



IOI GROUP

IOI CORPORATION BERHAD
[196901000607 (9027-W)]

**BUSINESS ETHICS, COMPLIANCE, ANTI-CORRUPTION AND ANTI-MONEY
LAUNDERING POLICY**

Version Control

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Table of Contents

No	Title	Page
0.0	Definitions	4
1.0	Introduction	6
2.0	Business Ethics	6
	2.1 Compliance	
	2.2 Anti-bribery & Corruption	
	2.2.1 Facilitation Payments & Kickbacks	
	2.2.2 Gift & Hospitality	
	2.2.3 Charity, Sponsorship and Political Contribution (a) Charitable Contribution and Sponsorship (b) Political Contribution	
	2.2.4 Protection Money	
	2.3 Anti-Money Laundering and Anti-Terrorism Financing	
	2.4 Due Diligence	
	2.5 Risk Assessment	
	2.6 Audit	
	2.7 Record Keeping	
	2.8 Reporting Channel	
3.0	Organisational Responsibility	11
4.0	Awareness and Training	12
5.0	Miscellaneous	12
	Appendix A	14

Definitions

<u>Terms</u>	<u>Definitions</u>
Associated Persons	A person is considered as an associated person of a commercial organisation if he is a director, partner or an employee of the commercial organisation or he is a person who performs works/ services for or on behalf of the commercial organisation.
Bribery	Bribery is a type of corruption. It refers to the act of corruptly authorising, giving, agreeing to give, promising, offering, soliciting, receiving, agreeing to receive any gratification or any action which would be considered as an offence under the MACC Act.
Conflict of interest	Is a situation in which a person or organization is involved in multiple interests, financial or otherwise, and the personal interest could be considered to have potential interference with duties performing on behalf of IOI Group.
Corruption	The act of giving or receiving of any gratification or reward in the form of cash or in-kind of high value for performing a task in relation to his/her job description.
Facilitation payments	Unofficial payments made to secure or expedite a routine government action or administrative duty or function by a government official.
Gifts	May include any gratuity, hospitality, or favour from persons or firms with whom the IOI Group maintains or may establish a business relationship and for which fair market value is not paid by the recipient.
Gratification	Defined in the MACC Act as:- (a) Money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage; (b) Any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity; (c) Any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part; (d) Any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;

	(e) Any forbearance to demand any money or money's worth or valuable thing; (f) Any other service or favour of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and (g) Any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (a) to (f).
Kickbacks	Any payment, not reflected on the face of a business contract that is required to be made to a government agency, a government official, or a private individual in order to conclude the business agreement at issue or to gain advantage.
MACC Act	Refers to the Malaysian Anti-Corruption Commission Act 2009, the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and any statutory modification, amendment or re-enactment thereof for the time being in force
Money laundering and financing terrorism	Is the concealment of the origins or nature of money or assets obtained through unlawful or illegal means or activity in legitimate business dealings or utilisation of legitimate funds to fund or support criminal activities, including financing terrorism.
Senior management	Comprises of all the Directors of the companies including the executive directors, non-executive directors, independent directors and head of the respective department.
Third Party Affiliates	Include but are not limited to current or prospective customers, business partners, contractors, suppliers, consultants, agents, associates or any other business partners.

1. Introduction

This Policy applies to every employee and director (executive and non-executive) of IOI Corporation Berhad (“**IOI**”) and all subsidiaries and operations within the Group (collectively, “**IOI Group**” or “**Group**”). For associate companies and joint ventures, we will seek to promote the adoption of policies consistent with the principles set out in this Policy.

This Policy is intended to give IOI Group’s employees, directors, third-party affiliates and Associated persons (collectively, the “**Parties**”) guidance in respect to business ethics, compliance, anti-corruption and anti-money laundering practices by the IOI Group.

This Policy is not intended to be a comprehensive description of all factors that may impact the quality of the Parties’ personal behaviour but it should be used as an ethical framework in which we all operate in. This Policy complements our Group’s Code of Business Conduct & Ethics (the “**Code**”).

