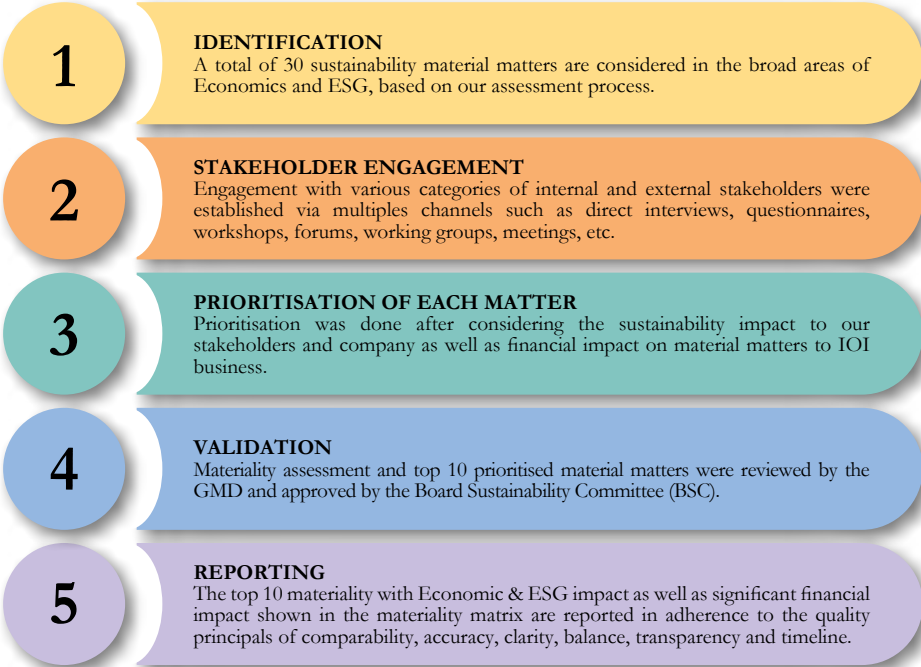


OUR MATERIAL SUSTAINABILITY MATTERS

SUSTAINABILITY MATERIAL MATTERS

MATERIALITY ASSESSMENT

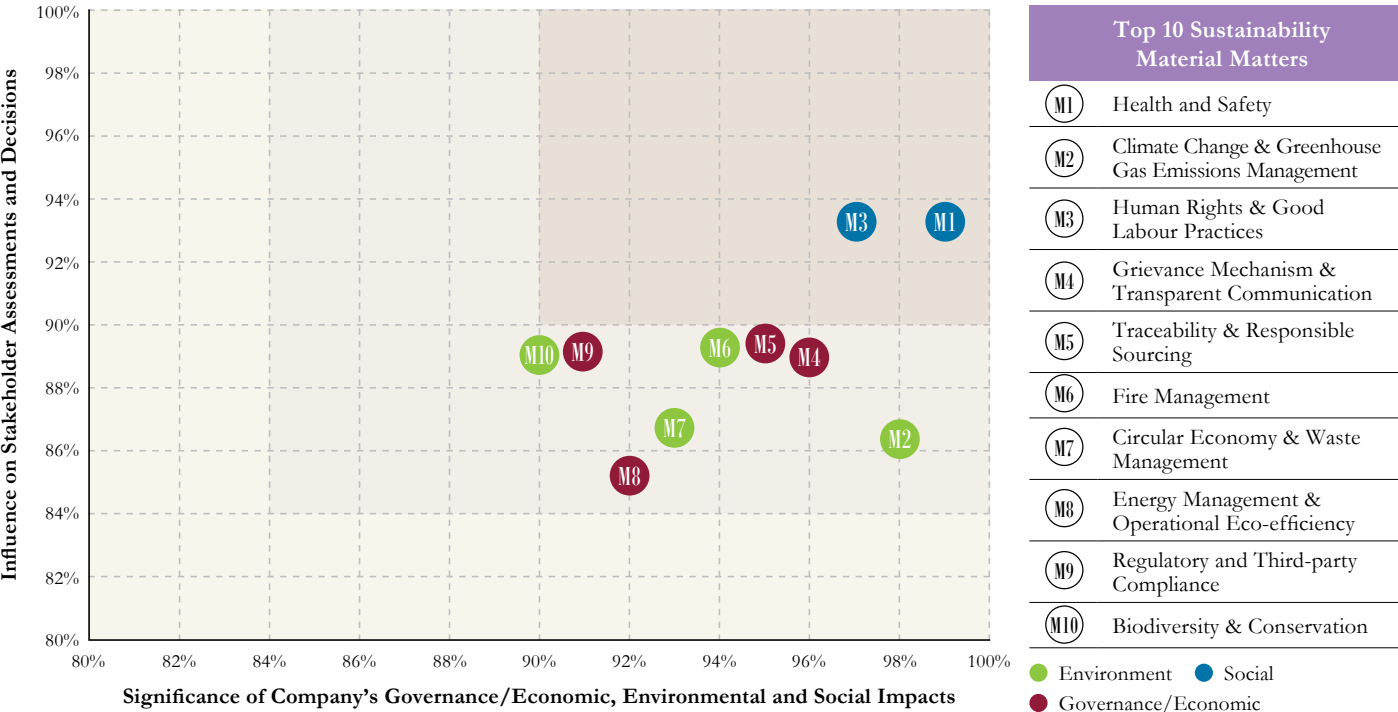
IOI conducts a full yearly materiality assessment to identify material matters that have significant impacts to stakeholders and our business. Our materiality assessment process is guided by Bursa Malaysia’s Sustainability Reporting Guide 3rd Edition, Bursa Malaysia’s Materiality Toolkit, and the Global Reporting Initiative (“GRI”) 3: Material Topics 2021. The material matters are also considered based on the latest trends related to global sustainability issues in the palm and other relevant sectors, requirements from ESG rating agencies, and sustainability standards as well as stakeholders’ concerns and expectations. The risks and opportunities of the identified material matters relevant to IOI are analysed together with the company’s business goals and strategies and disclosed in the current reporting cycle. The process of determining the material matters is as follows:



MATERIALITY MATRIX

This year, four new materiality matters are identified as our top ten material matters (i.e., fire management, energy management & operational efficiency, circular economy & waste management, as well as biodiversity & conservation). Details of the top ten priority materiality matters, our related response and links to the relevant UN Sustainability Development Goals, etc., can be found in section “Top 10 Sustainability Material Matters and Our Responses”. The 11 Material Matters cited by Bursa Malaysia that have been considered by IOI but are not included in our top ten materiality matters will be disclosed and referenced in other sections throughout this report.

