 3”) Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants (“MIA”). APG 3 does not require the external auditors to, and they did not, consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system. APG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is it actually inaccurate.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group’s risk management and internal control system. The Board has received assurance from the GMD and Group CFO that the Group’s risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group. This Statement on Risk Management and Internal Control does not cover associates and jointly controlled entities where the internal control systems of these companies are managed by the respective management teams. This statement has been reviewed and approved by the Board on 15 September 2020.

Statement of Directors’ Interests

in the Company and its Related Corporations as at 28 August 2020

(The Register of Directors’ Shareholdings)

The Directors’ interests in the Company are as follows:

<table>
<thead>
<tr>
<th>Name of Directors</th>
<th>No. of Ordinary Shares</th>
<th>%</th>
<th>Indirect</th>
<th>%</th>
<th>No. of Share Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tan Sri Peter Chin Fah Kui</td>
<td>9,818,800</td>
<td>0.16</td>
<td>3,020,149,480</td>
<td>48.19</td>
<td>20,000</td>
</tr>
<tr>
<td>Dato’ Lee Yeow Cher</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Lee Yeow Seng</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,720,000</td>
</tr>
<tr>
<td>Tan Sri Dr Rahaman Bivi binti Yusoff</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Datin Karunakaran a/k Karunakaran a/l Ramasamy</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Cheah Tek Kuang</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>12,000</td>
</tr>
</tbody>
</table>

By virtue of Dato’ Lee Yeow Cher’s and Lee Yeow Seng’s interests in the ordinary shares of the Company, they are also deemed to be interested in the shares of all the subsidiaries of the Company to the extent that the Company has an interest.

Notes:

1. Not of 18,220,000 treasury shares.
2. Deemed interested by virtue of the interest in shares of his spouse, Puan Sri Ruby Wee Hui Kiang pursuant to Section 59(11)(c) of the Act.
3. Deemed interested by virtue of his interest in Progressive Holdings Sdn Bhd (“PH”), pursuant to Section 8 of the Act and also interest in shares of his spouse, Ooi Siew Cheng pursuant to Section 59(11)(c) of the Act.
4. Deemed interested by virtue of his interest in PH, pursuant to Section 8 of the Act.
5. Deemed interested by virtue of the interest in shares of his spouse, Ooi Siew Cheng pursuant to Section 59(11)(c) of the Act.
6. Negligible
MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries which involved Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 30 June 2020 or entered into since the end of the previous financial year.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

The ESOS was established on 28 January 2016 for the benefit of the eligible employees including Executive Directors of IOI Corporation Berhad ("IOIC") Group.

The total outstanding and movements of share options under the ESOS of the Company as at 30 June 2020 are set out in the table below:

<table>
<thead>
<tr>
<th>Option Price (RM)</th>
<th>Date of Offer</th>
<th>As at 1 July 2019</th>
<th>Granted and Accepted</th>
<th>Exercised</th>
<th>Lapsed</th>
<th>Outstanding as at 30 June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.42</td>
<td>12 October 2016</td>
<td>13,586,000</td>
<td>(395,000)</td>
<td>(420,000)</td>
<td>12,771,000</td>
<td></td>
</tr>
<tr>
<td>4.50</td>
<td>6 March 2019</td>
<td>5,920,000</td>
<td></td>
<td>(180,000)</td>
<td>4,740,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>19,506,000</td>
<td>(395,000)</td>
<td>(600,000)</td>
<td>18,511,000</td>
<td></td>
</tr>
</tbody>
</table>

* Due to resignation/resign off by employees during the financial year.

The total number of share options granted and accepted by the Group Managing Director and Chief Executive under the ESOS as at 30 June 2020 are set out in the table below:

<table>
<thead>
<tr>
<th>Option Price (RM)</th>
<th>As at 1 July 2019</th>
<th>Granted and Accepted</th>
<th>Exercised</th>
<th>Outstanding as at 30 June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Managing Director and Chief Executive</td>
<td>4.42</td>
<td>1,270,000</td>
<td>–</td>
<td>1,270,000</td>
</tr>
<tr>
<td></td>
<td>4.50</td>
<td>450,000</td>
<td>–</td>
<td>450,000</td>
</tr>
</tbody>
</table>

Percentage of share options applicable to the Directors and senior management under the ESOS are as follows:

<table>
<thead>
<tr>
<th>Directors and Senior Management</th>
<th>During the Financial Year 2020 (%)</th>
<th>Since Commencement of the ESOS up to 30 June 2020 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate maximum allocation</td>
<td>–</td>
<td>50.62</td>
</tr>
<tr>
<td>Actual grant and accepted</td>
<td>–</td>
<td>34.78</td>
</tr>
</tbody>
</table>

The Company did not grant any options over the ordinary share pursuant to the ESOS to the Non-Executive Directors.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

Recurrent related party transactions of a revenue nature of IOIC Group conducted pursuant to shareholders’ mandate for the financial year ended 30 June 2020 are as follows:

