ACTIVATING CLIMATE RESILIENCE & CIRCULARITY

A modern and energising design prominently bringing attention to the core message for this year within the cover. The number 7 (for 7Fs of Circular) reflects our philosophy on circularity and now we want to attain climate resiliency in our businesses and operations. The design and message also follows through from the previous year’s focus on ‘Poised’ to show the next step of ‘Activating’ our activities more towards escalating implementation. The layout is action oriented with icons that highlight each action steps taken. The images on Sustainable Initiatives (“S”) are arranged in a format to show our commitments towards Environment (“E”), Social (“S”) and Governance (“G”).

www.ioigroup.com
As an agricultural-based company, IOI Corporation Berhad ("IOI" or the "Group") continues to ensure that our green footprint in all our businesses and operations is further expanded. This year’s theme, “Acting on Climate Resilience & Circular Economy”, encompasses our response towards managing our GHG emissions within our operations and supply chains by undertaking mitigating measures to reduce our emissions, adopting climate-friendly technologies as well as protecting our natural resources. We strengthened our future-ready strategy that incorporated climate resiliency measures by further adopting the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations on analysing our climate risks and opportunities and by reporting against TCFD recommendations. Going forward, as part of our "Climate-Change Action ("CCCA")" Initiative, this year’s reporting will showcase our approach towards circularity via the 7Rs – Reduce, Repurpose, Reduce, Reuse, Recycle, Repair and Recover. The applicability of the 7Rs will be discussed throughout this report, especially under these focus areas: “From Linear to Circular” and “From Cost Reduction to GHG Reduction.” Along with these topics, we continue to communicate our Environment, Social and Governance ("ESG") commitments, results and progress transparently as well as discuss the targets within the six United Nations Sustainable Development Goals ("UNSDGs") adopted by us as illustrated in each of the chapters reported through our management approach and performance.

THE FOCUS OF THIS REPORT

Performance.

The scope of this report covers entities included in our consolidated financial statements. These entities are our headquarters in Putrajaya, Malaysia and core businesses including IOI Plantation (estates and mills) and Resource-Based Manufacturing entities ("IOI Refinery") and IOI Oleochemical Industries Berhad ("IOI Oleo") operations. This report includes IOI Group Sales Offices and the Group’s 39%-owned associate company, Bunge Loders Croklaan (formerly known as IOI Loders Croklaan).

This report is intended to be read together with our Annual Report 2021 and Financial Report 2021. Throughout this report, there are sustainability-related disclosures that should be referred to in our websites.

ASSURANCE

The report has been reviewed by our Group Head of Sustainability, approved by the Group Managing Director and Chief Executive ("GMD"), and presented to the IOI Board of Directors. In connection with the audit of the financial statements of IOI Group contained in the IOI Corporation Berhad’s Financial Report 2021, BDO P&T, the external auditors have read the other information in accordance with ISA 720 (revised) The Auditor’s Responsibilities Relating to Other Information.

We endeavour to continuously improve our reporting disclosures and build the transparency of our operations and consider expanding the scope of assurance to full report verification in the future.

FEEDBACK AND COMMENTS

IOI Group is open and committed to listening to our stakeholder’s opinions and ideas. And we encourage our stakeholders to provide feedback from our readers. Any comments pertaining to our sustainability performance and management approach, as well as other matters relating to the report can be addressed to:

Address: Corporate Sustainability Department
Email: sustainabilityteam@ioigroup.com
Tel: (603) 8947 6781/(603) 8947 8707

The report was prepared in reference to the Bursa Malaysia Sustainability Reporting Guide (2nd Edition) which sets our the sustainability-related disclosure obligations prescribed in the Main Market Listing Requirements of Bursa Malaysia Berhad and reporting framework recommendations. In line with Bursa Malaysia’s recommendations, this report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards ("GRI"); Core Option and adopted the content elements of the International Integrated Reporting Framework. Additionally, this is the first reporting of our climate disclosures prepared following the TCFD recommendations.

In some instances, information and data stated in the reports may differ from other reporting such as RSPO SGP on the basis of different reporting periods (annual assessment period from January to December 2020). Where remarked, this report excludes IOI Group Sales Offices and the Group’s 39%-owned associate company, Bunge Loders Croklaan (formerly known as IOI Loders Croklaan). This year’s theme, “Acting on Climate Resilience & Circular Economy”, encompasses our response towards managing our GHG emissions within our operations and supply chains by undertaking mitigating measures to reduce our emissions, adopting climate-friendly technologies as well as protecting our natural resources. The applicability of the 7Rs will be discussed throughout this report, especially under these focus areas: “From Linear to Circular” and “From Cost Reduction to GHG Reduction.”

Along with these topics, we continue to communicate our Environment, Social and Governance ("ESG") commitments, results and progress transparently as well as discuss the targets within the six United Nations Sustainable Development Goals ("UNSDGs") adopted by us as illustrated in each of the chapters reported through our management approach and performance.

The report was prepared in reference to the Bursa Malaysia Sustainability Reporting Guide (2nd Edition) which sets our the sustainability-related disclosure obligations prescribed in the Main Market Listing Requirements of Bursa Malaysia Berhad and reporting framework recommendations. In line with Bursa Malaysia’s recommendations, this report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards ("GRI"); Core Option and adopted the content elements of the International Integrated Reporting Framework. Additionally, this is the first reporting of our climate disclosures prepared following the TCFD recommendations.

In some instances, information and data stated in the reports may differ from other reporting such as RSPO SGP on the basis of different reporting periods (annual assessment period from January to December 2020). Where remarked, this report excludes IOI Group Sales Offices and the Group’s 39%-owned associate company, Bunge Loders Croklaan (formerly known as IOI Loders Croklaan). This report is intended to be read together with our Annual Report 2021 and Financial Report 2021. Throughout this report, there are sustainability-related disclosures that should be referred to in our websites.
MESSAGE FROM OUR GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE

DEAR STAKEHOLDERS,

The global turmoil brought about by the on-going COVID-19 pandemic resulting in untold loss of lives and livelihoods, as well as record-setting environmental disasters such as floods, wildfires, hurricanes, and droughts mostly attributed to human activities and climate change have reminded us of the fragility of human life and the planet. As an agricultural-based corporation employing thousands of workers, this ultimate “notice” has prompted IOI to advance our sustainable journey with an even stronger commitment towards social justice and inclusion, climate change action and biodiversity. It also serves to measure our business resilience and assess how, through leadership and responsibility, IOI’s business operations can be balanced with good governance where transparency, accountability and security of data defines “integrity”, one of IOI’s core values.

Despite these challenges brought on by the pandemic and climate change, we are optimistic that good things can evolve from these challenges. Our commitment to building a better normal begins with our people. Recognizing the importance of health equipment in fighting the pandemic, IOI has donated medical equipment to a COVID-19 designated hospital, the Malaysian Fire & Rescue Department and Malaysian Health Department, as well as face masks to underprivileged students. We continue to empower our people to grow personally and professionally with flexible working arrangements, virtual meetings, webinars, and trainings while making their safety and well-being a top priority. We ensure that all our employees, including the 21,000 workers working in our plantations, are given vaccinations as soon as the vaccines are available in their localities.

The governance that we have put in place, such as the appointment of an Independent Board member as a member of our Group Sustainability Steering Committee ("GSSC") and the launch of IOI Sustainability Consultation Forum ("SCF") involving members of IOI Sustainability Advisory Panel, ensures that accountability and sustainability are embedded within IOI’s businesses and operations. During the first SCF, labour challenges with specific focus on responsible recruitment practices and legalisation were discussed to ensure that we meet the commitments in our Sustainable Palm Oil Policy ("SPOP") to eliminate all forms of illegal, forced, bonded, or child labour in our operations.

We ensure that all our employees, including the 21,000 workers working in our plantations, are given vaccinations as soon as the vaccines are available in their localities.

Dato’ Lee Yeow Chor
Group Managing Director and Chief Executive

DEAR STAKEHOLDERS,

The global turmoil brought about by the on-going COVID-19 pandemic resulting in untold loss of lives and livelihoods, as well as record-setting environmental disasters such as floods, wildfires, hurricanes, and droughts mostly attributed to human activities and climate change have reminded us of the fragility of human life and the planet. As an agricultural-based corporation employing thousands of workers, this ultimate “notice” has prompted IOI to advance our sustainable journey with an even stronger commitment towards social justice and inclusion, climate change action and biodiversity. It also serves to measure our business resilience and assess how, through leadership and responsibility, IOI’s business operations can be balanced with good governance where transparency, accountability and security of data defines “integrity”, one of IOI’s core values.

Despite these challenges brought on by the pandemic and climate change, we are optimistic that good things can evolve from these challenges. Our commitment to building a better normal begins with our people. Recognizing the importance of health equipment in fighting the pandemic, IOI has donated medical equipment to a COVID-19 designated hospital, the Malaysian Fire & Rescue Department and Malaysian Health Department, as well as face masks to underprivileged students. We continue to empower our people to grow personally and professionally with flexible working arrangements, virtual meetings, webinars, and trainings while making their safety and well-being a top priority. We ensure that all our employees, including the 21,000 workers working in our plantations, are given vaccinations as soon as the vaccines are available in their localities.

The governance that we have put in place, such as the appointment of an Independent Board member as a member of our Group Sustainability Steering Committee ("GSSC") and the launch of IOI Sustainability Consultation Forum ("SCF") involving members of IOI Sustainability Advisory Panel, ensures that accountability and sustainability are embedded within IOI’s businesses and operations. During the first SCF, labour challenges with specific focus on responsible recruitment practices and legalisation were discussed to ensure that we meet the commitments in our Sustainable Palm Oil Policy ("SPOP") to eliminate all forms of illegal, forced, bonded, or child labour in our operations.

We ensure that all our employees, including the 21,000 workers working in our plantations, are given vaccinations as soon as the vaccines are available in their localities.

Dato’ Lee Yeow Chor
Group Managing Director and Chief Executive
MESSAGE FROM OUR GROUP
MANAGING DIRECTOR AND
CHIEF EXECUTIVE

Against this backdrop, the issues of resource depletion and waste disposals have become some of our main concerns. As a way to adapt to these challenges, IOI is strengthening our practice of circularity, specifically the 7Rs of Circular economy: Rethink, Repurpose, Reduce, Reuse, Recycle, Repair, and Recover. As reported last year, we are installing biogas plants at most of our mills to capture the methane from the palm oil mill effluents (“POME”). In the current financial year, more than 52 million m³ biogas was produced and repurposed to power our mills and estate facilities to reduce our dependence on fossil fuels. At IOI’s refineries and oleochemical plants, wastewater from the processing operations is treated and recycled for use in the cooling towers which consume large amounts of water.

IOI continues to have smart partnerships (UNSDG 17) with various organizations to undertake the implementation of our sustainability initiatives. Some examples are the collaborations with Sabah Wildlife Department and Non-Governmental Organisations (“NGOs”) such as Seratu Aatai and HUTAN-Kinabatangan Orang-utan Conservation Programme (“KOCP”) to map and trace pygmy elephant movements in Sabah; collaborations with Nottingham University, smallholders and local communities to study the ecology of elephants in Peninsular Malaysia; the RELeaf project which is a partnership with Nestle and NGOs for reforestation of the Kinabatangan river; and Forest and Land Fire Prevention project with stakeholders within the district of Kendawangan in West Kalimantan, Indonesia.

IOI was also categorised as a Leader in child’s rights in a study conducted by Global Child Forum entitled “The State of Children’s Rights and Business 2020 Southeast Asia”. In addition, as 2021 is the International Year for the Elimination of Child Labour, IOI had also pledged to reduce the risk of child labour by providing our plantation workers’ children access to educational platforms after school hours.

Where climate change is concerned, it is an economic risk and we are tackling this head on, as indicated by our theme this year, “Activating Climate Resilience & Circular economy”. Since 2016, we have had a policy on “No Deforestation” as part of our commitment towards No Deforestation, No New Planning on Peat, No Social Exploitation (“NDPE”). Our Climate Change Action (“CCA”) Initiative, introduced last year and in line with UNSDGs 13 and 15, articulates clearly our targets on reducing GHG emissions. This year we are adopting the recommendations set by the Task Force on Climate-related Financial Disclosure (“TCFD”) to better measure and manage our climate risks and opportunities.

Where climate change is concerned, it is an economic risk and we are tackling this head on, as indicated by our theme this year, “Activating Climate Resilience & Circular economy”. Since 2016, we have had a policy on “No Deforestation” as part of our commitment towards No Deforestation, No New Planning on Peat, No Social Exploitation (“NDPE”). Our Climate Change Action (“CCA”) Initiative, introduced last year and in line with UNSDGs 13 and 15, articulates clearly our targets on reducing GHG emissions. This year we are adopting the recommendations set by the Task Force on Climate-related Financial Disclosure (“TCFD”) to better measure and manage our climate risks and opportunities.

In the current financial year, more than 52 million m³ biogas was produced and repurposed to power our mills and estate facilities to reduce our dependence on fossil fuels.