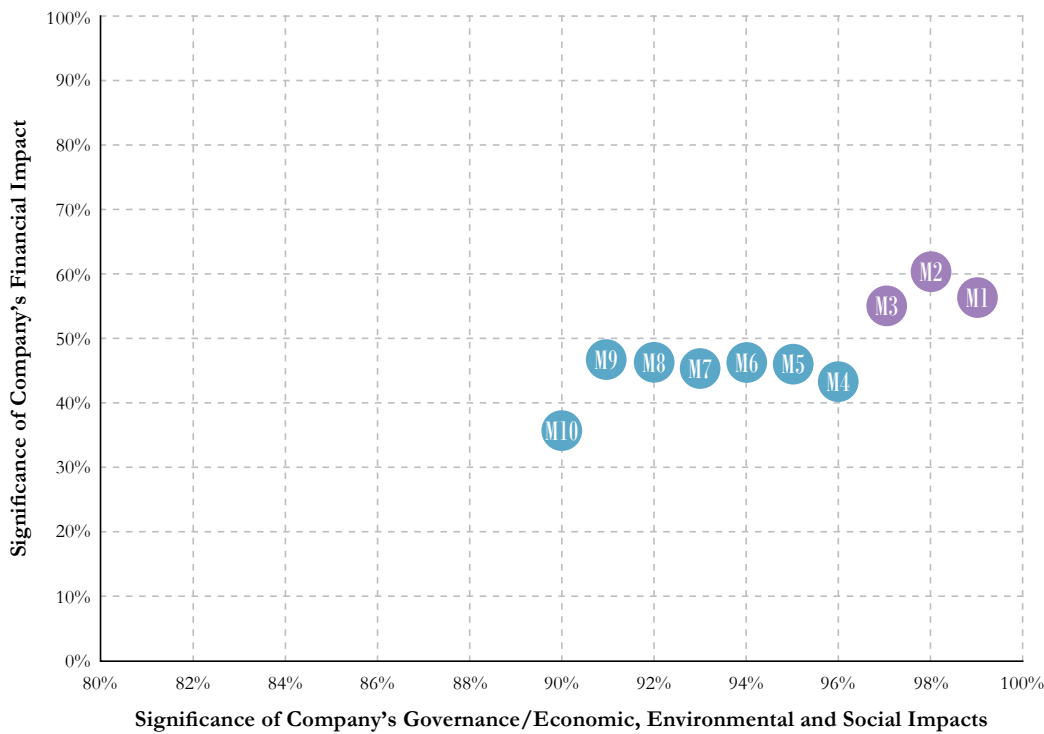
SUSTAINABILITY MATERIALITY MATRIX



DOUBLE MATERIALITY

A double materiality assessment was conducted to identify sustainability matters that have both significance to IOI's Environmental, Social, Governance/Economics as well as financial impact on IOI's performance, i.e., risk on profitability as well as ability to create economic value. This assessment involved relevant departments and business divisions across IOI Group. The scoring for the level of financial impacts are based on qualitative risks impact, categorised into 5 different levels of financial impacts according to our Enterprise Risk Management ("ERM") Framework for risk classification scoring. The results from the risk assessments are used to develop a risk mitigation action plan, and responsible person(s) are then assigned to implement the plan.

DOUBLE MATERIALITY MATRIX



- No Impact**
No changes in practices
- Low Impact**
Routine SOPs and Guidelines by management
- Medium Impact**
Action and monitoring by relevant management
- High Impact**
Close attention required by top management
- Very High Impact**
Immediate action by top management and follow up by BSC

Top 10 Sustainability Material Matters




M1 Health and Safety	M6 Fire Management
M2 Climate Change & Greenhouse Gas Emissions Management	M7 Circular Economy & Waste Management
M3 Human Rights & Good Labour Practices	M8 Energy Management & Operational Eco-efficiency
M4 Grievance Mechanism & Transparent Communication	M9 Regulatory and Third-party Compliance
M5 Traceability & Responsible Sourcing	M10 Biodiversity & Conservation

OUR MATERIAL SUSTAINABILITY MATTERS




TOP 10 SUSTAINABILITY MATERIAL MATTERS AND OUR RESPONSES






M1 HEALTH AND SAFETY

Why is this Topic Important to Business, Environment, and Society	Our Responses
<p>A safe and healthy working environment will enable our employees to deliver high quality work, thus contributing to higher productivity. Safety risks at the workplace can cause health problems and injuries, leading to absenteeism and lower income, potentially affecting the livelihood and wellbeing of our workforce. Serious safety issues may halt our operations at both plantation and manufacturing sites. Moreover, non-compliance with health and safety requirements can incur fines that leads to reputational damage and thus negatively impact our business.</p>	<ul style="list-style-type: none"> Implement good and accident prevention practices Regularly review and update our policies, guidelines, and SOPs in a timely manner Conduct safety trainings and campaigns according to the training programme
<p>Link to Stakeholders</p> 	<p>Link to Capital Input and UN SDG</p> 
<p>Links to Corporate Risks</p> 	<p>Page Reference</p> <p>62 - 63</p>