<table>
<thead>
<tr>
<th>Transacting Parties</th>
<th>Type of Recurrent Related Party Transactions</th>
<th>Interested Directors/Major Shareholders and Persons Connected</th>
<th>Value of Transactions (RM million)</th>
</tr>
</thead>
</table>
| Nice Frontier Sdn Bhd ("NFSB") | Purchase of fresh fruit bunches ("FFB") by Palm Plantations Sdn Bhd ("PPSB") | • Vertical Capacity Sdn Bhd ("VCSB")
• Progressive Holdings Sdn Bhd ("PHSB")
• Dan' Lee Yew Chor ("Dan' Lee")
• Lee Yew Song ("LYS")
• Lee Yoke Ling ("LY Ling")
• Lee Yoke Han ("LY Han")
• Lee Yoke Hean ("LY Hean")
• Lee Yoke Hui ("LY Hui") | 15.4 |
| GLM Emerald Industrial Park (Jaini) Sdn Bhd ("GLM") | Purchase of FFB by Dynamic Plantations Berhad ("DPB") | • VCSB
• PHSB
• Dan' Lee
• LYS
• LY Ling
• LY Han
• LY Hean
• LY Hui | 14.0 |

Notes:
1 Details of the transacting parties

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Effective Equity (%)</th>
<th>Principal Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>NFSB, a subsidiary of IOI Properties Group Berhad (&quot;IOIPG&quot;)</td>
<td>Nor applicable</td>
<td>Property development, cultivation of plantation produce and property investment</td>
</tr>
<tr>
<td>PPSB, a subsidiary of IOIC</td>
<td>100.00</td>
<td>Cultivation of oil palm, processing of palm oil and investment holding</td>
</tr>
<tr>
<td>GLM, an associate company of IOIPG</td>
<td>Not applicable</td>
<td>Property development and operation of oil palm estates</td>
</tr>
<tr>
<td>DPB, a subsidiary of IOIC</td>
<td>100.00</td>
<td>Cultivation of oil palm and processing of palm oil</td>
</tr>
</tbody>
</table>

1 VCSB is the ultimate holding company of IOIPG and a deemed Major Shareholder of NFSB
2 PHSB is a Major Shareholder of IOIC and a deemed Major Shareholder of PPSB
3 Dan’ Lee is the Group Managing Director and Chief Executive ("GMD") of IOIC and a Director of IOIPG and a deemed Major Shareholder of both IOIC and IOIPG. He is the brother of LYS. Dan’ Lee is also a Director of PPSB
4 LYS is a Director of IOIC and the Executive Vice Chairman ("EVC") of IOIPG and a deemed Major Shareholder of both IOIC and IOIPG. He is the brother of Dan’ Lee. LYS is also a Director of NFSB
5 LY Ling, LY Hean and LY Hui are the sisters of Dan’ Lee and LYS
6 VCSB is the ultimate holding company of IOIPG, which in turn owns 32% equity interest in GLM
7 PHSB is a Major Shareholder of IOIC and a deemed Major Shareholder of DPB
8 Dan’ Lee is the GMD of IOIC and a Director of IOIPG and a deemed Major Shareholder of both IOIC and IOIPG. He is the brother of LYS. Dan’ Lee is also a Director of GLM
9 LYS is a Director of IOIC and the EVC of IOIPG and a deemed Major Shareholder of both IOIC and IOIPG. He is the brother of Dan’ Lee. LYS is also a Director of GLM
AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered by the external auditors, BDO PLT and their affiliated companies or firms to the Company and the Group for the financial year ended 30 June 2020 are as follows:

<table>
<thead>
<tr>
<th>Fees</th>
<th>Company (RM)</th>
<th>Group (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Fees</td>
<td>258,500</td>
<td>1,428,060</td>
</tr>
<tr>
<td>Non-Audit Fees</td>
<td>8,000</td>
<td>286,104</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>266,500</strong></td>
<td><strong>1,714,164</strong></td>
</tr>
</tbody>
</table>

UTILISATION OF PROCEEDS

On 1 March 2018, the Group completed the disposal of 70% equity interest in Bunge Loders Croklaan Group B.V. with a preliminary disposal consideration of USD595.0 million plus EUR303.4 million (total approximately RM3,784.7 million). On 23 October 2018, the Group had received a net adjustment amount of EUR11.5 million (approximately RM55.0 million) upon finalisation of the intermediate disposal consideration in accordance with the terms of the sale and purchase agreement.

The status of the utilisation of proceeds as at 28 August 2020 is as follows:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Proposed Utilisation (RM million)</th>
<th>Actual Utilisation (RM million)</th>
<th>Initial Timeframe</th>
<th>Revised Timeframe*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future investment</td>
<td>959.9</td>
<td>27.6</td>
<td>Within 24 months</td>
<td>Within 42 months</td>
</tr>
<tr>
<td>Dividend to shareholders</td>
<td>767.9</td>
<td>767.9</td>
<td>Within 12 months</td>
<td>Within 30 months</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>1,919.9</td>
<td>1,919.9</td>
<td>Within 24 months</td>
<td>–</td>
</tr>
<tr>
<td>General working capital</td>
<td>182.4</td>
<td>182.4</td>
<td>Within 24 months</td>
<td>–</td>
</tr>
<tr>
<td>Transaction expenses</td>
<td>9.6</td>
<td>9.6</td>
<td>Immediate</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,897.4</td>
<td><strong>2,907.4</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*On 18 February 2020, the Board of Directors resolved and approved to extend the initial utilisation timeframe for an additional period of 18 months (revised timeframe) to utilise the remaining proceeds.