MOVING FORWARD
As we move forward, one of the biggest lessons learned is that despite huge challenges, we can achieve incredible feats when we harness the collective strength of the many employees within our Group. We shall continue to use our reach and influence to promote social justice and inclusiveness in our society, protect biodiversity and wildlife, and pursue climate change action and circularity practices for a better tomorrow.
Our 5 Years Sustainability Journey

At the start of our five years sustainability journey, our focus was on “Enhancing Reach & Engagement” with both internal and external stakeholders so as to understand their concerns and gaps with regards to embedding sustainability within our businesses and operations. Following this, in the second year, it was important that “Attaining Balance” of our three Pillars of Sustainability, i.e., People, Planet and Prosperity are to be achieved to ensure the sustainability of our businesses and operations. In the third year, we knew that “Harnessing Sustainable Partnerships” were crucial to achieving effective solutions and results to our sustainable challenges. As we advanced forward in the fourth year, we were “Poised to expand our Green Footprint” when we introduced our “Climate Change Action Initiative” as a response to climate risks where we communicated our governance, strategy and targets to reducing GHG. This year, amongst other sustainability challenges and advancement, we are highlighting how IOI mitigates and manages risks as well as adapts to climate change by “Activating Climate Resiliency and Circularity.”

2017 (July 2016 – June 2017)

In IOI’s first stand-alone Annual Sustainability Report (“ASR”) published in 2017, we recognised the need for stronger stakeholder engagement and a more open communication in order to achieve our sustainability goals. During this financial year, IOI undertook a major revision of our Sustainable Palm Oil Policy (“SPOP”) and strengthened our governance by forming the Group Sustainability Steering Committee (“GSSC”) that reports to IOI’s Board of Directors as well as proposing to form a Sustainability Advisory Panel (“SAP”) that comprises of external stakeholders to hold our sustainability implementation plan to account. IOI’s existing sustainability team structure which was headed by the Group Head of Sustainability was also tasked to promote transparent and effective implementation of the Group’s SPOP for both the Plantation and Manufacturing Division.

2018 (July 2017 - June 2018)

In 2018, IOI went on to introduce its three pillars of sustainability—People, Planet and Prosperity, with the conviction that achieving a harmonious balance with the three pillars is key to contributing to a winning combination for all. This commitment was further reflected in IOI’s adoption of four specific United Nations Sustainable Development Goals (“UNSDGs”), which were SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), and SDG 15 (Life on Land) to personify all that IOI strives to achieve at this point of our sustainability journey.

2019 (July 2018 - June 2019)

The year 2019 saw IOI progressed to building strong partnership with our stakeholders, shifting the focus from trade limitations to harnessing prosperity through intelligent expertise built on trust and meaningful connections. Therefore, these three pillars of sustainability were further expanded to include Partnership. Correspondingly, IOI increased our commitment to the UNSDGs to include SDG 7 (Partnership for the Goal) and SDG 2 (Zero Hunger). This year’s ASR also represented IOI’s further push towards transparency and effective corporate reporting by adhering our report based on the “Integrated Reporting Framework (IRF)”.

2020 (July 2019 - June 2020)

IOI’s 2020 theme, highlights the balanced way we focused on our sustainability journey through fortifying present sustainability practices while further strategising our future sustainable development. The report emphasised on IOI’s response towards climate change as well as addressing current sustainability challenges and issues including the COVID-19 pandemic. IOI also began to plan its future ready strategy which includes our five strategic priorities, and addressing climate related risks through our Climate Change Action Initiative, setting medium-term GHG reduction targets with the overall aim of net zero impact or even a restorative effect on the environment through various initiatives and a holistic approach.

2021 (July 2020 - June 2021)

This year, 2021, marks an important milestone for IOI as we commemorate our progress in our sustainability journey through five years of sustainable reporting since 2017. This year’s enhanced IRF will further illustrate how IOI’s activities impact Environmental, Social & Governance (“ESG”) issues as represented by IOI’s Materiality and reported based on CDP and Global Reporting Initiative (“GRI”) framework as well as how ESG issues impact IOI’s financial performance, as reported based on the Task Force on Climate-related Financial Disclosures (“TCFD”).
At IOI, materiality study is conducted to ensure that we identify significant topics related to Economic, Environmental, Social matters that affect our business and our stakeholders’ expectations. Our materiality assessment is guided by Bursa Malaysia’s Sustainability Reporting Guide and Bursa Malaysia’s Materiality Toolkit. Analysis is done at least once every two years. We continuously review emerging and recent sustainability trends and topics to ensure it reflects the company’s sustainability strategy, commitments and current reporting.

Accordingly, we have identified the top 13 most prominent sustainability matters that are most relevant to our business and our stakeholders. Outcomes of the materiality matter analysis were plotted on a materiality matrix. Top 13 identified material matters were plotted based on the significance of the Group’s Economic, Environmental and Social Impacts (x-axis) against the Influence on Stakeholder Assessment Decisions (y-axis) to determine their potential impact on our stakeholders and IOI business.

As each of the 13 sustainability topics shown in the materiality matrix is important, it will be covered in this report, adherence to the quality principles of accuracy, balance, clarity, comparability, reliability and timeliness.

IOI’s Sustainability Matter 2021 in Order of Significance

1. Occupational Safety & Health
2. Transparent Governance and Communications
3. Climate Change and Carbon Emission Management
4. Governance and Anti-corruption
5. Responsible Recruitment
6. Biodiversity and Conservation/Protection of High Conservation Value and High Carbon Stock Areas
7. Responsible Sourcing
8. Sustainability Certification and/or Sustainable Certified Product
9. Regulatory Compliance
10. Fire Management
11. Fair and Decent Wage
12. Unfairness and Land Use
13. Community Engagement and Social Responsibility

1https://www.sustainability-ioi.com/sustainability-matters
2https://www.sustainability-ioi.com/operations-structure
DESCRIPTION OF MATERIAL MATTER

WHY THIS SUSTAINABILITY MATERIALITY MATTER?

Conservation/Protection

Sustainability is at the heart of our operations, thus ensuring the good wellbeing of our workers ensures the highest productivity and a sustainable business.

• Create safe and conducive working environment with clear SOPs/ Guidelines and training on safety conducted regularly.
• Protective measures against COVID-19 in place.
• Strengthen systems and processes to include monitoring any discrepancies within our operation and value chain.

Biodiversity and Conservation/Protection of High Conservation Value and High Carbon Material

• Monitoring of NDPE within our supply chain.
• Working together with our stakeholders on implementations and activities in biodiversity and conservation.
• Monitoring of NDPE within our supply chain.
• Collaboration with partners on landscape level conservation approach.

Climate Change

Climate change continues to be one of the global challenges facing planet earth. Therefore, the importance of assessing climate implications and potential future risks become critical to our society.

• Climate change action strategy, governance and alignment with TCFD.
• Climate risks and opportunities evaluated and to be mitigated.
• Responsible land use, zero deforestation and no new development on peat.
• Responsible water management.
• Implementation of programs, both mitigation and adaptation for reducing emission.
• Maintaining and ensuring strong fire management systems.
• Practicing circularity to help reduce GHG emissions and increase climate resilience.

Transparency

Transparency and responsible towards grievance and complaints is essential to ensure that they are effectively handled, any issues addressed as well as compliance on any noncompliance implemented.

• Transparent grievance handling as part of our responsible business practice.
• Program on our IOI Pelita case.
• Disclosures on grievances, complaints and current issues.
• Implementation of several guidelines in response to grievances on worker's rights.

Corporate Social Responsibility

Good governance from having all policies in place at all levels ensures clear, transparent accountability and responsibility. Effectively managing all sustainability related challenges and having strong business ethics increase confidence from our stakeholders especially from investors and customers.

• IOI practices responsible business ethics.
• Governance in sustainability management especially with the addition of an independent non-executive director on our sustainability steering committee.
• Zero incidence on bribery and corruption.

Responsible Employment

Responsible and ethical recruitment ensures labour rights are protected and illegal, forced, bonded, compulsory or child labour are prevented from the beginning. As IOI’s workforce are dominated by migrant workers, it is critical for the business to uphold fair employment practices.

• Enhancing policies, guidelines and practices that strengthens the rights of our workers.
• Transparency in response to grievances and complaints.
• Clear accountability, implementation and practices on prevention of forced labour.

ECONOMIC GROWTH

The nature of where we operate our estates involves complex relationships with the surrounding landscape. Safeguarding the environment including protecting biodiversity is key to ensuring we minimize any negative impact to the environment and reduce any significant risk that affect the sustainability of the environment where we operate.

• Due diligence and verification conducted to ensure new suppliers meet IOI’s sustainability requirements.
• Proactive engagement and programs to support suppliers to adopt sustainable practices.
• Program reporting in IOI's sustainability dashboard.
• Monitoring and assessment on NDPE Compliance.

SUSTAINABILITY REPORT 2021

IOI CORPORATION BERHAD

IOI RESPONSE

Page 43

Page 92-95

Page 52-55, Page 57

Page 52

Page 52

Page 56-60, Code of Conduct (“CoC”) on Ethical Recruitment and Responsible Employment

Page 42, 44-47

Page 44-47, 62-63

Page 61

Page 53-55, Page 57

Page 30-33, 34-55, 56-39, 42-43, 44-47

LEGEND LINK TO OUR CAPITAL

Shareholders & Investors
• Regulatory
• Customers
• Suppliers
• Communities

Employees
• Responsible
• Ethical

Human Capital & Talent
• Business Resilience

IoTs
• Industry Association/ Civil Society
• Communities
• Suppliers

Human Natural Financial Intellectual Social & Environmental

Business Resilience

Supply Chain Compliance
• Business Resilience

Reliance on Manual Labour
• Human Capital & Talent
• Environmental Sustainability

Human Capital & Talent
• Business Resilience

Reliance on Manual Labour
• Business Resilience

Environmental Sustainability
• Business Resilience

Environment
• Regulators
• Industry Association/ Civil Society
• Customers
• Suppliers
• Communities

Supply Chain Compliance
• Business Resilience

Human Capital & Talent
• Business Resilience

Reliance on Manual Labour
• Business Resilience

Environmental Sustainability
• Business Resilience

Environment
• Regulators
• Industry Association/ Civil Society
• Customers
• Suppliers
• Communities

Furthermore, we will continue to strive to build a sustainable business.
Reckoning is the fundamental approach where the concept of circular economy is applied and practiced taking into account environmental and social well-being while ensuring the sustainable economic growth of the company. IOI has put in place a value creation framework to ensure that our operations are conducted in a sustainable manner. For example, using CRM Technology (CFT) to analyse production patterns, allowing efficient tracking and access to a cost-effective solution for the company to continue operating and prerequisite for IOI as a responsible business.

Recovering enables the use of waste to its lowest potential and reduces environmental impact. For example, reducing the use of freshwater and non-renewable fuel for steam boilers. It is essential to therefore ensure that we continuously promote the use of these resources to meet our requirements, as well as those of our customers. The company has established a committed project to ensure that waste from our operations are being reused to feed the cement industry. This activity has eliminated the use of landfill for disposal of our waste as the waste is now raw material for another industry.

Recycling is a major part of the zero waste initiative with the goal of reducing waste going to landfills and the production of hazardous waste. For example, palm kernel shell (PKS) is a by-product of palm oil production that can be repurposed. In some of our refineries and oleochemical plants, instead of using government water sources and freshwater, treated waste water from their operations are being reused to feed the cement industry. This activity has eliminated the use of landfill for disposal of our waste as the waste is now raw material for another industry.

Refurbishment is a major part of maintenance and repair. In IOI Oleo Group, IOI Pan-Century repurposes their estates. In the mill operation, methane gas recovered from POME field as additional nutrient and soil cover for the oil palms. In IOI, our wastes are recycled to the maximum rate of 99%. At the same time, we continuously promote this practice to all our workforce by providing appropriate facilities (example recycling bins for waste separation) and organizing awareness events to increase understanding on how to separate wastes/plastics that can be recycled. In general, the company is committed to ensuring that the waste generated is properly managed and disposed of to the best of our ability.

Recycling enables the use of waste to its lowest potential and reduces environmental impact. For example, reducing the use of freshwater and non-renewable fuel for steam boilers. It is essential to therefore ensure that we continuously promote the use of these resources to meet our requirements, as well as those of our customers. The company has established a committed project to ensure that waste from our operations are being reused to feed the cement industry. This activity has eliminated the use of landfill for disposal of our waste as the waste is now raw material for another industry.

Recycling is a major part of maintenance and repair. In IOI Oleo Group, IOI Pan-Century repurposes their estates. In the mill operation, methane gas recovered from POME field as additional nutrient and soil cover for the oil palms. In IOI, our wastes are recycled to the maximum rate of 99%. At the same time, we continuously promote this practice to all our workforce by providing appropriate facilities (example recycling bins for waste separation) and organizing awareness events to increase understanding on how to separate wastes/plastics that can be recycled. In general, the company is committed to ensuring that the waste generated is properly managed and disposed of to the best of our ability.