M2 CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS MANAGEMENT

Why is this Topic Important to Business, Environment, and Society	Our Responses
<p>Continuing business as usual in a fast-changing environment without a GHG management plan will exacerbate the impact of climate change. Ignorance on GHG emissions will increase our exposure to climate-related risks, thus impacting business resilience, reputational damage and high costs due to carbon tax.</p>	<ul style="list-style-type: none"> Commit to SBTi FLAG Develop a roadmap to achieve Net-Zero target Implement Climate Change Actions in line with TCFD No deforestation and conversion of natural ecosystem areas Continue to explore latest technology and innovations to adapt and mitigate climate change
<p>Link to Stakeholders</p> 	<p>Link to Capital Input and UN SDG</p> 
<p>Links to Corporate Risks</p> 	<p>Page Reference</p> <p>34 - 45</p>







M3 HUMAN RIGHTS AND GOOD LABOUR PRACTICES

Why is this Topic Important to Business, Environment, and Society	Our Responses
<p>Upholding human rights within our operation is vital to ensure a safe working environment and safeguard our workforce from any incidence of forced labour, including child labour. Negligence in respecting human rights can cause unfair treatment and increase the number of workforce turnover. The company may also face significant legal and reputational risks including import bans on our palm oil products from other countries.</p>	<ul style="list-style-type: none"> Sharing good labour practices with other industry players Monitor workers' right through a human rights' due diligence service provider Continue socialisation and monitoring on the adherence and implementation of our policies, guidelines, and good practices. Protecting children's right by providing clean and healthy environment, education, medical, etc.,
<p>Link to Stakeholders</p> 	<p>Link to Capital Input and UN SDG</p> 
<p>Links to Corporate Risks</p> 	<p>Page Reference</p> <p>60 - 67</p>

Capitals

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

Corporate Risks

-  R1 Business Resilience
-  R4 Supply Chain Compliance
-  R2 Global Economic Downturn
-  R5 Reliance on Manual Workers
-  R3 New Trade Regulations
-  R6 Environmental Sustainability

M4 GRIEVANCE MECHANISM AND TRANSPARENT COMMUNICATION

Why is this Topic Important to Business, Environment, and Society

A grievance mechanism provides a platform for affected parties to voice their concerns. An effective mechanism can enhance engagement, promote accountability, and transparency. Negligence in addressing grievances can damage company's reputation, lead to a loss of business, and increase the cost of grievance resolution.

Our Responses

- Establish multiple grievance channels for reporting at their conveniences (e.g., Whistleblowing, IOI Mesra Application, etc.)
- Monitor and update the status of grievances in a timely manner
- Being fair and transparent in grievance resolution

Link to Stakeholders



Link to Capital Input and UN SDG



Links to Corporate Risks



Page Reference

61 - 62

M5 TRACEABILITY AND RESPONSIBLE SOURCING

Why is this Topic Important to Business, Environment, and Society

Responsible and transparent sourcing can result in not only a positive social impact (e.g., eradicate forced and child labour, respecting human rights, etc.) but can also avoid negative environmental consequences (e.g., deforestation, conversion of natural ecosystem etc.). It is vital that we ensure our products are traceable and responsibly sourced to avoid our businesses from being sanctioned.

Our Responses

- Traceability information is updated regularly and published on our dashboard
- Continued supplier engagements for NDPE compliance and monitoring
- Strengthen labour rights practices of our suppliers in collaboration with several civil societies

Link to Stakeholders



Link to Capital Input and UN SDG



Links to Corporate Risks



Page Reference

42 - 45

M6 FIRE MANAGEMENT

Why is this Topic Important to Business, Environment, and Society

Wildfires have a negative impact on wildlife, biodiversity, and the nearby communities, especially due to haze hazards. We ensure that our fire prevention and monitoring programmes in both plantation and resource-based manufacturing are in place to avoid any catastrophe especially to our plantations and surrounding communities and any legal actions or fines against us that could lead to business sanctions.