A. PLANTATION ESTATES
### A. PLANTATION ESTATES (continued)

<table>
<thead>
<tr>
<th>Location</th>
<th>Tenure</th>
<th>Area (Hectare)</th>
<th>Crop Planted</th>
<th>Factory/ Mill</th>
<th>Year of Acquisition</th>
<th>Net Carrying Amount as at 30 June 2020 RM million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sabah (continued)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permodalan Estate, Kinabatangan</td>
<td>Leasehold expiring 2078</td>
<td>8,094</td>
<td>OP</td>
<td>–</td>
<td>1995</td>
<td>147.1</td>
</tr>
<tr>
<td>Laukin Estate, Sugut</td>
<td>Leasehold expiring 2077</td>
<td>2,128</td>
<td>OP</td>
<td>–</td>
<td>1996</td>
<td>59.0</td>
</tr>
<tr>
<td>Sabian Estate, Sandakan</td>
<td>Leasehold expiring 2087</td>
<td>2,296</td>
<td>OP</td>
<td>1</td>
<td>1996</td>
<td>96.6</td>
</tr>
<tr>
<td>Ladang Sahab Estates, Labuk-Sugut</td>
<td>Leasehold expiring 2077, 2082, 2078, 2089</td>
<td>12,194</td>
<td>OP</td>
<td>1</td>
<td>1998-2003</td>
<td>379.9</td>
</tr>
<tr>
<td>Camawan Estate, Lahad Datu</td>
<td>Leasehold expiring 2061, 2066, 2078-2080</td>
<td>1,432</td>
<td>OP</td>
<td>–</td>
<td>1998</td>
<td>37.5</td>
</tr>
<tr>
<td>Tas Estate, Kinabatangan</td>
<td>Leasehold expiring 2077</td>
<td>1,209</td>
<td>OP</td>
<td>–</td>
<td>1998</td>
<td>31.1</td>
</tr>
<tr>
<td>Tangkulap Estate, Labuk-Sugut</td>
<td>Leasehold expiring 2080-2086</td>
<td>2,277</td>
<td>OP</td>
<td>–</td>
<td>2001</td>
<td>125.8</td>
</tr>
<tr>
<td>Bimbingan Estate, Labuk-Sugut</td>
<td>Leasehold expiring 2083</td>
<td>3,383</td>
<td>OP</td>
<td>–</td>
<td>2001</td>
<td>155.6</td>
</tr>
<tr>
<td>Pamol Plantations, Labuk-Sugut</td>
<td>Leasehold expiring 2037, 2081, 2007</td>
<td>2,090</td>
<td>OP</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pamol Estates, Labuk-Sugut</td>
<td>Leasehold expiring 2088</td>
<td>8,186</td>
<td>OP</td>
<td>1</td>
<td>2003</td>
<td>383.0</td>
</tr>
<tr>
<td>Milik Berganda Estate, Labuk-Sugut</td>
<td>Leasehold expiring 2090</td>
<td>5,278</td>
<td>OP</td>
<td>–</td>
<td>2003</td>
<td>149.2</td>
</tr>
<tr>
<td>Lubur 1-2 Estates, Kinabatangan</td>
<td>Leasehold expiring 2081</td>
<td>4,840</td>
<td>OP</td>
<td>–</td>
<td>2003</td>
<td>174.8</td>
</tr>
<tr>
<td>Mayrin 1-2 Estates, Labuk-Sugut</td>
<td>Leasehold expiring 2079, 2089, 2090, 2002</td>
<td>3,423</td>
<td>OP</td>
<td>1</td>
<td>2003</td>
<td>123.3</td>
</tr>
<tr>
<td>Mayrin 5-6 Estates, Kinabatangan</td>
<td>Leasehold expiring 2082</td>
<td>3,602</td>
<td>OP</td>
<td>–</td>
<td>2003</td>
<td>96.9</td>
</tr>
<tr>
<td>Loopong 1-5 Estates, Kinabatangan</td>
<td>Leasehold expiring 2010-2019, 2078-2102</td>
<td>10,031</td>
<td>OP</td>
<td>2</td>
<td>2003-2009</td>
<td>207.1</td>
</tr>
<tr>
<td>Unico 1-5 Estates, Kinabatangan</td>
<td>Leasehold expiring 2081-2101</td>
<td>11,595</td>
<td>OP</td>
<td>1</td>
<td>2013</td>
<td>488.1</td>
</tr>
<tr>
<td>Unico 6 Estate, Lahad Datu</td>
<td>Leasehold expiring 2074, 2077-2079</td>
<td>2,264</td>
<td>OP</td>
<td>1</td>
<td>2013</td>
<td>120.6</td>
</tr>
<tr>
<td>Sarawak</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sejap Estate, Baram</td>
<td>Leasehold expiring 2058</td>
<td>4,960</td>
<td>OP</td>
<td>–</td>
<td>2002</td>
<td>16.0</td>
</tr>
<tr>
<td>Tegu Estate, Baram</td>
<td>Leasehold expiring 2067, 2005</td>
<td>4,038</td>
<td>OP</td>
<td>–</td>
<td>2002</td>
<td>6.1</td>
</tr>
</tbody>
</table>

OP: Oil palm
R: Rubber

### B. INVESTMENT PROPERTY

<table>
<thead>
<tr>
<th>Location</th>
<th>Tenure</th>
<th>Land Area</th>
<th>Net Lettable Area</th>
<th>Usage</th>
<th>Age of Building (Year)</th>
<th>Net Carrying Amount as at 30 June 2020 RM million</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 7 Jalan Kenari 5</td>
<td>Freehold</td>
<td>465 sq m</td>
<td>1.650 sq m</td>
<td>1 unit</td>
<td>3½ storey shop office</td>
<td>25</td>
</tr>
</tbody>
</table>