Recycling enables the use of waste to its lowest potential and reduces environmental impact. For example, reducing the use of freshwater and non-renewable fuel for steam boilers. It is essential to therefore ensure that we continuously promote the use of these resources to meet our requirements, as well as those of our customers. The company has established a committed project to ensure that waste from our operations are being reused to feed the cement industry. This activity has eliminated the use of landfill for disposal of our waste as the waste is now raw material for another industry.

Recycling is a major part of maintenance and repair. In IOI Oleo Group, IOI Pan-Century repurposes their estates. In the mill operation, methane gas recovered from POME field as additional nutrient and soil cover for the oil palms. In IOI, our wastes are recycled to the maximum rate of 99%. At the same time, we continuously promote this practice to all our workforce by providing appropriate facilities (example recycling bins for waste separation) and organizing awareness events to increase understanding on how to separate wastes/plastics that can be recycled. In general, the company is committed to ensuring that the waste generated is properly managed and disposed of to the best of our ability.

Refurbishment is a major part of maintenance and repair. In IOI Oleo Group, IOI Pan-Century repurposes their estates. In the mill operation, methane gas recovered from POME field as additional nutrient and soil cover for the oil palms. In IOI, our wastes are recycled to the maximum rate of 99%. At the same time, we continuously promote this practice to all our workforce by providing appropriate facilities (example recycling bins for waste separation) and organizing awareness events to increase understanding on how to separate wastes/plastics that can be recycled. In general, the company is committed to ensuring that the waste generated is properly managed and disposed of to the best of our ability.

Recycling enables the use of waste to its lowest potential and reduces environmental impact. For example, reducing the use of freshwater and non-renewable fuel for steam boilers. It is essential to therefore ensure that we continuously promote the use of these resources to meet our requirements, as well as those of our customers. The company has established a committed project to ensure that waste from our operations are being reused to feed the cement industry. This activity has eliminated the use of landfill for disposal of our waste as the waste is now raw material for another industry.

Refurbishment is a major part of maintenance and repair. In IOI Oleo Group, IOI Pan-Century repurposes their estates. In the mill operation, methane gas recovered from POME field as additional nutrient and soil cover for the oil palms. In IOI, our wastes are recycled to the maximum rate of 99%. At the same time, we continuously promote this practice to all our workforce by providing appropriate facilities (example recycling bins for waste separation) and organizing awareness events to increase understanding on how to separate wastes/plastics that can be recycled. In general, the company is committed to ensuring that the waste generated is properly managed and disposed of to the best of our ability.

Recycling is a major part of maintenance and repair. In IOI Oleo Group, IOI Pan-Century repurposes their estates. In the mill operation, methane gas recovered from POME field as additional nutrient and soil cover for the oil palms. In IOI, our wastes are recycled to the maximum rate of 99%. At the same time, we continuously promote this practice to all our workforce by providing appropriate facilities (example recycling bins for waste separation) and organizing awareness events to increase understanding on how to separate wastes/plastics that can be recycled. In general, the company is committed to ensuring that the waste generated is properly managed and disposed of to the best of our ability.

Refurbishment is a major part of maintenance and repair. In IOI Oleo Group, IOI Pan-Century repurposes their estates. In the mill operation, methane gas recovered from POME field as additional nutrient and soil cover for the oil palms. In IOI, our wastes are recycled to the maximum rate of 99%. At the same time, we continuously promote this practice to all our workforce by providing appropriate facilities (example recycling bins for waste separation) and organizing awareness events to increase understanding on how to separate wastes/plastics that can be recycled. In general, the company is committed to ensuring that the waste generated is properly managed and disposed of to the best of our ability.

Recycling is a major part of maintenance and repair. In IOI Oleo Group, IOI Pan-Century repurposes their estates. In the mill operation, methane gas recovered from POME field as additional nutrient and soil cover for the oil palms. In IOI, our wastes are recycled to the maximum rate of 99%. At the same time, we continuously promote this practice to all our workforce by providing appropriate facilities (example recycling bins for waste separation) and organizing awareness events to increase understanding on how to separate wastes/plastics that can be recycled. In general, the company is committed to ensuring that the waste generated is properly managed and disposed of to the best of our ability.
In alignment with our three pillars of sustainability (People, Planet, Prosperity) + Partnership, together with the six adopted relevant United Nations Sustainable Development Goals ("UNSDGs"),
OUR SUSTAINABILITY APPROACH

IOI’S SUSTAINABILITY COMMITMENT

Sustainability performance drives business success. IOI is committed to embedding sustainability into its core business and operations and this is reflected in IOI’s vision and mission.

IOI’s sustainability framework remains focused on our pillars of sustainability - People, Planet, Prosperity plus Partnership that covers all aspects of Environment, Social and Governance as outlined in our value creation model (refer page 14).

Sustainability is not just the right thing to do, it is a critical driver of value for our business:

**APPROACH**

1. Driving growth in new innovative and green products and services.
2. Ensuring a secure sustainable future supply of agricultural resources and inputs.
3. Meeting the demands of our customers and consumers in general, who want the products that they buy and consume to be sustainably sourced.
4. Reducing the impacts of climate change, water stress, etc. to our business and operations.
5. Incentivising operational efficiency through management of resources.
6. Amassing and engaging our employees towards embracing our pillar of sustainability.

**OUR SUSTAINABILITY VISION**

We believe we should meet the needs of the present without compromising that of the future generations by:

- Committing to protect, rehabilitate and preserve the environment where we live in.
- Ensuring that the economic, social well-being and health of our employees and families as well as the wider communities are safeguarded.
- Leading and innovating as well as embedding sustainability into our business.

**Our Approach to Sustainability**

- Define sustainability within IOI.
- Engage with stakeholders.
- Set goals and commitments.
- Establish systems and processes.
- Track progress, communicate action, and meet expectations.

**Key Commitments of IOI Group’s Sustainable Palm Oil Policy**

- Continue to be an active supporer of certification schemes such as RSPO, MSPO, DSIC, and ISPO and work to strengthen their standards.
- Mitigate climate change by progressively reducing Greenhouse Gas (“GHG”) emissions and commitment of Zero Burning Policy.
- Eliminate all forms of illegal, forced, bonded, compulsory or child labour in our operations or supply chains and follow responsible recruitment practices including not charging recruitment related fees.
- Protect High Conservation Value (“HCV”) and High Carbon Stock (“HCS”) areas in existing and new oil palm plantations.
- No Deforestation, No New Planting on Peat, No Social Exploitation (“NDPE”) and moratorium on deforestation since 2016.
- Building a traceable and sustainable palm oil supply chain.
- Strive for the highest levels of transparency and stakeholder engagement.

IOI states that our frameworks, approach, reporting and policies are updated to reflect our current practices. Visit our website to get an overview of our sustainability outline: https://www.ioigroup.com/Content/S/S_Sustainability

IOI improved our scoring for FTSE4Good Index with an overall 2020 ESG Rating of 3.1 and remains a constituent of the index.

IOI is a constituent of the index with an overall 2020 ESG Rating of 3.1 and remains a constituent of the index.

MSCI ESG Research rated BB for IOI in year 2020 for the company’s performance in ESG issues. In year 2021, IOI will be engaging proactively with MSCI to understand their requirements and how we can provide feedback to their ESG assessment to better reflect our performance and commitments.

MSCL ESG Rating

As of October 2020, the Group’s ESG risk rating by Sustainalytics stays at Medium risk at 29% with the notation of our exposure to risk as High but our management of ESG Material Risk as Strong.

In the Global Child Forum Southeast Asia 2020 benchmark report, IOI was placed within the Leader category in protection of children’s rights with the score of 8.1.

**OUR PERFORMANCE IN GLOBAL ASSESSMENT AND INDICES**

- IOI improved our scoring for FTSE4Good Index with an overall 2020 ESG Rating of 3.1 and remains a constituent of the index.
- IOI is a constituent of the index with an overall 2020 ESG Rating of 3.1 and remains a constituent of the index.
- MSCI ESG Research rated BB for IOI in year 2020 for the company’s performance in ESG issues. In year 2021, IOI will be engaging proactively with MSCI to understand their requirements and how we can provide feedback to their ESG assessment to better reflect our performance and commitments.
- As of October 2020, the Group’s ESG risk rating by Sustainalytics stays at Medium risk at 29% with the notation of our exposure to risk as High but our management of ESG Material Risk as Strong.

- In the Global Child Forum Southeast Asia 2020 benchmark report, IOI was placed within the Leader category in protection of children’s rights with the score of 8.1.

IOI continued to increase its IOI Oleochemical assessment through CDP participation this year. The Group’s overall score improved from 77.1% from 71.9% in 2019. The score for 2020 reflects an increase in scoring for Water Security impacts through CDP. We received C for Forest, B in Water security and C in Climate during this year. Additionally, in 2020, IOI was also awarded the most improved company in Water Security.

IOI achieved silver rating achievement and categorised within 99th percentile amongst participants companies in 2020. The Group’s participated this assessment through its IOI Oleochemical unit.

IOI continued to respond to the 2020 Dow Jones Sustainability Index/ Corporate Sustainability Assessment (“CSA”) by S&P Global under the Emerging Market Index. We continued to increase our ratings in 2020 by scoring 39 in total and being placed within the 71 percentile, an increase that surpasses the average score among our industry group.

Increase in scoring for Sustainability Policy Transparency Toolkit (“SPOTT”) by the Zoological Society of London can be seen from 2019 to 2020 when the Group’s overall percentage went up to 77.1% from 71.9% in 2019. The score places IOI at 14 out of 99 assessed palm oil producers, processors and traders.

IOI achieved silver rating achievement and categorised within 99th percentile amongst participated companies in 2020. The Group’s participated this assessment through its IOI Oleochemical unit.

**FTSE4Good Index**

- IOI improved our scoring for FTSE4Good Index with an overall 2020 ESG Rating of 3.1 and remains a constituent of the index.

**MSCI ESG Rating**

- MSCI ESG Research rated BB for IOI in year 2020 for the company’s performance in ESG issues. In year 2021, IOI will be engaging proactively with MSCI to understand their requirements and how we can provide feedback to their ESG assessment to better reflect our performance and commitments.

**S&P Global Corporate Sustainability Assessment/ Dow Jones Sustainability Index**

- IOI achieved silver rating achievement and categorised within 99th percentile amongst participants companies in 2020. The Group’s participated this assessment through its IOI Oleochemical unit.

**CDP**

- IOI continued to increase its IOI Oleochemical assessment through CDP participation this year. The Group’s overall score improved from 77.1% from 71.9% in 2019. The score for 2020 reflects an increase in scoring for Water Security impacts through CDP. We received C for Forest, B in Water security and C in Climate during this year. Additionally, in 2020, IOI was also awarded the most improved company in Water Security.

**Sustainability Policy Transparency Toolkit (“SPOTT”)**

- Increase in scoring for Sustainability Policy Transparency Toolkit (“SPOTT”) by the Zoological Society of London can be seen from 2019 to 2020 when the Group’s overall percentage went up to 77.1% from 71.9% in 2019. The score places IOI at 14 out of 99 assessed palm oil producers, processors and traders.

- IOI achieved silver rating achievement and categorised within 99th percentile amongst participants companies in 2020. The Group’s participated this assessment through its IOI Oleochemical unit.

**Sustainalytics**

- IOI is a constituent of the index with an overall 2020 ESG Rating of 3.1 and remains a constituent of the index.

- As of October 2020, the Group’s ESG risk rating by Sustainalytics stays at Medium risk at 29% with the notation of our exposure to risk as High but our management of ESG Material Risk as Strong.

**Global Child Forum Southeast Asia Benchmark**

- In the Global Child Forum Southeast Asia 2020 benchmark report, IOI was placed within the Leader category in protection of children’s rights with the score of 8.1.

**EcoVadis**

- IOI achieved silver rating achievement and categorised within 99th percentile amongst participants companies in 2020. The Group’s participated this assessment through its IOI Oleochemical unit.

https://www.ioigroup.com/Content/S/S_Sustainability

https://www.ioigroup.com/Content/S/S_Recognitions
**SUSTAINABILITY GOVERNANCE**

Strong governance structures and clear lines on accountability enable us to deliver our sustainability commitments especially in matters relevant to our Environment and Social commitments.

To that end, IOI established a Sustainability Governance structure as shown in the figure below. To view the Corporate Governance framework, please refer to our Annual Report 2021 (page 85).

Overall, the Board has the ultimate responsibility for the management, general affairs, direction, performance, and long-term success of the Group. Sustainability risks and opportunities are presented at the board level by the Group Head of Sustainability (“GHS”).

The Group Sustainability Steering Committee (“GSSC”) was established to assure that the Group’s sustainability agenda, commitments and issues are effectively discussed, approved and implemented. The GSSC, chaired by the Group Managing Director and Chief Executive (“GMD”) comprises of the heads of the operating divisions, GHS and senior management from Group support functions. IOI further demonstrated its commitment to increase its sustainability governance and accountability at the board level with the appointment of a new Independent Non-Executive Director, Dr. Nesadurai Kalanithi. Dr. Kalanithi is also one of the founding members of Climate Governance Malaysia and will also join the GSSC to ensure further Board oversight on sustainability matters. The GSSC, which meets at least once a year, will also bring matters that require the support and implementation approval of the Board.