This Policy emphasises our commitment towards upholding business ethics and combating corruption and bribery on all levels. As a company, we believe we can only honour our contractual and business obligations through uncompromising dedication in adopting the high ethical standards.

This Policy’s principles and rules apply to all IOI Group activities and addresses business conduct and ethics to support IOI’s core values which are outlined below:

- **Integrity** – Doing the right things in all circumstances
- **Commitment** – Taking ownership and putting our heart into what we do
- **Team Spirit** – Collaborating with each other in the greater interest of the organisation
- **Cost Efficiency** – Getting the best value for what we spend
- **Innovation** – Embracing new technologies and different ways of doing things
- **Excellence in Execution** – Taking effective actions to deliver high performance in everything we do

2. Business Ethics

IOI Group is committed to ensuring that business is conducted in all respects according to ethical and legal standards. The company accepts that it has a moral obligation to act as a responsible corporate citizen in all jurisdictions.

At IOI Group, we strive to enhance the communities in which we operate. We respect and care for the people within these communities and take responsibility for the effects of our presence in these environments. Our Code outlines the required standards of personal and corporate behaviour, reinforcing a strong ethical culture which runs through the very fabric of our organisation.

IOI’s three pillars of business ethics are:

- Transparency
- Accountability
- Fairness

Honesty and integrity in communications is regarded as the key platform in establishing our organisation's reputation as a credible and trustworthy member of the international business community. On this basis, the IOI Group operates by communicating openly with all of its stakeholders whether they are shareholders, government departments or agencies, the local community, employees, customers or suppliers.

2.1 Compliance

Employees and Directors of IOI Group are placed in a position of trust. They manage IOI Group's resources, have access to IOI Group's information and make decisions that affect the interests of others. All employees and Directors are expected to be honest and impartial when carrying out their duties to maintain confidence in IOI Group and to advance the good name of the organisation.

IOI Group acts with due care before engaging and conducting any business dealings with third party affiliates and ensure that the Third Party Affiliates and the associated persons know and respect this Business Ethics, Compliance, Anti-Corruption and Anti-Money Laundering Policy. All our Third Party Affiliates will receive written information about this Policy which is also made public on our website.

We conduct our procurement practices in a fair and transparent manner and act with due care when evaluating major prospective contractors and suppliers. We will avoid dealing with third party affiliates known to be paying bribes or involved in any other forms of corruption. We expect all our Third Party Affiliates and the Associated Persons to comply with this Policy when performing such work or services for and on behalf of IOI Group.

2.2 Anti- bribery and Corruption

IOI Group is a commercial organization as defined under the MACC Act. IOI Group upholds a zero-tolerance approach in bribery and corruption. All forms of bribery and corruption are strictly prohibited. The Anti-Corruption Framework of IOI Group is attached hereto as Appendix A.

2.2.1 Facilitation Payments & Kickbacks

IOI Group strictly prohibits all employees, Directors and associated persons from engaging in facilitation payments and kickbacks. IOI Group employees, Directors and Associated persons shall refrain from any act that could possibly lead to or suggest that facilitation payment or kickbacks will be made by the Group.

If any suspicious payment was being requested for the business dealing, the employees shall verify the same with his/her immediate superior and upon any payment, request for a copy of receipt with the details of the payment.

Where the kickback is being extorted and/or any employee of IOI Group is being coerced to pay and their safety or liberty is under serious threat and they have no alternative but to make the kickback in order to protect their life, limb or liberty, the affected employee must immediately report the matter to the Head

of Department and IOI Compliance Officer. In the case of Directors, please report to the Company Secretary as soon as possible.

2.2.2 Gifts & Hospitality

Under the **MACC Act**, a gift or hospitality may even be deemed as a “gratification”, where the act of giving or receiving such gratification may tantamount to an offence committed by the recipient, the giver, the company and/or the director of the company employing the giver, which offence is punishable under the MACC Act.