### C. INDUSTRIAL PROPERTIES

<table>
<thead>
<tr>
<th>Location</th>
<th>Tenure</th>
<th>Land Area</th>
<th>Usage</th>
<th>Age of Building (Year)</th>
<th>Year of Acquisition</th>
<th>Net Carrying Amount as at 30 June 2020 RM million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country lease</td>
<td>Leasehold expiring 2039, 2042, 2044</td>
<td>22 hectares</td>
<td>Palm oil refinery and palm based renewable energy</td>
<td>23</td>
<td>1995</td>
<td>74.0</td>
</tr>
<tr>
<td>075365632, 075376279, 075376260 &amp; 075469340</td>
<td>Sg Mowtas and Batu Sapi Sandakan Sabah</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Palmco Jaya Warehouse</td>
<td>Leasehold expiring 2025</td>
<td>13,491 sq m</td>
<td>Bulking terminal</td>
<td>46</td>
<td>2001</td>
<td>0.1</td>
</tr>
<tr>
<td>Bulk Cargo Terminal</td>
<td>Leasehold expiring 2030</td>
<td>8,615 sq m</td>
<td>Bulk loading</td>
<td>46</td>
<td>2001</td>
<td>–</td>
</tr>
<tr>
<td>Leasing complex</td>
<td>Leasehold expiring 2037, 2041, 2052</td>
<td>5.9 hectares</td>
<td>Factory complex and vacant industrial land</td>
<td>28-43</td>
<td>2007</td>
<td>16.9</td>
</tr>
<tr>
<td>12110 Butterworth Penang</td>
<td>PT 110296 &amp; 216213</td>
<td></td>
<td>Factory site</td>
<td>5-19</td>
<td>2001</td>
<td>31.7</td>
</tr>
<tr>
<td>13600 Padi Penang</td>
<td>PT 17360, Jalan Pekeliling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Group Properties

### C. INDUSTRIAL PROPERTIES (continued)

<table>
<thead>
<tr>
<th>Location</th>
<th>Tenure</th>
<th>Land Area</th>
<th>Usage</th>
<th>Year of Acquisition</th>
<th>Net Carrying Amount as at 30 June 2020 RM million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dusun Arang-Arang</td>
<td>Freehold</td>
<td>122,444 sq m</td>
<td>Palm oil mill</td>
<td>6</td>
<td>^ 30.5</td>
</tr>
<tr>
<td>Air Hitam Hulu</td>
<td>Freehold</td>
<td>60,000 sq m</td>
<td>Factory complex</td>
<td>19 2016</td>
<td>9.1</td>
</tr>
<tr>
<td>Kecamatan Sendayan</td>
<td>Perpetual lease</td>
<td>24,000 sq m</td>
<td>Factory complex</td>
<td>29 2016</td>
<td>38.5</td>
</tr>
<tr>
<td>Kebun Impian-Strasse 92 D-58453 Wittenberg Germany</td>
<td>Perpetual lease</td>
<td>15,000 sq m</td>
<td>Factory complex</td>
<td>19 2016</td>
<td>38.5</td>
</tr>
</tbody>
</table>

**Notes:**
* Yet to be determined.
^ Self constructed and completed in year 2015.

### D. OTHER PROPERTIES (continued)

<table>
<thead>
<tr>
<th>Location</th>
<th>Tenure</th>
<th>Land/ Built Up Area</th>
<th>Usage</th>
<th>Year of Acquisition</th>
<th>Net Carrying Amount as at 30 June 2020 RM million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country lease 115510926</td>
<td>Leasehold expiring 2932</td>
<td>1 hectare</td>
<td>Regional office</td>
<td>19 1993</td>
<td>–</td>
</tr>
<tr>
<td>Jalan Segama Lahad Datu Sabah</td>
<td>Leasehold expiring 2882</td>
<td>417 sq m</td>
<td>3 storey shop/office</td>
<td>6 2015</td>
<td>1.3</td>
</tr>
<tr>
<td>Lot 34, Phase 7A Northern Ring Road Sandakan Sabah</td>
<td>Leasehold expiring 2043</td>
<td>40,789</td>
<td>Vacant land</td>
<td>– 2020</td>
<td>25.6</td>
</tr>
<tr>
<td>HS(D) 41664 PT 1349 Mukim 01 Seberang Perai Tengah Penang</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>302-H, Jalan Relau Desaria. 11000 Sg Ara Penang</td>
<td>Freestall</td>
<td>167 sq m</td>
<td>Shoplot</td>
<td>25 2001</td>
<td>0.2</td>
</tr>
<tr>
<td>Lot 8165, Mukim 12 Sg Ara Estate Penang</td>
<td>Freestall</td>
<td>1,799 sq m</td>
<td>Future development land</td>
<td>– 2001</td>
<td>0.2</td>
</tr>
<tr>
<td>Lots 429, 432 &amp; 434 Bukit Sembuk Bukit Baru, Melaka Tengah Melaka</td>
<td>Freestall</td>
<td>19 hectares</td>
<td>Future development land</td>
<td>– 1990</td>
<td>1.2</td>
</tr>
</tbody>
</table>
Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Fifth Annual General Meeting (“55th AGM”) of the Company will be conducted virtually through live streaming from the broadcast venue at Millennium Ballroom 1 (Level 1), Le Méridien Putrajaya, Lebuh IRC, IOI Resort City, 62500 Putrajaya, Malaysia on Friday, 30 October 2020 at 10:00 am for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 and the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors retiring by rotation pursuant to Article 91 of the Company’s Constitution:
   (i) Tan Sri Dr Rahamat Bivi binti Yusoff
   (ii) Dato’ Lee Yew Chor

3. To approve the payment of Directors’ fees (inclusive of Board Committees’ fees) of RM1,085,000 for the financial year ending 30 June 2021 payable quarterly in arrears after each month of completed service of the Directors during the financial year.