Day-to-day sustainability matters are led by IOI’s GHS, who communicates and reports directly to the GMD to ensure that all of the Group’s sustainability commitments, policies, guidelines, etc., are developed and implemented by Operations’ personnel. Sustainability functions across the business operations are assured by regional sustainability teams to ensure sustainable practices are fully embedded within every operating unit. Operating units together with regional sustainability teams are responsible to ensure regular internal sustainability audits, engagement with local and surrounding stakeholders and regular regional sustainability meetings.

The role of the previous Sustainability Advisory Panel (“SAP” or “the Panel”) has now evolved to become the core members of the newly formed Sustainability Consultative Forum (“SCF”). The main purpose of IOI’s SCF is to gather feedback and perceptions from external stakeholders such as NGOs, international brands, subject-matter experts, government departments, etc., on selected, complex sustainability challenges as well as to provide feedback to IOI’s management and sustainability team. Outcomes from the SCF are specific actions that IOI and other industry participants, as well as other stakeholders can take to advance interventions that can help provide a pathway to addressing the root causes of identified challenges.

**ENVIROMENT**

- Climate Change
  - Responsible land use.
  - No Deforestation, No New Planting on Peat.
  - GHG emission management.
  - Risk and opportunity, strategy and target.

- Resource Management
  - Water management.
  - Energy.
  - Other natural resource.
  - Responsible sourcing.

- Environment Protection
  - Biodiversity and conservation.
  - Chemical and pest management.
  - Pollution and waste management.

**SOCIAL**

- Community Relations
  - Free, Prior, Informed, Consent (“FPIC”).
  - Social Impact Assessment (“SIA”).

- Health & Safety
  - Workplace safety.
  - Employee’s wellbeing.

- Human Rights
  - Workers’ rights, labour practices and workplace condition.
  - Ethical employment.
  - No Child Labour.
  - Equality and inclusivity.

**GOVERNANCE**

- Regulatory Compliances
  - Ethical conduct.
  - National law and regulations.
  - International Standards, Guidelines and Frameworks.

- Transparency & Accountability
  - Stakeholder engagement.
  - Whistleblowing procedure.
  - Grievance mechanism and reporting.

- Communication & Reporting
  - Transparent communication of our own and supplier grievance.
  - Traceability updates.
  - Reporting on sustainability metrics, target and action plan.

**OUR SUSTAINABILITY APPROACH**
Our approach in sustainability involves managing and developing the expectations, needs, and concerns of each stakeholder group. By conducting regular and proactive engagements with our key stakeholders, we gather information and perspectives on what matters to our stakeholders, our business operations, and sustainability performances. We then communicate the full range of value created transparently, to show accountability towards our actions and commitments. The collaborative initiatives that have come from our stakeholder engagements efforts have led to a number of practical solutions. In 2021, despite the restriction following the pandemic, we continued to effectively engage our stakeholders in many ways. The full list of our stakeholder engagements can be found in our website.

**Employee**
- Involved in IOI’s Sustainability Consultation Forum (“SCF”).
- Continue working in partnership with our customers, Brunei Lobster Creekslam for project ILHAM.
- Responding to customer’s request on submission of ESG performance through third party platforms such as CDP etc.
- Due to restriction of movements, increased communication and discussions with customers via internet (Skype/Zoom/etc.) as well as introduction of products by CARE Studio on Youtube.

**Customers**
- Supporting schools during the pandemic by providing masks to school children and teachers as well as provide makeable spaces to make sure school can run as usual while following the strict SOP of physical distancing.
- Working in partnership supporting Smallholders and Outgrowers towards sustainable production and achieving sustainability certification (“MSPO”).
- Programmes to enhance wellbeing across our operating units including blood donation drive and drug prevention education.

**Communities**
- Protecting the children within our operating areas from the pandemic.
- Helping smallholders achieve sustainability, increase their income and maximise yields.
- Education, medical and donation assistance that benefit the community.

**STAKEHOLDER ENGAGEMENT**

**ACTIVITIES FY2021**

**OUTPUT/VALUES CREATED**

- Enhanced workplace practices, work from home arrangements, vaccination programs, and provision of reusable face masks.
- Frequent updates and communications, workshops on mental health and COVID-19 vaccines.
- Training, learning and development programs in both physical and virtual modes. Introduction of bite-sized e-learning content, IOI Gnome.
- Programs, engagements and initiatives with our employees to celebrate important events such as Earth Month and International Women’s Day.
- Programs, engagement and initiatives with our employees to celebrate important events such as Earth Month and International Women’s Day.

- Ensures health and safety of our employees in protection against COVID-19 virus.
- To ensure overall wellbeing of employees are taken care of as well as ensure employees are given accurate information about the COVID-19 vaccine.
- Ensure employees received continuous development, capacity building and additional upskill even when our employees are working from home.
- Improving employee morale, promoting positive impacts towards social and environmental values, and encouraging engagement between IOI’s workforce.

**STAKEHOLDER**

**ACTIVITIES FY2021**

**IMPACT/VALUE CREATED**

- Engagement with suppliers on worker’s welfare programmes and evaluating supplier’s current practices.
- Implement traceability and monitoring programs and providing training and solutions to eliminate deforestation and prevent forest clearance (“NDPE”).
- Monitoring grievance and progress reporting.

- Increasing supplier’s awareness on countering forced labour.
- Increased transparency and traceability of fresh fruit bunches (“FFB”) sourced and enable IOI to help our suppliers improve and address gaps in their implementation of our NDPE commitments.
- Transparent and regular grievance communication in our website regarding grievances reported against our suppliers.

- Providing medical and safety equipment to support and show solidarity with our frontliners during this pandemic.
- Gather constructive feedback to address complex sustainability issues.

- Proactively respond to communication and enquiries received from Investor Relations and Sustainability department.
- Invited speaker in forums and webinars by financial institutions, investments and asset management organisations.
- Responded to ESG indices (FTSE4Good Index, S&P Global Corporate Sustainability Assessment, MSCI, and Sustainability) and request of submission by investor groups for ESG disclosures and ratings including for CDP Climate, Water and Forest response.
- Active engagement, updates and feedback on TCFD and other climate related financial initiatives.

- Accurate information and understanding on IOI’s ESG performances and practices.
- Information and knowledge sharing on ESG initiatives increase confidence among investors and enhance IOI’s reputation.
- Reviews of assessment by ESG rating agencies, including corrections, responses and engagement.
- Disclosures based on TCFD recommendations, engaging third party on calculating climate risks in line with TCFD recommendations.

- Corporate member of BSR since April 2021.
- Engagement with BSR to facilitate IOI’s first SCF which also included external participants from RSPO, Malaysian Palm Oil Certification Council (“MOCC”), and Department of Labour was one of the participants in IOI’s first SCF.
- Collaborations with HUTAN-Kinabatangan Orang-utan Conservation Programme and Saraw Atai on elephant protection projects in Sabah as well as partnership on Management & Ecology of Malaysian Elephants (“MEME”) for elephants coexistence project in Southern Peninsular Malaysia.
- Training on High Conservation Value (“HCV”) and High Carbon Stock (“HCS”) by Proforest.
- Partnership with Earthworm Foundation in supplier programs.

- Enables IOI to leverage on the organisation’s expertise to innovate, impact and create long-term positive changes in sustainability areas.
- Successful first SCF centred on efforts to address the current labour challenges that are faced by IOI and the palm oil sector in Malaysia.
- Enhanced our biodiversity protection of Rare, Threatened and Endangered (“RTE”) species.
- Provide knowledge and skills in the identification, classification and management of HCV and HCS areas within IOI’s operations.
- Traceability and monitoring to prevent forest clearance, hence, eliminating deforestation from our supply chain.

1 https://www.ioigroup.com/Content/S/PDF/Stakeholders_Engagement.pdf
CONTRIBUTION TO UN SDGS
SUSTAINABILITY TARGET AND CONTRIBUTION TO UN SDGS

Since reporting in 2018 Sustainability Report ("SR") that the Group is supporting the United Nation’s call for governments and organisations to contribute to the Sustainable Development Goals ("SDGs"), IOI has clearly set out our targets and contributions to the SDGs that we have adopted. In our 2020 SR, IOI further aligned the selected priority SDGs that are most relevant to our business and to which we can most significantly contribute with our KPIs in sustainability. The table below maps our contribution to the UN SDGs, our sustainability aligned targets and KPIs, as well as the related performance updates for the current reporting period.

Priority SDGs  

<table>
<thead>
<tr>
<th>Priority SDGs</th>
<th>IOI Contribution to SDGs</th>
<th>IOI Targets/ KPIs as Stated in SR2020</th>
<th>Performance FY2021</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target 2.4</td>
<td>Adopts circular economy model to ensure sustainable food production and ensure food security.</td>
<td>In order to meet global food security for oil and fat, improve OER by at least 15% from our current palm oil compared to conventional backyards yields in similar area and terrain.</td>
<td>Continuous implementation on Integrated Pest Management (&quot;IPM&quot;) with biological control.</td>
<td>Annual Report, pages 69-61</td>
</tr>
<tr>
<td>Target 8.2</td>
<td>Operating in accordance with local and national laws, and adherence to internationally acceptable standards.</td>
<td>Implementing of ‘Coaching the Coach Program’ and ‘Train the Trainer Program’ to cultivate employee potential.</td>
<td>Continuous training and employee talent development conducted for employees and programme to enhance capacity building through both physical and virtual platforms.</td>
<td>Page 28, 56-56</td>
</tr>
<tr>
<td></td>
<td>Adopts the circular economy model to ensure sustainable food production and ensure food security.</td>
<td>IOI’s five-year strategic blueprint as stated in our Annual Report.</td>
<td>Implementation of mechanisation, automation and digitisation platforms in our operations to improve existing systems and processes as well as increase efficiency and productivity.</td>
<td>Annual Report 2021, Pages 44-49</td>
</tr>
<tr>
<td>Target 8.8</td>
<td>Operate in accordance with local and national laws, and adherence to internationally acceptable standards.</td>
<td>Program and measures such as vaccination programs, masks, etc., were put in place to ensure the safety and wellbeing of our workforce. The Group had also extended COVID19 vaccination programs, masks, etc., to all workers and their immediate family members.</td>
<td>COVID19 vaccination programs, masks, etc., were put in place to ensure the safety and wellbeing of our workforce.</td>
<td>Page 61</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Priority SDGs</th>
<th>IOI Contribution to SDGs</th>
<th>IOI Targets/ KPIs as Stated in SR2020</th>
<th>Performance FY2021</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target 12.4</td>
<td>Adopts the circular economy model to ensure sustainable food production and ensure food security.</td>
<td>IOIs five-year strategic blueprint as stated in our Annual Report.</td>
<td>Program and measures such as vaccination programs, masks, etc., were put in place to ensure the safety and wellbeing of our workforce.</td>
<td>Page 61</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contribution to SDGs</th>
<th>Stated in SR2020</th>
<th>Performance FY2021</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target 8.8</td>
<td>• Reduces Lost Time Injury Frequency Rate (&quot;LTIFR&quot;) to the operation level.</td>
<td>• COVID19 vaccination programs, masks, etc., were put in place to ensure the safety and wellbeing of our workforce.</td>
<td>Page 61</td>
</tr>
<tr>
<td>Target 8.8</td>
<td>• Women Empowerment Committee (&quot;WEC&quot;) introduced in 2019 continues to promote women’s rights and empowerment through various activities and programs during the pandemic.</td>
<td>• Train for Safety and Health at the workplace.</td>
<td>Page 56-61</td>
</tr>
<tr>
<td>Target 8.8</td>
<td>• Conducted the Fair and Decent Wage Study together with Monash University.</td>
<td>• Occupational Health and Safety Management System that was OHSAS 18001 Standard.</td>
<td>• Current LTIFR target was set up for resource-based manufacturing and will be extended to IOI Plantations IOI Oils recorded reduction in LTIFR in FY2021 compared to FY2020.</td>
</tr>
<tr>
<td>Target 12.4</td>
<td>• All upstream operations continue to achieved 99% recycling from the upcycling of organic wastes including POME (part of circularity).</td>
<td>• Despite the pandemic situation that affected both Malaysia and Indonesia, the Group continues to maintain women’s rights and empowerment through various activities and programs during the pandemic.</td>
<td>Page 56-61</td>
</tr>
</tbody>
</table>

2021

SUSTAINABILITY REPORT 2021

IOI CORPORATION BERHAD
APPROACH

OUR SUSTAINABILITY APPROACH

Target 12.4

• Publish Annual Sustainability Report based on GRI standards.
• Collaborate with MPOB to support smallholders in attaining MSPO certification.
• Support suppliers on their transformation towards NDPE policy commitment.
• Frequent reporting from time to time in IOI website with regards to grievance line, third party supplier traceability, sustainability updates.

Target 12.6

• Key Oil Palm player in Malaysia that is committed towards embedding sustainable approach in addressing our environmental and social footprint while also investing in R&D to improve our production and manufacturing capabilities.
• Consistently achieve OER higher than the Malaysian average through palm biotechnology.
• R&D direction to improve stabilising characteristics and tree morphology.
• Eco-friendly products developed by the biochemical division.