IOI Group practices a “**No Personal Gift Policy**”. IOI Group’s employees are not allowed to accept or give courtesies, which involve cash or cash equivalents or which could be evaluated as illegal or improper exchanges. In addition, government or public servants may be under strict guidelines, preventing them from receiving courtesies. Offering courtesies to government or public officials may be considered as a legal offence in certain countries.

IOI Group recognises however, that the exchange of gifts may be a central part of business etiquette in certain cultures. IOI Group also recognises that the provision of modest entertainment and corporate hospitality is a legitimate way of building business relationships and is a common practice within the business environment to foster good business relationship with stakeholders or clients. When necessary or appropriate in the ordinary course of business, it is generally acceptable to give and receive occasional gifts, hospitality or modest entertainment as long as such activity complies with the procedures set out in the **Gifts and Hospitality Guidelines**.

However, in no circumstances may an employee accept any form of courtesies in the form of cash or cash equivalents.

IOI Group’s employees must therefore exercise due care and judgement when offering or accepting gifts, hospitality or modest entertainment to protect the reputation of IOI Group against allegations of impropriety and to ensure bribery or anti-corruption laws are not breached.

In cases where you consider, or it may appear to cause a conflict-of-interest situation, then any gifts, hospitality or modest entertainment received from a giver should be declared to the Head of Department and IOI Compliance Officer and politely refused and returned to the giver. If in doubt, employees are to consult the Head of Department or IOI Compliance Officer for recommendations. In the case of Directors, please consult the Company Secretary.

2.2.3 Charity, Sponsorship and Political Contribution

2.2.3 (a) Charitable Contribution and Sponsorship

Charitable contributions and sponsorships (of cash, or in kind) may be given only to legitimate charities for proper charitable purposes, or pursuant to IOI Group's CSR initiatives, for purpose of business or local community development, or to support other economically and socially beneficial purposes.

Any charitable contribution or sponsorship payment made must not violate the applicable laws, or any other guideline set out in this Policy.

- Prior to making any charitable contribution or sponsorship payment, the background and reputation of the intended recipient must be reviewed in advance by the Head of Department;
- Where any charitable contribution or sponsorship payment is to be made, it must be supported by an official request made in writing by the intended recipient; and
- Upon receipt of the charitable contribution or sponsorship payment by the recipient, there must be adequate proof of receipt.

2.2.3 (b) Political Contribution

IOI Group allows financial support (including but not limited to donations or contributions) to political parties in accordance with any limits set by government legislations, as the Group regards political parties as an important institution in the civil society. The allowable financial support to political parties shall be subjected to prior approval from the Group Managing Director & Chief Executive.

2.2.4 Protection Money

In some instances, protection money may be solicited. This is a kind of extortion which might involve physical threats. IOI Group will not engage in such affairs and see it as our obligation to protect any employee or partner. Where the protection money is being extorted and/or any employee of IOI Group is being coerced to pay and their safety or liberty is under serious threat and they have no alternative but to pay the protection money in order to protect their life, limb or liberty, they will be allowed to make such payment. However, the affected employee must immediately report the payment to the Head of Department and IOI Compliance Officer. In certain situations, such threats might lead to a cessation of business relationship with the party who solicited the protection money.

2.3 Anti-Money Laundering and Anti-Terrorism Financing

Money laundering is a very serious offence and the legal implications arising from such an offence is severe, including hefty fines and imprisonment in Malaysia. The laws governing this type of offence can have extra- territorial effect.

IOI Group strictly prohibits any practices or dealings relating to money laundering. IOI Group is committed to complying fully with anti-money laundering laws throughout the world. We will conduct business only with reputable customers, involved in legitimate business activities with funds derived from legitimate sources.

IOI Group will neither enter into nor tolerate any arrangement which facilitates or appears to be used to facilitate any acquisition, retention, use or control of any payment (monetary or otherwise) intended to be utilised to disguise the criminal activity or conceal criminal proceeds.