4. To approve the payment of Directors’ benefits (other than Directors’ fees) of up to RM280,000 for the period from 30 October 2020 until the next Annual General Meeting.

5. To reappoint BDO PLT, the retiring Auditors for the financial year ending 30 June 2021 and to authorise the Audit and Risk Management Committees to fix their remuneration.

6. As special business, to consider and if thought fit, to pass the following Ordinary Resolutions:

   6.1 Continuation in Office as Independent Non-Executive Directors

   “THAT authority be and is hereby given to Datuk Kanownakaran @ Kanownakaran @l Ramasamy, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.”

   “THAT authority be and is hereby given to Cheah Teik Kuang, who will be attaining a cumulative term of nine (9) years on 22 August 2021 as an Independent Non-Executive Director of the Company, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.”

   6.2 Authority to Directors to allot and issue shares pursuant to Section 76 of the Companies Act 2016

   “THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised with full powers to allot and issue shares in the Company from time to time and upon such terms and conditions as they may deem fit subject always to the following:
   (i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;
   (ii) the expiration of the period within which the next Annual General Meeting after such date is required by law to be held; or
   (iii) revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting, whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities.”

   6.3 Proposed Renewal of Existing Share Buy-Back Authority

   “THAT subject to compliance with applicable laws, regulations and the approval of all relevant authorities, approval be and is hereby given to the Company to utilise up to the aggregate of the Company’s latest audited retained earnings, to purchase, from time to time during the validity of the approval and authority under this resolution, such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad (“Bursa Securities”) upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and/or held by the Company pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company at the time of purchase (“Proposed Purchase”).

   THAT all the Directors of the Company, the shares of the Company to be purchased are to be cancelled and/or retained as treasury shares which may be distributed as dividends and/or resold on Bursa Securities and/or be dealt with by the Directors in the manners allowed by the Company Act 2016; and

   THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities and/or do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company.

   AND THAT such authority shall commence immediately upon passing of this resolution until:
   (i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;
   (ii) the expiration of the period within which the next Annual General Meeting after such date is required by law to be held; or
   (iii) revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting, whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities.”

   6.4 Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   “THAT subject always to the provisions of the Companies Act 2016 (the “Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations involving the interests of Directors, major shareholders or persons connected to the Directors and/or major shareholders of the Company and its subsidiaries ("Related Parties"), as detailed in Part B, Section 4 of the Circular to Shareholders of the Company dated 1 October 2020 ("Shareholders’ Mandate") subject to the following:
   (i) the transactions are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
   (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders’ Mandate during the financial year.

Resolution 1
Resolution 2
Resolution 3
Resolution 4
Resolution 5
Resolution 6
Resolution 7
Resolution 8
Resolution 9
Notice of Annual General Meeting

THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and shall continue in full force and effect until such time as:

(i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless renewed by a resolution passed by the shareholders of the Company in a general meeting;

(ii) the expiration of the period within which next Annual General Meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act);

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholders' Mandate.

Resolution 10

7 To transact any other business of which due notice shall have been given.

By Order of the Board,

Tan Choong Khiang
Secretary

MAICSA 7018448
SSM PC No. 201908000048

Putmajaya
1 October 2020

Annexure

A. Remote Participation and Electronic Voting

1 As a precautionary measure in light of the COVID-19 pandemic, the Board of Directors ("Board") of the Company has decided that the 51st AGM of the Company will be held virtually through live streaming and online voting using Lumi AGM facilities. With Lumi AGM facilities, shareholders may exercise their rights as a shareholder in accordance with the Companies Act 2016 ("the Act").

2 If an instrument appointing a proxy is submitted in hard copy, it must be deposited with the Board at least twenty-four (24) hours before the time for holding the 51st AGM.

3 A shareholder of the Company (including an authorised nominees as a shareholder in accordance with the Companies Act 2016 ("the Act") may appoint any person to be his or her proxy and there shall be no restriction as to the qualification of the proxy.

4 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution so specified in the instrument.

5 The proxy form may be made in hard copy or by electronic means, not less than forty-eight (48) hours before the time for holding the 51st AGM or any adjournment thereof, as follows:

(i) In hard copy form

The proxy form must be deposited at Boardroom Share Registrars Sdn Bhd, 16th Floor, Menara Symphony, No. 5, Jalan Putra, Kelso, 46200 Petaling Jaya.

(ii) By electronic means

The proxy form can also be lodged electronically through Boardroom Smart Investor Online Portal at www.boardroomlimited.com or by logging in and selecting ‘E-PROXY LOANING’ or email to helpdesk@boardroomlimited.com. Please follow the procedure presented in the Administrative Guide for the 51st AGM in order to deposit the proxy form electronically.

5 The proxy form must be signed by the shareholder or his or her proxy (if any) and delivered to the Company's Share Registrar, Lumi AGM facilities, for the 51st AGM.

6 Any corporation which is a shareholder can appoint one (1) or more corporate representatives who may exercise on its behalf all of its powers as a shareholder in accordance with the Companies Act 2016 ("the Act").

C. Explanatory Notes to the Agenda

To help make things clearer, we have explained each resolution here. The Directors consider all the resolutions to be in the best interest of the Company and our shareholders as a whole. They unaniomously recommend that shareholders vote in favour of them.

1. To receive Audited Financial Statements for the financial year ended 30 June 2020

This Agenda item is meant for discussion only as under the provision of Section 340(3)(a) of the Act, the audited financial statements do not require a formal approval. Hence, this resolution will not be put for voting for voting.