Target 12.8

• IOI Oleo to be fully ISO 9001: Energy Management certified.
• 100% MSPO and RSPO certification for estates and mills in Malaysia.
• 100% RSPO certification for all IOI plantations by 2023.
• To publicly disclose sustainability implementation progress on a regular basis.
• Key Oil Palm player in Malaysia that is committed towards embedding sustainable approach in addressing our environmental and social footprint while also investing in R&D to improve our production and manufacturing capabilities.

Target 13.2

• Implement measures to reduce GHG emissions.
• Under our NDPE commitment, no deforestation and no new planting on peat.
• New oil palm developments only after comprehensive stakeholder engagement and assessments (including ESA, HCV and HCS assessment, LUC analysis, GHG assessment, soil suitability and topographic survey).
• Fire Management implemented.

Target 15.1

• As stated in our SPOP we have set aside 20% of land for conservation areas to be managed and protected.
• Committed to NDPE commitments.
• New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments (including ESIA, HCv and HCS assessment, soil suitability and topographic survey) are conducted.
• Implement collaborative and landscape approach, conservation and biodiversity projects.

Target 15.2

• IOI is committed to a holistic approach in implementing its climate action strategy and to strive for reducing GHG emissions.
• Implementation of climate action strategy from upstream to resource-based manufacturing operations.
• Application of TCFD guidelines into climate reporting.
• Engagement with stakeholders to analyse climate risks i.e., physical and transition risks.
• The practice of circularity within our operations to reduce waste generation by, amongst others, repurposing for other value-added products, recovering and recycling.
• Installed 10 methane capture facilities at major mill operations.

Priority SDGs

IOI Contribution to SDGs

IOI Targets/ KPIs as stated in SR2020

Performance FY2021

Reference Page

1 https://www.ioigroup.com/content/S/S_SIP
3 https://www.iopo.gov.my/index.php/oil-extraction-rate/oil-extraction-rate-2021/oil-extraction-rate-of-crude-palm-oil-2021
4 https://www.iopo.gov.my/index.php/oil-extraction-rate/oil-extraction-rate-2021/oil-extraction-rate-of-crude-palm-oil-2021

Page 30-39

Page 34-35

Page 54-55

Page 59-71

Page 48-49

Page 50-59

Page 50-59

Page 50-39, 42-47

Page 42-47

Page 42-47

Page 42-47

Page 42-47

Page 42-47

Page 42-47

Page 42-47
### OUR SUSTAINABILITY APPROACH

- **Target 15.2**
  - Rehabilitation of forest reserve through Agro-Landscape Level Approach for Putatans adjacent to our Bukit Leseh Estate.
  - Committed to NDPE commitments.
  - Socialisation, dialogue and awareness programmes on fire prevention in forests to stakeholders.
  - Identification of High Carbon Stock (“HCS”) forests.
  - Utilise Global Forest Watch platform to map our concession areas, obtain daily information about forest fires, and obtain longer-term climate trends.
  - Partnered with Aidenvironment to establish a near real-time deforestation monitoring capacity where IOI’s suppliers are operating.

- **Target 15.3**
  - New oil palm developments are permitted only after comprehensive stakeholder engagement and assessment.
  - Uses natural and non-harmful agricultural methods to mitigate human-wildlife conflict.
  - Trained Honorary Forest Rangers, Honorary Wildlife Wardens and collaborates with local society and regulators to monitor RTE species.
  - Collaboration with HUTAN-PONGO for ecological study on Orangutan population at Kinabatangan.
  - Working with relevant authorities on biodiversity conservation and protection of RTE species.

- **Target 15.5**
  - Identifying and protecting HCV and HCS areas in which we operate.
  - In-depth training for our employees on HCV and HCS assessment.
  - Protection of HVC, HCS and conservation areas within our operating units based on our policy commitments and specific developed guidelines.
  - Application of IATF assessment and collaboration with Earthworm Foundation on governance programmes for suppliers.
  - Partnership with external stakeholders including communities, local authorities and neighbouring plantations for Keeyang landscape level programme as well as the continuation of our Bukit Leseh mini-LLA.

### Priority SDGs

<table>
<thead>
<tr>
<th>Priority SDGs</th>
<th>IOI Contribution to SDGs</th>
<th>IOI Targets/ KPIs as stated in SR2020</th>
<th>Performance FY2021</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDG 14</td>
<td>Strenngthening our Environmental Management Guidelines by having clear specific stages in handling fires, peat and biodiversity within our operations.</td>
<td>Introduced Biodiversity Management guideline which defined the steps that the management takes in conservation and biodiversity protection, especially within the estate.</td>
<td>Pages 44-47</td>
<td></td>
</tr>
<tr>
<td>SDG 13</td>
<td>Collaborating with other palm oil producers, processors, food companies, NGOs and governmental bodies in improving industry-wide palm oil sustainability commitments.</td>
<td>Collaborated with other palm oil producers, processors, food companies, NGOs and governmental bodies in improving industry-wide palm oil sustainability commitments.</td>
<td>Pages 46, 53-55</td>
<td></td>
</tr>
<tr>
<td>SDG 12</td>
<td>New oil palm developments are only allowed following comprehensive stakeholder engagement and assessment.</td>
<td>Collaborated with other palm oil producers, processors, food companies, NGOs and governmental bodies in improving industry-wide palm oil sustainability commitments.</td>
<td>Pages 20-21, 28-61</td>
<td></td>
</tr>
<tr>
<td>SDG 10</td>
<td>Active collaboration for capacity building to create awareness on sustainability matters.</td>
<td>Active collaboration for capacity building to create awareness on sustainability matters.</td>
<td>Pages 20-21, 28-61</td>
<td></td>
</tr>
<tr>
<td>SDG 9</td>
<td>Collaborate with other palm oil producers, processors, food companies, NGOs and governmental bodies in improving industry-wide palm oil sustainability commitments.</td>
<td>IOI had collaborated with customers, food companies, civil societies, regulatory body, and local authorities in joint sustainability projects including project ELHAM, project RSLA and certification programs for smallholders.</td>
<td>Pages 28-61</td>
<td></td>
</tr>
<tr>
<td>SDG 8</td>
<td>Collaborate with relevant authorities on biodiversity conservation and protection of RTE species.</td>
<td>IOI works in partnership with multi-stakeholders throughout different projects which are illustrated in every section of the focus areas discussed in this report. The projects cover all Environment, Social and Economic spectrums.</td>
<td>Pages 18-21</td>
<td></td>
</tr>
</tbody>
</table>

*https://www.corporateinitiatives.com/Corporate%20Initiatives
If it can’t be reduced, repaired, rebuilt, refurbished, refinished, resold, recycled or composted, then it should be restricted, redesigned or removed from production.

- Peter Seeger

Achievements to date:

99% Recycled and reused waste in IOI Plantation and IOI Refinery.

97% Water is recycled in IOI Refinery.

From Linear to Circular

At IOI, we have reshaped our strategies to embrace a no-waste culture through the adoption of 7Rs of Circularity. We will approach and treat waste as a design flaw and will try to create opportunities that will embrace the 7Rs (Rethink, Repurpose, Reduce, Reuse, Recycle, Repair and Recover). We are asking our people and suppliers to rethink how we use our resources and reject wasteful practices.
CLIMATE CHANGE
MANAGEMENT APPROACH

Last year, IOI formally introduced the Climate Change Action (“CCA”) Initiative as part of IOI’s long-term action plan to manage climate-related risks and opportunities within our diverse and vertically integrated operations. The main objective of this initiative is to achieve carbon neutral as a group by practicing circularity in our operations to help reduce our GHG emissions and impact to the environment while exploiting new technologies and innovations that could mitigate risks and enable us to adapt to new circumstances. These approaches are very much in line with our 5 Strategic priority. As a framework of approach, the CCA initiative has been set up to be in alignment with the recommendations from the Task Force on Climate-related Financial Disclosures (“TCFD”), i.e., the four thematic areas as illustrated in the TCFD are represented as the core elements of how IOI operates in implementing our CCA initiative as shown:

Our Governance

CCA related key performance index (“KPI”) is included as part of the KPIs for Group Managing Director and top management as reported in the ASR. Such KPIs are applied to the organization to ensure group-wide implementation and accountability. Strategy, programmes and development of CCA are overseen by IOI’s Group Sustainability Steering Committee, which will also be discussed at the Board level. The Group Head of Sustainability and each sustainability unit of the business division will undertake and oversee the implementation and monitoring of CCA-related performance at the operations level. Climate change is also recognized as a sustainability risk and is reviewed under the Group’s Enterprise Risk Management (“ERM”) framework.

Strategy

To continuously improve climate change positively through mitigation and adaptation of environmental performance in our operations and increase resource efficiency for a low-carbon economy by setting long-term targets to reduce GHG emission; promote climate action plans and practices through innovation, improved operational efficiency and support actions throughout the operations that prioritize circularity; and increase the resilience of our business by managing risk and opportunities, forecasting climate scenarios for climate impact valuation by conducting a quantitative group-wide climate change assessment to help IOI strategy in a more holistic way on how best to respond to potential climate risks.

Risk Management

In order to ascertain IOI’s risk towards climate change, IOI has conducted a quantitative group-wide climate change assessment with a third party who has the expertise to identify climate-related transition and physical risks in alignment to TCFD. The assessment evaluates the inherent economic risks associated with low-carbon transition as well as physical risks resulting from climate change in different climate scenarios until 2050. Mitigation and adaptation solutions of the identified risks are summarised in pages 32 to 33.

Metrics and Targets

IOI has published its group-wide GHG emissions baseline and target in 2020. Operational GHG emission intensity is targeted to reduce by more than 40% in 2025 based on the 2015 baseline. Details of the current and targeted GHG emissions figures are available in GHG Emissions Targets section on page 32.

OUR PERFORMANCE

CLIMATE RELATED RISK AND OPPORTUNITIES

The climate-related transition and physical risks analysed are in alignment with the TCFD and are based upon IOI’s specific sourced data as well as data from well-known international climate organisations and other relevant third-parties.

Analysis on carbon pricing risk projections indicates IOI’s carbon pricing risk exposure to the operating expenditure for year 2050 under the low to high carbon pricing scenario could range from 10 - 39%. However, carbon sequestration from the plantation operations can significantly mitigate the carbon pricing risk exposure by as much as 16 - 24% in GHG scenario 1 and 16 - 27% in scenario 2.

Physical Risks

Physical risks resulting from climate change to the operating units was quantitatively assessed by using climate modelling datasets and relevant hazard models based on different severity of climate change scenarios until 2050. Seven climate hazard indicators resulting from climate change were assessed and broadly classified as:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Indicators (Composite)</td>
<td>37</td>
<td>56</td>
</tr>
<tr>
<td>Wildlife</td>
<td>19</td>
<td>31</td>
</tr>
<tr>
<td>Coldwave</td>
<td>11</td>
<td>39</td>
</tr>
<tr>
<td>Heatwave</td>
<td>21</td>
<td>34</td>
</tr>
<tr>
<td>Water Stress</td>
<td>17</td>
<td>39</td>
</tr>
<tr>
<td>Flood</td>
<td>45</td>
<td>54</td>
</tr>
<tr>
<td>Sea Level Rise</td>
<td>23</td>
<td>31</td>
</tr>
<tr>
<td>Hurricanes</td>
<td>12</td>
<td>31</td>
</tr>
</tbody>
</table>

Overall, IOI faces moderate physical risk with greatest exposure to heatwaves and water stress with a couple of locations facing possible issues from sea level rise as shown at Table 1 below.

Table 1: Summary of Physical Risk Assessment

Type of Physical Risk | Acute | Chronic |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Acute Physical Risks</td>
<td>• IOI facilities and plantations are located at areas that have low to stable acute risks but the operational disruption due to extreme weather event is low.</td>
<td>• A number of facilities and plantations are expected to be exposed to hurricanes and water stress.</td>
</tr>
</tbody>
</table>
FOCUS AREA: FROM LINEAR TO CIRCULAR

MITIGATION AND ADAPTATION

While climate change presents significant risks to all companies at different magnitudes, they also create significant opportunities and competitive advantage for companies that are able to recognize those risks and subsequently explore mitigation and adaptation solutions. Below are the mitigation and adaptation solutions for the identified transition and physical risks in IOI operations.

PLANTATION (MILLS & ESTATES)

GHG emissions intensity for plantations in 2020 significantly reduced in comparison to 2019 baseline (Figure 1). However, the emissions reduction achieved in 2020 for scenario 1 was 14.77% in comparison to the targeted reduction of 21%. Emissions for scenario 1 was calculated with the basis of palms planted after 25 years are not considered as part of the overall emissions sequestration as per current PalmGHG calculation methodology. However, emissions reduced as much as 29.57% if the calculation take into account of sequestration of palms planted after 25 years.

Reduction of GHG emissions was mainly due to increased utilisation of biogas captured from the methane capture plants which resulted in about 45% emissions reduction from palm oil mill effluent ("POME"). Utilisation of biogas generated from methane capture for electricity generation has also allowed transition to renewable energy usage. Based on the trend of the emissions reduction, there is high potential for plantations to achieve the targeted 50% GHG emissions reduction by 2025.