2.4 Due Diligence

Every employee is expected to conduct due diligence on the Third Parties Affiliates whom IOI Group has a business relationship or intends to do business or collaborate in future, either on a regular or one-off basis in order to protect the IOI Group businesses from any possible corruption and money laundering risk. As part of the due diligence process, employees are expected to collect and review documentation about the Third Party Affiliates to understand the Third Party Affiliates' business and background and also ensure that these parties are involved in lawful business activities and their funds are of lawful origin. Employees are also encouraged to conduct online check for any adverse news on the Third Party Affiliates.

Reasonable steps must be taken to detect unacceptable and suspicious forms of payment and prevent such payments from being transacted. Where such forms of payment are detected, the employee must immediately report the same to the Head of Department and the IOI Compliance Officer. In the case of Directors, they are encouraged to notify the Company Secretary immediately.

2.5 Risk Assessment

Assessment will be conducted by IOI Group on its corruption risk every 6 months, and in addition, on an ad-hoc basis when instructed by IOI Board and Management. This is to identify the corruption risks affecting the IOI Group's businesses, to set anti-corruption objectives and to assess the adequacy and effectiveness of the existing control to achieve those objectives.

2.6 Audit

An internal audit review carried out at least once every three years to evaluate the compliance by the various respective departments and business units with the anti-corruption programme and to identify areas for improvement. Any material findings will be presented to the Audit & Risk Management Committee.

2.7 Record Keeping

All business dealings related financial and non-financial records shall be retained in accordance with statutory and regulatory requirements and proper internal control shall be in place to ensure that proper documentations are available for each and every business, dealing and payment made to third parties. No accounts can be kept "off-book" to facilitate or conceal improper payments.

2.8 Reporting Channel

Any transaction, no matter how seemingly insignificant, that might give rise to a violation of this Policy must promptly be reported in writing to Group Legal Counsel, or via the whistleblowing channel as provided in the IOI Group's Whistleblowing Policy

3. Organisational Responsibility

The Group Legal Counsel (reporting directly to the Group Managing Director and Chief Executive), supported by IOI Compliance Officer, is responsible in overseeing the overall implementation of this Policy.

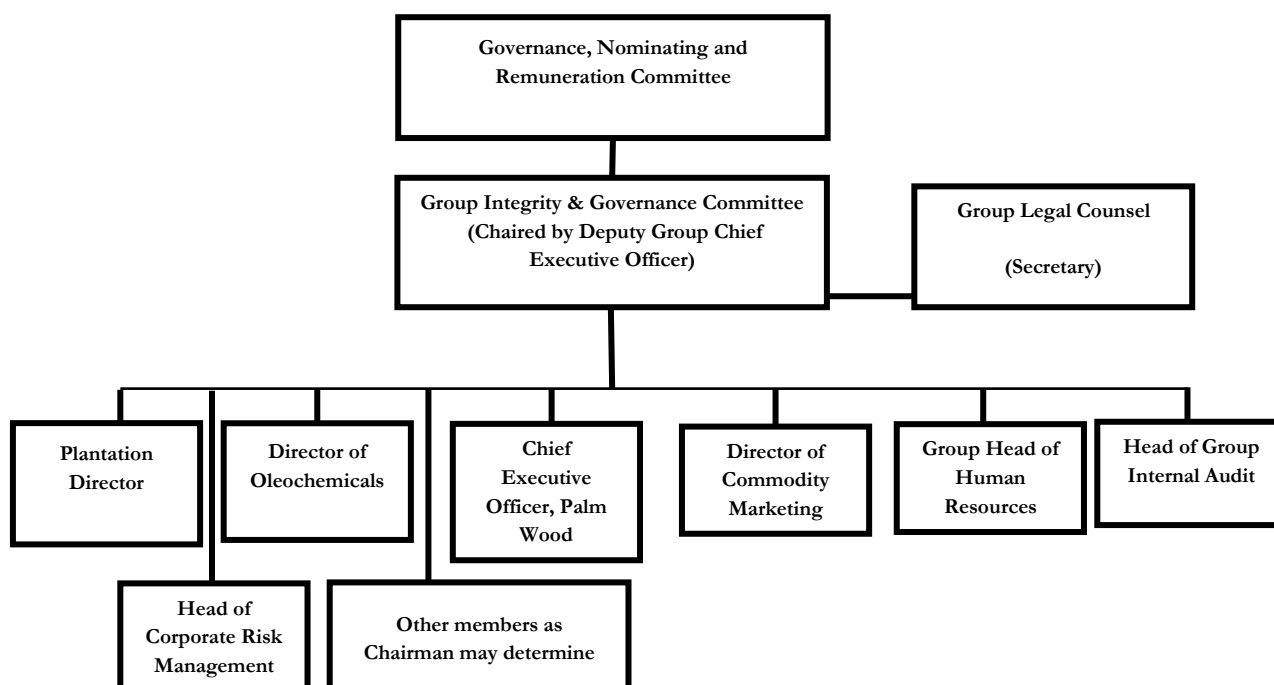
The Group Integrity Committee (GIC) is formed with the following objectives:

- (a) Review policy from time to time;
- (b) Discuss measures to improve the implementation of policy;
- (c) Review significant whistleblower cases pertaining to issues of integrity; and
- (d) Formulate, approve and implement guidelines as may be expedient or necessary for the better carrying out of the provisions of this Policy.

The Group Integrity Committee shall be chaired by the Deputy Group Chief Executive Officer, and its membership shall comprise Plantation Director, Director of Oleochemicals, Chief Executive Officer Palm Wood, Director of Commodity Marketing, Head of Group Internal Audit, Group Head of Human Resources, Head of Corporate Risk Management and other members as the Chairman of the Committee may determine. The Group Legal Counsel, supported by Compliance Officer, shall be the secretary of the Committee. The Group Integrity Committee shall meet twice yearly to perform the above objectives.

The Group Integrity Committee shall report to the Board's Governance, Nominating and Remuneration Committee whose roles are, amongst others, to ensure that IOI Group is equipped with an effective corporate governance system based on global best practices, continuous compliance with Bursa Malaysia Enhanced Disclosure Requirements and continuous compliance with the MACC Act within IOI Group.

The structure of the Group Integrity Committee is as follows:



Other Committee Members are as determined by the Chairman of GIC as follows:

- 1) General Manager of Procurement, Plantation Division.
- 2) Human Resource Managers, Peninsular Plantation & Sabah Plantation.
- 3) Assistant General Manager Human Resource, Oleochemicals.
- 4) Head of Procurement, Oleochemicals.
- 5) Assistant General Manager, Refinery.
- 6) Human Resource Manager, Refinery.

Every employee of IOI Group has an independent obligation to ensure that any and all interaction with IOI Group's Third Party Affiliates and Associated persons complies with all relevant laws and regulations, including this Policy.

All employees of IOI Group are expected to –

- behave honestly, trustworthy and in accordance with our Group's code of conduct and ethics;
- understand and adhere to the provisions under this Policy, especially on the IOI's Group stance in preventing bribery and corruption;
- make a clear distinction between the interest of company and personal interests;
- avoid possible conflict of interest (including accepting gifts, invitations or other advantages conflicting with this principle) and submit the Conflict-of-Interest Disclosure Statement in the event such conflict arises;
- report promptly via the available reporting channels if there is any violation or suspected violation to this Policy and the laws;
- familiarise with this Policy and any updates available from time to time; and
- ensure that this Policy is duly communicated to the respective third-party affiliates under your purview.

4. Awareness and Training

All new employees will be briefed about this Policy as part of their welcome orientation and all relevant employees will receive frequent training including but not limited to compliance with laws, regulations or standard conducts relevant for our line of business and the position they hold in IOI Group.