The Directors hereby recommend shareholders an opportunity to ask questions on the financial statements and reports and Board Group performance in accordance with the rules of communication as provided in the Administrative Guide.

Shareholders shall also be given an opportunity to ask the representative(s) of the Company's Auditors, BDO PLT, questions relevant to audit matters, including the Auditors' Report.

2. Re-election of Directors

Tan Sri Dato' Sri Dr. Rahamat Bivi binti Yusoff and Dato’ Lee Yeow Chor, who retire in accordance with Article 91 of the Company’s Constitution, are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 51st AGM.

The Company’s Constitution states that at each AGM of the Company, one-third (1/3) of the Directors if their number is not three (3) or a multiple of three (3), then the number must be one-third (1/3) must retire from office, provided always that all Directors shall retire from office once at least in such three (3) years, but shall be eligible for re-election and in further states that a Director appointed by the Board to fill a casual vacancy or an additional Director, shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election.

Each of the Directors standing for re-election has undergone a performance evaluation and has demonstrated that he or she remains committed to the role and continues to be an effective and valuable member of the Board. The Board has also conducted an assessment on the independence of the Independent Director who is seeking for re-election and is satisfied that the Independent Director has complied with the independence criteria applied by the Company and continues to bring independent and objective judgement to the Board deliberations.

Detailed profile of each Director, including their career history, competencies and experience can be found from page 76 to 79 to the Annual Report 2020.

3. Directors’ fees and benefit payable

The Governance, Nomination and Remuneration Committee (“GNRC”) will review the Directors’ fees after taking into account the fees and rewards for similar positions in the market and time commitment required from the Directors. The payment of Directors’ fees (inclusive of Board Committee fees) for the financial year ending 30 June 2021 shall be payable in quarterly instalments after each month of completion of services of the Directors during the financial year.

The Directors’ benefits (other than Directors’ fees and Board Committees’ fees) comprise attendance allowances, remuneration and golf privilege benefit to Independent Non-Executive Directors. In determining the estimated total amount of Directors’ benefits, the Board has considered various factors, among others, the estimated number of meetings for the Board and its Committees, estimated proportionate paid and privable insurance premium and an estimated usage of golf facility based on the limits provided by the Company during the relevant period.

4. Re-appointment of Auditors

The Company’s external Auditors, BDO PLT must offer themselves for re-nomination at each AGM at which Audited Financial Statements are presented. The performance and effectiveness of BDO PLT have been evaluated by the Audit and Risk Management Committee (“ARMC”) which included an assessment of BDO PLT’s independence and objectivity. The ARMC, being satisfied with the performance, suitability and independence of BDO PLT, had recommended to the Board that BDO PLT be re-appointed and its remuneration be determined by the ARMC.

The Company’s external Auditors, BDO PLT must offer themselves for re-nomination at each AGM at which Audited Financial Statements are presented. The performance and effectiveness of BDO PLT have been evaluated by the Audit and Risk Management Committee (“ARMC”) which included an assessment of BDO PLT’s independence and objectivity. The ARMC, being satisfied with the performance, suitability and independence of BDO PLT, had recommended to the Board that BDO PLT be re-appointed and its remuneration be determined by the ARMC.

The Governance, Nomination and Remuneration Committee (“GNRC”) and the Board have reviewed the Directors’ fees after taking into account the fees and rewards for similar positions in the market and time commitment required from the Directors. The payment of Directors’ fees (inclusive of Board Committee fees) for the financial year ending 30 June 2021 shall be payable in quarterly instalments after each month of completion of services of the Directors during the financial year.

The Directors’ benefits (other than Directors’ fees and Board Committees’ fees) comprise attendance allowances, remuneration and golf privilege benefit to Independent Non-Executive Directors. In determining the estimated total amount of Directors’ benefits, the Board has considered various factors, among others, the estimated number of meetings for the Board and its Committees, estimated proportionate paid and privable insurance premium and an estimated usage of golf facility based on the limits provided by the Company during the relevant period.

5. Continuation in Office as Independent Non-Executive Directors

Ordinary Resolution 6 and 7, are to seek approval from the shareholders for re-appointment of Tan Sri Dato’ Sri Dr. Rahamat Bivi binti Yusoff and Dato’ Lee Yeow Chor, who retire in accordance with Article 91 of the Company’s Constitution, are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 51st AGM.

The Company’s Constitution states that at each AGM of the Company, one-third (1/3) of the Directors if their number is not three (3) or a multiple of three (3), then the number must be one-third (1/3) must retire from office, provided always that all Directors shall retire from office once at least in such three (3) years, but shall be eligible for re-election and in further states that a Director appointed by the Board to fill a casual vacancy or an additional Director, shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election.
The GNRC had on 15 September 2020 assessed the independence of all INEDs including Datuk Karunakaran and Mr Cheah. The Board recommended that the approval of the shareholders be sought to retain both Datuk Karunakaran and Mr Cheah as INEDs as they possess the following attributes necessary in discharging their roles and functions as INEDs of the Company:

(a) They have met the criteria under the definition of Independent Director pursuant to Chapter 1 of the Main Market Listing Requirements of Bursa Securities;
(b) They have vast experience in different sectors of industry and as such could provide valuable input with a diverse set of experience, expertise and independent judgment;
(c) They possess detailed knowledge of the Company’s business operations, the challenges faced by the Company, the environment in which it operates and the Company’s corporate history. The Board benefits from their experience, who have, over time, gained valuable insights into the Company, its market and the industry;
(d) They consistently challenge the management in an effective and constructive manner;
(e) They actively express their views and participate in Board deliberations and decision making in an objective manner; and
(f) Their length of service on the Board do not in any way interfere with their fiduciary duties in exercising due care in the best interest of the Company and minority shareholders.