Oleochemical

Even IOI Oleochemical recorded a slight reduction in emissions intensity in 2020, reduction target of 16.84% was not achieved mainly due to the reduction in operational volume. Annual operational volume was reduced by about 6% compare to 2019 due to operational disruptions from government-implemented movement control order. Targeted emissions reduction is expected achievable through various renewable energy and energy efficiency initiatives such as solar and heat harvesting, establishment of co-generation plants and optimisation of biogas plant. The forecasted higher production output from better demand will further reduce the overall emissions intensity from the operations.

IOI GROUP

As a group, the targeted emissions reduction by 20.2% in 2020 was achieved in scenario 2 of palms planted after 25 years are accounted as part of the emissions sequestration for the plantations (Figure 4). However, overall emissions reduction in 2020 is lower than the target if the calculation are based on current PalmGHG methodology (scenario 1). Discussion with RSPO secretariat to re-evaluate the current PalmGHG methodology to reflect practices on the ground is on-going. Aside from the consideration on palm sequestration, IOI may look into other aspects of the methodology to ensure emissions reduction initiatives such as biomass utilisation, external conservation and rehabilitation project are taken into account in the future updated calculation. Advancement in renewable energy and energy efficiency are expected to progressively contribute to the overall emissions reduction towards carbon neutral.
CURRENT GHG EMISSIONS

IOI as a group produced 2,908 million tCO2-e of direct (Scope 1) GHG while indirect (Scope 2) emissions contributed 0.0611 million tCO2-e. Net GHG emissions for IOI stands at 1.376 million tCO2-e.

GHG emissions for IOI in FY2020 are shown in the following table:

<table>
<thead>
<tr>
<th>Operating Group</th>
<th>GHG Emissions (tCO2-e)</th>
<th>Carbon Segregation &amp; Credits</th>
<th>Net GHG Emissions (tCO2-e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plantation</td>
<td>2,710,423.28</td>
<td>1,590,16</td>
<td>1,120,257.12</td>
</tr>
<tr>
<td>Oleochemical</td>
<td>186,538.28</td>
<td>33,164.07</td>
<td>153,374.21</td>
</tr>
<tr>
<td>Refinery</td>
<td>9,505.66</td>
<td>-1,594,076.73</td>
<td>-1,594,076.73</td>
</tr>
<tr>
<td>Total</td>
<td>2,908,467.22</td>
<td>62,148.52</td>
<td>1,376,292.50</td>
</tr>
</tbody>
</table>

ENERGY EFFICIENCY

As energy consumption is one for the major contributors to the overall GHG emissions, maximising energy efficiency within the operations is one of the strategies by IOI to significantly reduce the GHG emissions by employing the latest technology and best industry practices. Energy efficiency is achieved within IOI through the following 7Rs approaches:

- Recovery of by-products for energy generation
- Repurposing of wastes for energy generation
- Utilisation of renewable energy
- Transition to more energy efficient usage
- Energy reduction through process improvement

The most significant measures that our plantations have initiated are the installation of methane capture facilities at our mills. Methane gas captured from the POME is being repurposed as an alternative clean energy for the operations. Biogas is considered much more environmentally friendly in comparison to fossil fuel while producing less pollute and other pollutants to the atmosphere. Currently IOI has established 10 methane capture facilities, two of these facilities were commissioned in the current financial year which overall produced more than 52 million m³ of biogas per year. The generated biogas is being used to produce electricity and energy for the operations through gas engines and boiler burners. Within FY2020, 32.78% of the biogas is being utilised as alternative energy which produced 29,868,800 kW of electricity for the operations while 67.22% of the excess biogas is being flared. In order to maximise utilisation of biogas and minimise flaring, IOI is studying the feasibility to build Compressed Natural Gas (“Bio-CNG”) facility to capture the excess biogas. Bio-CNG can potentially be used in vehicles, as fuel for boilers, and domestic use replacing cooking gas.

As part of the repurposing initiative and to maximise the operational impact due to shortage of Palm Kernel Shell, which is a major fuel source for energy generation, IOI Edible Oils and IOI Bio-Energy have explored other alternative biomass fuels through the repurposing of natural and readily available biomass. A large quantity of tree branches, fronds, dried leaves, dried coconut, used paper, etc. were collected and used as alternative fuel for the biomass boiler. Such initiative may contribute to the reduction of carbon footprint in the long run.

As palm oil processing is energy demanding and there are increasing motivations towards renewable and green energy, the operations are continuously exploring alternative energy sources and progressively replacing the usage of non-renewable energy. The operations are progressively installing solar and heat harvesting panel at the operations to reduce dependency of non-renewable energy. IOI Oleochemical has installed solar panels on the rooftops of its main office and canteen, which was able to generate a solar power capacity of about 90% of the total amount of electricity consumed. In order to maximise the usage of non-renewable energy, IOI continuously replace the conventional lighting systems with the more energy efficient LED lightings. Alternative fuel such as Liquefied Natural Gas (“LNG”) which is more environmentally-friendly and energy efficient will gradually replace the usage of non-renewable diesel fuel within the downstream operations. Higher energy efficiency also achieved through cogeneration plant where simultaneous generation of electric and usable heat from a single primary energy source.

Initiatives on energy reduction do not always require high investment and the latest available technology. IOI successfully reduced its energy consumption through Rethinking on its existing process. The Palm Kernel Oil (‘PKO’) plant at its Palm Kernel Oil Fractionation Plant (“PKOFP”) was previously heated by consuming approximately 1 MT steam/day. A heat exchanger was recently installed to heat the PKOF by utilising the heated water from cooling tower returned water, resulted in savings to the steam consumption. Simultaneously, the temperature of cooling tower returned water, reduced from the heat transfer, thus enhancing the efficiency of, chillers and cooling towers. Chillers can now run with an estimated 2% reduced energy consumption, giving monthly electricity savings of 1,786 kwh.

Initiatives by IOI in energy efficiency was recognised through the awards given by Iskem, where IOI Akladom won the award for its initiative in waste heat recovery. Similar award was also won by IOI Pas-Century from its energy reduction efforts in steam consumption and natural gas.
OPERATIONAL ENVIRONMENTAL MANAGEMENT

OUR MANAGEMENT APPROACH

IOI approaches on environmental stewardship are illustrated comprehensively in our SPOP and subsequent Environmental Management Guidelines.1 We have established a system to monitor our environmental performance to ensure measures are put in place in minimising our environmental footprints and managing natural resources efficiently. Environmental-related results, findings and performances are continuously being discussed at management meetings including at the GSSC, management reviews, and operational level meetings. IOI continues to respond to relevant environmental disclosures and current performances to the global rating system as listed on page 17.

OUR PERFORMANCE

There was no significant fines or non-monetary sanctions for non-compliance with environmental regulations for FY2021 reported in our operating units.

RESPONSIBLE AGROCHEMICAL MANAGEMENT

IOI continuously conducts proactive research and analysis to minimise and mitigate the use of chemical applications especially in the areas of pest reduction, disease inhibition to our crops and yield optimization across our operations. Reducing the amount of chemicals sprayed into our fields will minimise not only cost of operations but also reduce our impact towards environmental ecosystems as well as reduce GHG emissions from the breakdown of chemical components. Currently, two types of agrochemical trials were conducted by our Research Centre in Sabah on the usage of chemicals for weed control that promoted cost-efficiency and were more environmentally friendly compared to our current practices. The results from the studies showed that by applying these chemicals, the amount of chemical usage can be reduced by half and total cost by 40%.

Environmental friendly solutions are applied as part of our implementations towards promoting sustainable methods and minimising the use of chemicals. Integrated Pest Management (IPM) practices are integrated into our operations to control pests, for example, our operating units are proactively establishing burn ovens to minimise the use of rodenticide. We are also repurposing organic by-products from oil palms including Empty Fruit Bunches (“EFB”), POME and EFB can also be repurposed back to the estate as fertiliser, wastewater effluent or POME are recovered to generate energy. POME and EFB can also be repurposed back to the estate as composted or mulched as organic fertiliser. For FY2021, 99% of total waste generation from IOI Plantation was recycled and reused. IOI Refinery continued to report high disposal avoidance rate as 99% of waste generated were recycled, repurposed, recovered, repaired, and reused.

During the reporting period, IOI created 5560.70 MT of hazardous waste, and 794,971.46 MT of non-hazardous waste. All hazardous waste produced was disposed according to local legislations and licences. However, in the upstream operations, organic wastes produced from mill productions were not disposed of but instead were treated through different approaches of circularity. Fibers, Shells, EFB, and wastewater effluent or POME are recovered to generate energy. POME and EFB can also be repurposed back to the estate as composted or mulched as organic fertiliser. For FY2021, 99% of total waste generation from IOI Plantation was recycled and reused. IOI Refinery continued to report high disposal avoidance rate as 99% of waste generated were recycled, repurposed, recovered, repaired, and reused.

WASTE MANAGEMENT

IOI is committed to reducing the amount of waste generated across its operations by integrating the 7Rs of Circularity as introduced earlier in this report. The 7Rs practices reinforce the application of the standard waste management hierarchy in our operations. All operating units in both upstream and manufacturing facilities follow best practices for waste management to ensure all waste were disposed of in a responsible manner and are not polluting the environment.

1 https://www.ioigroup.com/content/s/pdf/environment_management_guidelines.pdf
In our resource-based manufacturing, IOI Refinery and IOI Oleo have adopted the 7Rs of Circularity for both existing processes and potential developments.

<table>
<thead>
<tr>
<th>7Rs of Circularity</th>
<th>Application in resource-based manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurpose</td>
<td>IOI Refinery demonstrated excellent rethinking process in preventing disposal of generated waste through different applications which resulted in 99% recycling rate.</td>
</tr>
<tr>
<td>Rethink</td>
<td>IOI Oleo had showcased different ways of rethinking how to utilise by-products and wastes generated from the manufacturing facilities. This included working with external parties to use back the waste in fuel, agriculture, and other industrial sectors. One of the examples, converting sludges into raw material for cement industry had prevented their waste from being disposed into landfills.</td>
</tr>
<tr>
<td>Recycle</td>
<td>Sludge produced from effluent treatment is being repurposed as organic fertiliser for plants around IOI Refinery Sandakan complex. Aside from that, boiler ash generated was packed according to its grade and sold as fertiliser.</td>
</tr>
<tr>
<td>Recover</td>
<td>Project to recover hot condensate and heat exchanger system, reduced steam usage which indirectly reduced the need to print papers.</td>
</tr>
<tr>
<td>Reduce</td>
<td>Scrap metals and other parts dismantled from old Yackers boilers were all being reused as spare parts for repairing or improvement work in the refinery facility. Reusing materials prevents waste from being disposed and helps to reduce the cost of waste disposal and the sourcing of new replacements.</td>
</tr>
<tr>
<td>Resolve</td>
<td>Waste in the facility such as paper, used and scrapped metal are being segregated for recycling. Ensuring employees to practice environment friendly behaviour like reducing plastic use by bringing their own containers when purchasing food at the cafeteria and the use of digital database to reduce the need to print papers.</td>
</tr>
<tr>
<td>Recover</td>
<td>All scrap metals are being segregated for recycling. IOI Acidchem emerged as the winner in the Household E-Waste Recycling competition organised by the Department of Environment in Penang, with a total of 721.95kg of household e-waste being collected.</td>
</tr>
<tr>
<td>Repair</td>
<td>Used printers from the company were repaired at minimum cost by our IT team and contributed to the nearby schools. In FY2021, three units were donated to SK Kg. Bahagia in August 2020 and 7 units to SMK Baru Sapi in September 2020 which both located within Sandakan Region.</td>
</tr>
<tr>
<td>Recover</td>
<td>Oil from the by-product of sweet water skinning activity was being recovered and re-processed back to our crude oil bleaching plant since January 2018.</td>
</tr>
</tbody>
</table>

**WATER STEWARDSHIP**

Based on our TCFD reports on water being one of the physical risks that IOI faces, IOI recognises the importance of managing water resources to its plantation and resource-based manufacturing operations as well as to the surrounding community and landscape. Currently, the Group is not operating in any water-stressed region. However, the consultant that IOI had engaged to further analyse our climate physical risk such as water stress, has indicated that in some of our operations, risk may increase in the coming years. Further information can be found in pages 30 to 32 of this report.

**Minimising water impact and managing water risk**

- Our efforts and mills conducted annual EEA in their operating units as required in our Group Environmental Impact Assessment (“GEIA”) guidelines and sustainability-certification requirement.
- Annual stakeholder meetings involving local authorities, communities, and other related parties to identify any impact on the surrounding environment.
- Risk assessment to identify water stress areas and future water-related risk by conducting mapping based on Climate Modelling Datasets and Hazard Models.
- Water management plans are updated frequently for both our plantation and manufacturing operations. The water management plan covers provision on water abstraction, storage, utilisation in cultivation, chemical and natural treatments to utilise water at processing, domestic purposes, and wastewater management, with monitoring, mitigation (if required), implementation and prevention or minimising pollution.