Our Responses

- Regular fire drills and awareness sessions with employees and local communities
- Fire prevention teams were established to execute the fire monitoring and control plan
- Policies and guidelines were regularly communicated

Link to Stakeholders



Link to Capital Input and UN SDG



Links to Corporate Risks





Page Reference



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OUR MATERIAL SUSTAINABILITY MATTERS

M7 CIRCULAR ECONOMY AND WASTE MANAGEMENT

Why is this Topic Important to Business, Environment, and Society	Our Responses		
<p>Irresponsible production and consumption can overexploit natural resources, putting biodiversity and our future generations at risk. We adopt the 7Rs of circularity to reduce our GHG footprint and other environmental impacts. The 7Rs aim to reduce carbon emissions by repurposing materials for other uses, reducing the need for new raw materials, and minimising environmental impact. Waste management is one of the critical areas that has legal requirements and sustainability standards that we must comply. Failure to do so can result in a negative impact on the environment, society, reduced marketability, and the risk of fines imposed by the authorities.</p>	<ul style="list-style-type: none"> • Waste management according to law and regulations • Waste such as solid POME and EFB are converted to value-added products such as fertilisers in plantations • GHG reduction through methane capture facilities at palm oil mills • Responsible water management • IOI Palm Wood converts oil palm trunks into commercial products 		
<p>Link to Stakeholders</p> 	<p>Link to Capital Input and UN SDG</p> 	<p>Links to Corporate Risks</p> <p>R1 R5 R6</p>	<p>Page Reference</p> <p>34 - 36, 51 - 52</p>

M8 ENERGY MANAGEMENT AND OPERATIONAL ECO-EFFICIENCY

Why is this Topic Important to Business, Environment, and Society	Our Response		
<p>Good energy management practices, such as consuming less energy, using fewer resources, and producing less waste, will improve our efficiency and in turn, ensure GHG reduction. The use of renewable energy can assist the company in not relying fully on non-renewable energy sources, especially fossil fuel and coal. Poor efficiency can result in high operational costs, affecting our bottom line and hindering our ability to reduce GHG emissions and avoid carbon taxes.</p>	<ul style="list-style-type: none"> • Replacing energy needs with resources that are renewable, such as biogas, liquefied natural gas, and biomass • Adopting an Energy Management System and green electricity • Installing solar panels and cogeneration plants 		
<p>Link to Stakeholders</p> 	<p>Link to Capital Input and UN SDG</p> 	<p>Links to Corporate Risks</p> <p>R1 R3 R5 R6</p>	<p>Page Reference</p> <p>36 - 38</p>

M9 REGULATORY AND THIRD-PARTY COMPLIANCE

Why is this Topic Important to Business, Environment, and Society	Our Responses		
<p>Complying with regulatory and third-party requirements is a necessity to ensure adherence to laws and regulations especially as a publicly listed company. Non-compliance may result in penalties and a loss of productivity due to operation shutdowns. Poor compliance can also lead to adverse impacts to society and the environment.</p>	<ul style="list-style-type: none"> • Compliance with sustainability certifications such as RSPO, MSPO and ISCC • Regular audits by internal and external parties, including third-party audits • Adherence to all applicable local and national regulations 		
<p>Link to Stakeholders</p> 	<p>Link to Capital Input and UN SDG</p> 	<p>Links to Corporate Risks</p> <p>R1 R3 R4 R6</p>	<p>Page Reference</p> <p>42 - 45</p>

M10 BIODIVERSITY AND CONSERVATION

Why is This Topic Important to Business, Environment and Social?	Our Response		
<p>Protection of our biodiversity and conservation areas where we operate is important to safeguard our environment and minimise the potential negative impacts that might affect our business. Any breach or non-compliance, especially in our plantation areas can have a direct impact on IOI.</p>	<ul style="list-style-type: none"> • Monitoring NDPE compliance of our third-party suppliers through engagement, site visits and assessments • Collaborating with other stakeholders on conservation efforts • Enhancing the biodiversity guideline to also include a focus on the ecosystem • Monitoring identified HCV and conservation areas, including the practice of 'No Hunting' of RTE species 		
<p>Link to Stakeholders</p> 	<p>Link to Capital Input and UN SDG</p> 	<p>Links to Corporate Risks</p> <p>R1 R3 R4 R6</p>	<p>Page Reference</p> <p>42 - 43, 53 - 55</p>