6. Authority to Directors to allot and issue shares pursuant to Section 76 of the Act

Ordinary Resolution 8 is to seek approval from the shareholders for renewal of the shareholders’ mandate for RRPT granted by the shareholders of the Company at the 50th AGM held on 25 October 2019. The Proposed Shareholders’ Mandate will enable the Company to enter into any of the RRPT of a revenue or trading nature which are necessary for the day-to-day operations involving the interests of Directors, major shareholders or persons connected to the Directors and/or major shareholders of the Company and its subsidiaries (“Related Parties”), subject to the transaction being in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The details of the proposal are set out in Part B of the Circular dated 1 October 2020.

PERSONAL DATA PRIVACY:

By registering for the name participation and electronic voting meeting and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the 56th AGM and/or any adjournment thereof, a shareholder of the Company at the 50th AGM held on 25 October 2019, each shareholder consents and/or representative(s) to participate and vote at the 56th AGM and/or any adjournment thereof, a shareholder of the Company (i) consents or representative(s) to participate and vote at the 56th AGM and/or any adjournment thereof, (ii) consents or representative(s) to participate and vote at the 56th AGM and/or any adjournment thereof, (iii) consents or representative(s) to participate and vote at the 56th AGM and/or any adjournment thereof, (iv) consents or representative(s) to participate and vote at the 56th AGM and/or any adjournment thereof, (v) consents or representative(s) to participate and vote at the 56th AGM and/or any adjournment thereof, and (vi) consents or representative(s) to participate and vote at the 56th AGM and/or any adjournment thereof.

The resolution authorising the Company to make market purchase of its own ordinary shares as permitted by the Act.

The Board hereby authorises the Company to purchase up to ten percent (10%) of the Company’s total number of issued shares, detailed market conditions and price justify such action.
## Shareholders' Information

as at 28 August 2020

### LIST OF TOP 30 SHAREHOLDERS (continued)

(Continued without aggregating securities from different securities accounts belonging to the same person)

<table>
<thead>
<tr>
<th>Name</th>
<th>No. of shares held</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. RHB Nominees (Tempatan) Sdn Bhd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exempt Authorised Nominee for RHB Securities Singapore Pte. Ltd.</td>
<td>55,547,500</td>
<td>0.89</td>
</tr>
<tr>
<td>14. Cartaban Nominees (Tempatan) Sdn Bhd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exempt Authorised Nominee for Standard Chartered Bank Singapore Branch</td>
<td>54,000,000</td>
<td>0.86</td>
</tr>
<tr>
<td>15. Maybank Nominees (Tempatan) Sdn Bhd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maybank Trustees Berhad for Public Antakal Fund</td>
<td>47,500,000</td>
<td>0.76</td>
</tr>
<tr>
<td>16. Cartaban Nominees (Tempatan) Sdn Bhd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAMBR for Prudential Equity Fund</td>
<td>45,629,401</td>
<td>0.73</td>
</tr>
<tr>
<td>17. Citigroup Nominees (Tempatan) Sdn Bhd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Great Eastern Life Assurance (Malaysia) Berhad</td>
<td>44,330,213</td>
<td>0.71</td>
</tr>
<tr>
<td>18. HSBC Nominees (Asing) Sdn Bhd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JPMCB NA for Vanguard Emerging Market Stock Index Fund</td>
<td>42,879,390</td>
<td>0.68</td>
</tr>
<tr>
<td>19. Permodalan Nasional Berhad</td>
<td>39,335,100</td>
<td>0.63</td>
</tr>
<tr>
<td>20. Cartaban Nominees (Asing) Sdn Bhd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exempt Authorised Nominee for Uni Street Bank &amp; Trust Company</td>
<td>39,036,350</td>
<td>0.62</td>
</tr>
<tr>
<td>21. Citigroup Nominees (Asing) Sdn Bhd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exempt Authorised Nominee for UBS AG Singapore</td>
<td>36,000,000</td>
<td>0.57</td>
</tr>
<tr>
<td>22. Citigroup Nominees (Tempatan) Sdn Bhd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exempt Authorised Nominee for AIA Bhd</td>
<td>34,748,561</td>
<td>0.55</td>
</tr>
<tr>
<td>23. AmanahRaya Trustees Berhad</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amanah Saham Malaysia 3</td>
<td>32,277,200</td>
<td>0.52</td>
</tr>
<tr>
<td>24. AmanahRaya Trustees Berhad</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amanah Saham Bumiputera 3 - Duluk</td>
<td>25,765,400</td>
<td>0.41</td>
</tr>
<tr>
<td>25. HLB Nominees (Tempatan) Sdn Bhd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pledged Securities Account for Tan Kim Hau</td>
<td>23,000,000</td>
<td>0.37</td>
</tr>
<tr>
<td>26. AmanahRaya Trustees Berhad</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amanah Saham Bumiputera 2</td>
<td>22,624,700</td>
<td>0.36</td>
</tr>
<tr>
<td>27. Lembaga Tabung Hajj</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28. AmanahRaya Trustees Berhad</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Islamic Dividend Fund</td>
<td>21,850,000</td>
<td>0.35</td>
</tr>
<tr>
<td>29. Citigroup Nominees (Tempatan) Sdn Bhd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pledged Securities Account - UBS AG Singapore for Amahow Holdings Sdn Bhd</td>
<td>20,274,969</td>
<td>0.32</td>
</tr>
<tr>
<td>30. Citigroup Nominees (Tempatan) Sdn Bhd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Great Eastern Life Assurance (Malaysia) Berhad</td>
<td>20,184,000</td>
<td>0.32</td>
</tr>
</tbody>
</table>