**Protection of natural ecosystem and waterways**

- Protection of buffer zones and riparian reserves within our plantation areas.
- Maintaining of water table at peak season.
- Analysing water quality and consumption to maintain the optimal health of the river ecosystem and the quality of the water supply.

**Water consumption for the processing of FFB (m3 water/MT FFB)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.50</td>
<td>3.50</td>
<td>3.57</td>
<td>3.55</td>
<td>3.37</td>
<td>3.31</td>
</tr>
<tr>
<td>1.00</td>
<td>4.05</td>
<td>4.16</td>
<td>4.25</td>
<td>4.00</td>
<td>3.90</td>
</tr>
<tr>
<td>1.50</td>
<td>4.50</td>
<td>4.50</td>
<td>4.50</td>
<td>4.50</td>
<td>4.50</td>
</tr>
<tr>
<td>2.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>2.50</td>
<td>5.50</td>
<td>5.50</td>
<td>5.50</td>
<td>5.50</td>
<td>5.50</td>
</tr>
<tr>
<td>3.00</td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
</tr>
<tr>
<td>3.50</td>
<td>6.50</td>
<td>6.50</td>
<td>6.50</td>
<td>6.50</td>
<td>6.50</td>
</tr>
</tbody>
</table>

**Wastewater and effluent management**

- POME and Palm Oil Refinery Effluent (“PORE”) are treated at the wastewater pond to reduce Biological Oxygen Demand (“BOD”) and Chemical Oxygen Demand (“COD”). We ensure all our operations are in compliance with the thresholds as per local authority requirements.
- Installed system at PORE treatment plant in IOI Refinery to alert any malfunctions or when the level of the recycled water supply goes low to ensure continuous water supply, minimise waterage while avoiding accidental water discharge to the sea.
- By-products produced from effluent treatment such as POME and sludge from refinery facility, are being repurposed as organic fertiliser.

**Water withdrawal (m3/MT product)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
</tr>
<tr>
<td>4.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
</tr>
<tr>
<td>3.50</td>
<td>2.50</td>
<td>2.50</td>
<td>2.50</td>
<td>2.50</td>
<td>2.50</td>
</tr>
<tr>
<td>3.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td>2.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
</tr>
<tr>
<td>2.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
</tbody>
</table>

The result of our upstream operations shows an increase in water intensity for FY2021. We aim to improve our reporting on water performance and reduce water intensity in the next reporting year.
“Twenty-five years ago people could be excused for not knowing much, or doing much, about climate change. Today we have no excuse.”

- Desmond Tutu,
Former Archbishop of Cape Town

From Cost Reduction to GHG Reduction

As an agricultural based company, we are mindful of our industry’s impact on both environment and social ecosystems and climate change. We commit to manage our emissions more effectively by creating opportunities that contribute positively towards reducing our impact to climate change while gaining economically in our operations. To date, IOI Group has launched 6 Climate Change related initiatives and 9 collaborations and smart partnerships that embrace our adoption of the 6 relevant UNSDGs (SDG 2, 8, 12, 13, 15 and 17).
MANAGING CARBON EMISSIONS

RESPONSIBLE LAND USE

MANAGEMENT APPROACH

Maximising yield from currently available planted areas has been IOI’s strategy in response to the scarcity of arable land, our commitment towards “No Deforestation” and forms part of our Climate Change Action Initiative. We also undertake to minimise fertiliser usage by utilising wastes from our palm trees (example fronds, EFB, etc.) as additional nutrients for our land and as soil cover to keep moisture especially during the dry season. Any land use changes made according to RSPO NBP requirements and various initiatives have been introduced to improve our yield potential while preserving available conservation areas within the concession. In order to influence the industry towards similar commitments, IOI is actively involved in the High Carbon Stock Approach (“HCSA”) and is working together with industry players to break the link between deforestation and land development. Efforts have also been taken to minimise further our environmental impact from the existing 3,707 Ha of land planted on peat in accordance to the RSPO Manual on Best Management Practices and IOI’s internal Peatland Protection & Management Guideline.

OUR PERFORMANCE

GOOD AGRICULTURAL PRACTICES

IOI implements good agricultural practices by planting indigenous species along the river buffer zone to reduce soil erosion as well as to function as a biodiversity corridor for animals. Apart from that, continuous research is being conducted by the R&D Team to optimise fertiliser usage and minimise fertiliser leaching into the soil and water. Utilisation of Muscovite to reduce Phosphate-based fertiliser usage on the field is being studied as one of the initiatives to minimise usage of inorganic fertiliser.

IOI’s commitment to sustainability is also being carried out by our subsidiary, PT SНА, based in Indonesia, as part of its commitment under the high carbon stock approach. PT SNA is focused on fire prevention and firefighting to ensure a sustainable approach to maximise palm oil yields from its existing 340,000 hectares. Efforts have also been made to reduce the risk of fire from the conventional slash and burn method utilised by some farmers in land preparation for cultivation. To address this risk, PT SNA has developed a Fire Outbreak Preparedness Plan and formed strategic partnerships with relevant stakeholders in managing fire for the broader landscape. Based on past fire incidents, PT SNA has implemented several fire management initiatives as part of its focus on fire prevention.

FIRE MANAGEMENT

MANAGEMENT APPROACH

IOI’s Fire Management Guideline which was developed in 2020, has been put into practice with emphasis on fire prevention. Adoption of strategic and effective on-ground preparedness plan have effectively prevented fires from happening. Improved fire preventive measures include prioritising frequency of monitoring based on identified risk areas, utilisation of drones for monitoring, as well as collaboration with neighbouring companies, communities and governments. Active preventive measures such as preparation of fire breaks at the identified high-risk areas and adjusting monitoring frequency and preventive measures depending on weather conditions such as rainfall, humidity and heatwave data have been integrated as a holistic fire preventive measure. The effectiveness of our improved fire prevention measures in FY2020/2021, can be observed as the overall fire incidence within and outside our concessions has reduced by 91%, significantly reducing carbon emissions.

FIRE PREVENTION THROUGH CAPACITY BUILDING

Despite the current COVID-19 outbreak, IOIEO and IOIBE had managed to organise another inter-department Emergency Response Team Competition in March 2021. Six teams comprised of 15 members participated in the emergency response preparedness competition. The competition included application of fire-fighting skills such as fire hydrant-canvas hose-nozzle assembly, fire extinguishing, Iron Man challenge, first aid treatment and Self-Contained Breathing Apparatus (“SCBA”) challenge as per the Fire and Rescue Department standard. An annual fire drill involving participation from stakeholders such as Fire and Rescue Department, Hospital, Police, RELA, volunteer Fire Brigade and nearby villagers was also conducted as part of the regular capacity building programme.

GREEN ENERGY

MANAGEMENT APPROACH

With energy consumption making up more than 90% of the total carbon emissions in our downstream operations, the anticipation of rising cost in non-renewable fuels and our commitment towards the reduction of GHG emissions, various initiatives have been introduced by our operations to gradually transition towards renewable and green energy. In addition, such transition is consistent with our Climate Change Action (“CCA”) initiative and the direction towards circularity which are to reduce operational costs via innovative and energy saving technology and minimise waste generation. As reported in the previous years, IOI has taken steps to implement various energy efficient projects. Progressive reduction in carbon emissions is achieved through utilisation of alternative cleaner energy sources, repurposing of biomass from the upstream operations and utilisation of more energy efficient technology available for the industry.

OUR PERFORMANCE

TRANSPORTING TO GREEN ENERGY

IOI Oleo GmbH has taken another step to reduce its impact to climate change by matching the energy supply of their production sites to green electricity. From January 2021, the production sites in Witten and Wittenberg have completely switched to green electricity. The green electricity is generated from renewable energy sources (hydro, wind, solar, etc.), renewable raw materials (wood, straw bales, maize, organic waste, etc.) or environmentally-friendly resources which is renewable over a short period of time. Through the utilisation of green electricity, IOI Oleo GmbH would potentially save up to 7,500 Mt of CO2 emission annually. All the other operating units in IOI are progressively undergoing similar transitions with the aim of fully switching to green energy in the near future. IOI Olechemical operations in Malaysia have installed several solar energy harvesting systems to reduce dependency on sourcing electricity from the grid. Based on these activities in 2020, IOI’s Olechemical group derived about 45% of their total energy consumption from renewable sources.

ENERGY EFFICIENCY MEASURES

As part of IOI’s CCA Initiative, IOIEO continuously explores opportunities to minimise energy usage, which is one of the major sources of carbon emission in IOIEO’s operations. IOIEO is progressing in replacing existing machinery, electrical equipment and lightings to more energy-efficient alternatives. As a result of this initiative, IOIEO managed to achieve substantial carbon savings for the second half of 2020 in spite of the reduction in production due to COVID-19 pandemic. Some improvements made during the reporting period include replacing the cold-water pump with a more energy-efficient Variable Speed Drive and conventional lightings with LED spotlights.

Another measure that IOIEO had undertaken was to engage and encourage the wider industry players to adopt sustainable and energy efficiency practices in palm oil processing by publishing an article entitled ‘Sustainable Practices of an Edible Oil Refining Company’ in November 2020. The article shared several initiatives and experiences by IOIEO in energy conservation, heat recovery, resource utilisation, waste management and atmospheric emissions control. The article also highlighted the opportunities in terms of cost reduction and environmental benefits from those initiatives in palm oil refining process.
ENVIRONMENTAL PROTECTION ON BIODIVERSITY AND NO DEFORESTATION

OUR MANAGEMENT APPROACH

Managing our environmental and natural resources remains an important agenda in our sustainable development plan. Our statements on environmental stewardship and No Deforestation, No Peat, No Exploitation (“NDPE”) are clearly outlined in our SOP and supported by a systematic process detailed by our environmental related policies and guidelines.

IOI is committed to minimise and mitigate adverse impacts on the environment. We work in partnerships with relevant stakeholders to protect the biodiversity, ecosystems and landscapes across us. At the same time, IOI proactively communicates and contributes in working groups, task force and related schemes, such as the High Carbon Stock Approach (“HCSA”), HCV Malaysia Steering Committee, RSPO and MSPO Working Groups. We regularly assess our performance and progress for our environment through assessments by organisations and rating agencies as CDI, SPOT, DJI, FTSE4Good, etc., and Sustainalytics as well as engagement with them for clarification and address any gaps.

OUR PERFORMANCE

MANAGING CONSERVATION AREA, BIODIVERSITY AND WILDLIFE

IOI continues to implement programmes and measures to conserve and protect the natural environment around us. We assess all our operating units using recognised valuation standards including HCV assessment and Environmental Impact Assessment (“EIA”) to identify and manage impact. Our Biodiversity and Conservation guideline provides clear procedures for the operating units on identifying, managing, monitoring and responding to any related crisis. IOI has put in measures to protect, conserve and enhance ecosystems of its conservation area. Identified HCV and HCS areas are monitored and managed as conservation areas.

Biodiversity and Wildlife Conservation Activities

IOI actively works to protect rare, threatened and endangered (“RTE”) fauna and flora species included in national and international red books or lists (including IUCN), as well as strongly supports the hunting of hunting, processing and trafficking of wild animals. We are aware that to achieve this aim, we need to continuously collaborate with local agencies in Malaysia with expertise in these matters like the Sabah Wildlife Department (“SWD”) and the Department of Wildlife and National Parks Peninsular Malaysia (“PERHILITAN”). In Indonesia, we have signed an MoU with Balai Konservasi Sumber Daya Alam (“BKSDA”) to collaboratively protect conservation areas but on the-ground activities have been stalled due to very high covid cases in Indonesia.

Support to Minimise Human-Elephant Conflicts

In August 2020, IOI through IOIEO was involved in supporting the Ulu Malang Human Elephant Conflict (“HEC”) Volunteer Group that conducted night surveillances to minimise human-elephant conflict. The team members of the volunteer group, comprising of smallholder farmers from surrounding areas are provided with equipment and gears that are needed for their patrolling programme. The group utilises a non-invasive method by re-directing wandering elephants away from the smallholders’ estate to minimise human-elephant conflicts. The initiative involves not only mapping and tracing the elephants’ movements but to also understand their presence and needs along with their behaviours.

Oorangutan Rescue

A young orangutan was found in May 2021, by one of our workers in our IOI operating unit in Sabah. As our people are trained for such situations, they contacted the local authority. Within the same day, SWD along with WRU rushed to the scene and managed to transport the juvenile orangutan to Sepilok Orang-Utan Rehabilitation Center (“SORC”) where it received the necessary attentive care.

Promoting Biodiversity & Ecosystem Services

In December 2020, IOI Group Head of Sustainability had shared how IOI drives socio-economic values while reducing its environmental impact in a webinar organised by The Business Council of Sustainable Development (“BCSD”) Malaysia. The focus of her presentation was on “Practical Integration of Biodiversity and Conservation in the Palm Sector”.