Respective Human Resources Department shall maintain records of employees received trainings. Updates on trainings and records shall be communicated and provided to IOI Compliance Officer.

5. Miscellaneous

Violation of this policy may lead to the following implications:

1. The employee shall be subjected to disciplinary action as deemed appropriate by the Group; and
2. The Third Party Affiliates shall be placed on a "banned list" for a period of 1-3 years (subject to the senior management discretion and the seriousness of the act) from the date of such incident and IOI Group shall not enter into any business dealings with the said Third Party Affiliates during the banned period.

Compliance with this Policy is constantly being monitored by IOI Group, and internal audits will be conducted at regular intervals and as and when deemed necessary.

Each IOI Group's subsidiary is to implement and maintain their respective Business Ethics, Compliance, Anti-Corruption and Anti-Money Laundering Policy based on this Policy.

This policy shall be reviewed from time to time, subject to the developments in the relevant laws and international standards.

Any questions concerning this Policy and related requirements may be addressed to the respective Head(s) of Human Resource, IOI Group Legal Counsel or to the IOI Compliance Officer via email. Directors may raise any questions concerning this Policy to the Company Secretary.

Appendix A - Anti- Bribery and Corruption Framework (Based on T.R.U.S.T Principles)

The diagram below sets out the anti-corruption programmes implemented by IOI Group in accordance with the five principles (known as the T.R.U.S.T Principles) as outlined in the Guidelines on Adequate Procedures issued by the Minister in the Prime Minister's Department, Malaysia:

Principle I – Top Level Commitment
• Code of Conduct and Ethics for Directors. • Code of Business Conduct and Ethics. • Business Ethics, Compliance, Anti-Corruption and Anti-Money Laundering Policy. • Whistleblowing Policy. • IOI's Core Value on Integrity. • Publication of policies in IOI Group's website. • Group Legal Counsel (reporting directly to Group Managing Director and Chief Executive), supported by Compliance Officer, to oversee overall compliance programme. Group Integrity Committee is formed with specific objectives. • Results of audit report to Group Managing Director & Chief Executive and the Board/Audit and Risk Management Committee (ARMC).
Principle II – Risk Assessment
• Corruption risk assessment every 6 months. • Corruption Risk Assessment, together with Declaration of Adherence to T.R.U.S.T. Principles by each Head of Division/Department.
Principle III – Undertaking Control Measures
• Due Diligence: ○ Reference check on shortlisted candidate prior employment by HR Department. ○ Know Your Counterparties (KYC) Form on vendors, suppliers, agents, service providers, consultants, contractors, and JV parties prior to entering into any formalised relationship. • Reporting channel ○ Report in writing to Group Legal Counsel, or via the whistleblowing channel as provided in IOI Group's Whistleblowing Policy. • Established policies and procedures: ○ Conflict of Interest Disclosure Statement ○ Business Ethics, Compliance, Anti-Corruption and Anti-Money Laundering Policy, and Gift and Hospitality Guidelines and any other guidelines issued thereunder or pursuant thereto. ○ Policy on Authority Limit Approval for Capex, Opex, Investments and Borrowings. ○ Employee's "Integrity" assessment (Rating 1 – 10) under the Total Performance Management System (TPMS) (annual appraiser). • Any other control measures.
Principle IV – Systematic Review, Monitoring and Enforcement
• Compliance with this Policy is constantly being monitored by IOI Group, and internal audits will be conducted at regular intervals and as and when deemed necessary. • Disciplinary proceedings against non-compliances.
Principle V – Training and Communication
• Ongoing onboarding training (with declaration of compliance by new employees), physical briefing to Business Unit on its HR's request or Corp Legal's initiative, seminar/forum by guest speaker, E-KYC briefing sessions, laptop's screen saver (summary of IOI Group's policy), and communication of IOI Group's policy via KYC to relevant external parties