Total: 5,233,975,708 83.52%

### SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

<table>
<thead>
<tr>
<th>Name of substantial shareholders</th>
<th>Direct</th>
<th>%</th>
<th>Indirect</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dato’ Lee Yew Chor</td>
<td>9,818,800</td>
<td>0.16%</td>
<td>*3,020,019,480</td>
<td>48.19%</td>
</tr>
<tr>
<td>Lee Yew Seng</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progressive Holdings Sdn Bhd (&quot;PH&quot;)</td>
<td>3,020,019,480</td>
<td>48.19%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees Provident Fund Board</td>
<td>813,690,573</td>
<td>12.98%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
- * Based on the total number of issued shares net of 18,220,000 treasury shares.
- * Deemed interested by virtue of his interest in PH pursuant to Section 8 of the Companies Act 2016.
IOI CORPORATION BERHAD

Proxy Form

I/We ___________________________________________________________
(full name in block letters)

NRIC/Passport/Company No. ___________________________ Mobile Phone No. ___________________________
of
_________________________________________________________
(full address)

being a member(s) of IOI Corporation Berhad, hereby appoint:-

Name (full name in block letters) | NRIC/Passport No. | Proportion of Shareholdings | No. of Shares | %
--- | --- | --- | --- | ---

Address | Email Address

and/or (delete as appropriate)

Name (full name in block letters) | NRIC/Passport No. | Proportion of Shareholdings | No. of Shares | %
--- | --- | --- | --- | ---

Address | Email Address

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Fifty-First Annual General Meeting ("51st AGM") of the Company which will be conducted virtually through live streaming from the broadcast venue at Millennium Ballroom 1 (Level 1), Le Méridien Putrajaya, Lebuh IRC, IOI Resort City, 62502 Putrajaya, Malaysia on Friday, 30 October 2020 at 10:00 am or any adjournment thereof.

My/our proxy/proxies shall vote as follows:

(Indicate with an "Î" or "P" in the space provided as to how you wish your votes to be cast. If you do not do so, the proxy/proxies will vote, or abstain from voting on the resolutions as he/she/they may think fit)

<table>
<thead>
<tr>
<th>No.</th>
<th>Resolutions</th>
<th>First Proxy</th>
<th>Second Proxy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>To re-elect Tan Sri Dr Rahamat Bivi binti Yusoff as a Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>To re-elect Dato’ Lee Yeow Chor as a Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>To approve Directors’ fees for the financial year ending 30 June 2021 payable quarterly in arrears</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>To approve the payment of Directors’ benefits for the period from 30 October 2020 until the next AGM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>To re-appoint BDO PLT as Auditors and to authorise the Audit and Risk Management Committee to fix their remuneration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>To approve Datuk Karownakaran a/f Karunakaran to continue in office as an Independent Non-Executive Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>To approve Cheah Tek Kuang to continue in office as an Independent Non-Executive Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>To authorise the Directors to allot and issue shares pursuant to Section 76 of the Companies Act 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>To approve the proposed renewal of existing share buy-back authority</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>To approve the proposed renewal of shareholders’ mandate for recurrent related party transactions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dated this ____________ day of _________________ 2020

_________________________________________________________
Signature of Shareholder/Common Seal

No. of Shares Held

CDS A/C No.

This page is intentionally left blank.
Notes:

1 Only shareholders whose names appear in the Record of Depositors and Register of Members as at 22 October 2020 shall be eligible to participate and vote at the 51st AGM or appoint proxy to participate and vote on his or her behalf.

2 A shareholder may appoint any person to be his or her proxy and there shall be no restriction as to the qualification of the proxy.

3 If an instrument appointing a proxy is submitted in hard copy, it must be in writing under the hand of the appointor or of his or her attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of two (2) authorised officers, one (1) of whom shall be a director, or of its attorney duly authorised in writing.

4 A shareholder of the Company (including an authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 and Exempt Authorised Nominees who hold ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“Omnibus Account”)) may appoint more than one (1) proxy, provided that the shareholder specifies the proportion of his or her shareholdings to be represented by each proxy. When two (2) or more valid but differing appointments of proxy are delivered or received for the same share for use at the same meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share.

5 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

6 The proxy form may be made in hard copy or by electronic means, not less than forty-eight (48) hours before the time for holding the 51st AGM or any adjournment thereof, as follows:

(i) In hard copy form

   The proxy form must be deposited at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

(ii) By electronic means

   The proxy form can also be lodged electronically through Boardroom Smart Investor Online Portal at www.boardroomlimited.my by logging in and selecting “E-PROXY LODGEMENT” or email to bsr.helpdesk@boardroomlimited.com. Please follow the procedures provided in the Administrative Guide for the 51st AGM in order to deposit the proxy form electronically.

7 Any corporation which is a shareholder can appoint one (1) or more corporate representatives who may exercise on its behalf all of its power as a shareholder in accordance with the Companies Act 2016.

Personal Data Privacy

By registering for the remote participation and electronic voting meeting and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the 51st AGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 51st AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists and other documents relating to the 51st AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing requirements, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the shareholder discloses the personal data of the shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder’s breach of warranty.