Peatland Protection

Aligned with our NDPE commitments, IOI has no new development on peat and all our oil palm previously planted on peat adheres strictly to RSPO’s Best Management Practices, as defined in their Manual on Best Management Practices for Existing Cultivation on Peat. IOI’s implementation of NDPE includes protection of peatlands through water management and fire prevention. As part of the South Kerapang Landscape Initiative, our operating unit in Indonesia has worked with communities, local authorities and neighbouring plantations on its efforts to prevent peat fire related incidents during the last dry season. PT SNA’s surveyance and area monitoring capacity was further enhanced with regular joint patrols and fire drills with the Mayarakat Peduli Api (“MPA”) from participating villages.
NO DEFORESTATION

IOI exercises the application of High Conservation Value Resource Network ("HCVRN") and High Carbon Stock Approach ("HCSA") Resource toolkits to help us identify and conserve HCV and HCS areas for new land developments in all our operations. The Group is committed to using the latest integrated HCV-HCS assessments, led by licensed HCV assessors accredited by HCVRN Assessor Licensing Scheme ("ALS") for any future development. As stated in our SPOP, since 2016, IOI fully implements our NDPE commitments and have had a moratorium on deforestation at all operations except our SPOP, IOI is fully implementing our NDPE commitments as stated in our SPOP. In the pipeline, we are also requesting our third-party suppliers to respect the NDPE commitments while our direct suppliers have to commit that they will adhere to our NDPE commitments while our third-party suppliers have been requested to respect the NDPE commitments as stated in our SPOP. In the pipeline, we are also involved in a collaborative project called Project REleaf which builds on the pioneering Kapar Oil Palm Project on reforestation and rehabilitation in Sabah as part of our pledge to also address climate change.

NDPE Implementation in Our Third-Party Supplier

In order to ensure that our potential 3rd party suppliers are complying to IOI’s no deforestation, no peatland, no peatland burning commitments while our third-party suppliers have been requested to respect the NDPE commitments as stated in our SPOP. In the pipeline, we are also involved in a collaborative project called Project REleaf which builds on the pioneering Kapar Oil Palm Project on reforestation and rehabilitation in Sabah as part of our pledge to also address climate change. Additionally, IOI is utilizing geospatial information to continuously monitor the suppliers for any deforestation and peat clearance activity. Within this financial year, there has been no new reported grievances related to deforestation and peat clearance on our suppliers.

Engagement & Capacity Building

There was no physical engagement conducted for our suppliers for the past financial year due to the travel restrictions imposed by the government to curb the spread of COVID-19. However, continuous virtual engagement has been provided by the Responsible Sourcing Team to raise awareness on the importance of preserving biodiversity as well as adhering to our NDPE commitments. Based on the progress from the Tools for Transformation ("T4T"), none of the suppliers have new oil palm development on peat and the suppliers have good awareness on the requirement of no new planting on peat. About 90% of the suppliers have either a comprehensive or partial policy covering the NDPE requirements. Active engagements, albeit virtually, are being conducted to bring the remaining suppliers to commit to the NDPE policy.

Within the IOI Oleo group, in order to encourage more small producers to embrace responsible production, we have partnered with a Malaysian-based social enterprise, Wild Asia, to find ways to connect, support and give more value to our small producers within our supply base. The collaboration with Wild Asia is an incentive for their commitment and support for sustainable practices. The third financial benefit goes to the independent miller as an incentive for their commitment and support for sustainable production. Together with Wild Asia, IOI strives to enhance the income of independent small producers through the delivery of traceable, deforestation-free and RSPO-certified palm oil. Going forward, IOI is targeting similar groups in Sabah that are within Wild Asia’s portfolio.

Monitoring & Continuous Improvement

Sustainability performance of our suppliers is being monitored through the IOI’s Palm Oil Dashboard for continuous improvement. The dashboard was launched in December 2016 and contains information such as certified volumes, traceability numbers, supplier engagement and risk assessment, as well as links to the latest IOI Group sustainability news and grievance list. Concession boundaries for IOI Group’s operations in Sabah and Kalimantan can be found on the Geo-RSPPO (Roundtable on Sustainable Palm Oil) platform, while the Indonesian concession map is also downloadable from IOI Group’s website. Mill lists including the name, coordinates and controlling group of each mill in IOI Group’s supply chain are also published in the dashboard.
As articulated in our sustainability vision, IOI attaches great importance to adopting the latest technology that promotes sustainability and to continuously innovate in order to remain competitive. The various improvements measures undertaken in new technologies that have been implemented in our operations to improve existing systems and processes include:

- **Geospatial Technologies** for improved planning and management of resources.
- **3D printing** for creating prototypes and reducing waste.
- **Robotics** for automating repetitive tasks.
- **Artificial Intelligence** for predictive maintenance and operational efficiency.
- **Internet of Things (IoT)** for real-time data collection and analysis.
- **Blockchain** for secure and transparent record-keeping.

Meat the need for increased productivity and operational efficiency, IOI is exploring the potential of bio-lubricants to explore potential applications in the refining process. Results from the study have successfully conducted to compare the lubrication performance of the bio-lubricant with the synthetic base lubricant. The study was externally recognised by renowned international research firm International Data Corporation (IDC) where IOI’s Group Managing Director and Chief Executive was recognised as Malaysia’s Digital Transformation (DX) Executive of the Year for 2021.

At IOI Oleochemicals operations, as part of their efforts to reduce operational carbon emissions and costs, energy usage efficiency is monitored through Visual MESS Energy Management System (“EMS”), a software that provides visibility of energy flow and energy consumptions to achieve optimum energy efficiency. IOI Oleochemicals is in the initialisation process through the implementation of Realtime Prod Organisation Management (“RPO-OM”) that works with Energy Management Systems to monitor and optimise energy use in operations. Both systems are now in the initial phase of implementation.

IOI Eco and IOIPE are enhancing their operations’ efficiency through smart automation, which is in line with Industry 4.0. The RPA tool was developed to allow manual transaction and gathering of clinical data for research and development. The tool also has the ability to allow the user to automate processes, conduct inspection, and update relevant data through smart devices. The Predictive Maintenance (“PdM”) system was also developed to provide automated system generated notifications to the management whenever any machinery requires maintenance or repair.

IOI’s commitment and progress towards digital transformation was externally recognised by renowned international research firm International Data Corporation (“IDC”) where IOI’s Group Managing Director and Chief Executive was recognised as Malaysia’s Digital Transformation (“DX”) Executive of the Year for the year 2021.

Behind the achievements of our sustainability vision lies a long-term strategy that integrates technology, innovation, and excellence in the business. To achieve this, IOI has been investing in R&D to explore potential applications of bio-lubricants. Results from the study have successfully conducted to compare the lubrication performance of the bio-lubricant with the synthetic base lubricant. The study was externally recognised by renowned international research firm International Data Corporation (IDC) where IOI’s Group Managing Director and Chief Executive was recognised as Malaysia’s Digital Transformation (DX) Executive of the Year for 2021.

Aside from improvement in yield, IOI is also developing disease- tolerant planting material and utilizing innovative plantation practices as a preventive measure from infection and to reduce reliance on pesticides and other chemicals. IOI Research Centre (“IOIRC”) is currently conducting screening of planting material that is Ganoderma tolerant in DaP hybrids derived from the IOI mother palm. Ganoderma tolerant material potentially increases the lifespan of the oil palm as compared to the normal material. Field sanitation practices have also been implemented to reduce the Ganoderma contaminated fields as they have undergone double ploughing and harrowing in high Ganoderma incident areas, successfully sustain the palm stand of more than 95% after 12 years of plantation. As part of the CCAD initiative to reduce GHG emissions from land use change, research focusing on short stature oil palm is also now being carried out to prolong the annual height increment to achieve a longer replanting cycle.

Meat the need for increased productivity and operational efficiency, IOI is exploring the potential of bio-lubricants to explore potential applications in the refining process. Results from the study have successfully conducted to compare the lubrication performance of the bio-lubricant with the synthetic base lubricant. The study was externally recognised by renowned international research firm International Data Corporation (IDC) where IOI’s Group Managing Director and Chief Executive was recognised as Malaysia’s Digital Transformation (DX) Executive of the Year for 2021.
Once you understand the destruction taking place, unless you do something to change it, you become involved in a chain of tragedy. You can continue to be engaged in that strategy of tragedy, or you can design and implement a strategy of change.

- Michael Braungart, William McDonough

Achievements to date:
Completed SAP roll-out on 2nd September 2020.
All IOI employees including 21,000 workers will be fully vaccinated by end 2021.
Year 2 T4T IOI’s Report on Suppliers:
  94% No new planting on peat.
  75% Freedom of Association for workers.

From Accountability to Traceability and Transparency

IOI’s focus on sustainability, governance and accountability are extending beyond our operations to those of our vendors, resource suppliers and agents. Through greater engagement and smart partnerships as well as verification and compliance processes, we can ensure that our commitments and actions are in alignment with our core values and principles together with our 3 Pillars of Sustainability (People, Planet and Prosperity).
FOCUS AREA: FROM ACCOUNTABILITY TO TRANSPARENCY

RESPONSIBLE BUSINESS

MANAGEMENT APPROACH

Good governance ensures the rule of law throughout all levels of our business operations and is an essential aspect of our sustainable approach. Specifically, a strong governance structure as well as effective management controls with roles, responsibilities, and accountability clearly stated, ensure that we operate in accordance to all applicable laws and regulations, deliver competent business performance and safeguard the interests of our stakeholders while continuing to create long-term sustainable values. Our Board of Directors are selected from a variety of backgrounds with relevant industry knowledge, skills and experience that bring diversity and values. The details on the Board’s structure, roles and profiles can be found in the Group’s Annual Report (Page 72 to 77). Our updated approaches towards corporate governance practices including codes of conduct, frameworks, policies, guidelines and our Corporate Governance Overview Statement are available in our website.

OUR PERFORMANCE

REGULATORY COMPLIANCES & BUSINESS ETHICS

At IOI, we are committed to working with “integrity” (one of IOI’s core values) and to upholding the highest standard of work ethics in line with our Code of Business Conduct and Ethics (“The Code”). The Code provides guidance on the standards of behaviour expected of all employees of IOI Group, whereas the supplementary Code of Ethics for Directors is formulated for new on-boarding and existing directors. All new employees are informed on The Code during their on-boarding training and The Code is available at our websites and IOI’s own intranet. Our policies, guidelines and procedures can also be accessed via the company’s intranet. Other company policies are also communicated to our employees during training or on-boarding sessions.

The Group’s Business Ethics, Compliance, Anti-Corruption and Anti-Money Laundering Policy further complements our zero-tolerance approach towards corruption in any form including our stance against kickbacks, gifts, hospitality and entertainment, protection money and political contributions. IOI does not partake in political involvement of any kind on the company’s behalf and commits to disclose any political donations in our annual report. This financial year, IOI has recorded zero report on corruption and did not make any political contribution.

IOI’s Tax Policy sets the direction on how all business operations within the company conduct matters regarding tax. The policy sets the approaches that ensure IOI manages matters regarding tax in a fair and responsible manner. We are committed to tax transparency as reported in our Annual and Financial Report, compliance with tax laws and follow the spirit of the law or engage in tax fairness in the country.

RISK MANAGEMENT, TRANSPARENT GRIEVANCE RESOLUTION AND COMMUNICATION

As one of the top six materiality matters of 2021, IOI views the above matter very seriously. To enable all stakeholders to express and communicate their concerns easily and freely over our operational impacts that may require improvement or remediation due to the possibility of misalignment with our policies and best practices, IOI has provided multi-channels for these matters to be reported either transparently or anonymously, if required. For example, the Group has implemented an open and transparent whistleblowing approach to resolve both internal and external stakeholder grievances. Stakeholders are encouraged to submit their grievances if they find any part of our operational or supply chain are not operating in line with the principles stated in the Group’s SOP.

Any case submitted through these channels will be processed transparently with the involvement of affected stakeholders. IOI also commits to safeguard all stakeholders involved in the grievance process against potential threats, intimidation, violence, or reprisal throughout the process. To effectively manage all of our sustainability and operational risks, the Group coordinates risks and audit oversight through the Enterprise Risk Management (“ERM”) framework which is maintained by the Board-levelAudit and Risk Management Committee (“ARMC”). The sustainability risks that concern our operations are environmental, social and governance matters which include but are not limited to: human rights, local community grievances, occupational health and safety, fire management, deforestation, climate change, biodiversity, and peatland protection. These risks are managed at the business unit level and are guided by approved guidelines and SOP.

Results of the investigation and progress of issues are transparently published in the IOI grievance list and communicated to the affected stakeholders. The grievance list and our whistleblowing channels can be accessed through our website.

CYBER SECURITY & DATA PRIVACY

The COVID-19 pandemic has led to most of our employees needing to work from home in adherence to the Movement Control Orders (“MCO”) imposed by the government. Therefore, IOI has taken necessary measures to tighten our cyber security and data privacy to guard against the threat of hacking and ransomware, a risk on the internet that is especially prevalent during the pandemic.

IOI deploys multi-level IT security from network perimeter Firewall, anti-spam email scanning and inspection to endpoint security at the user level. Moving forward, we will also be improving our security patch management, implement DNS appliance as well as Group-wide security vulnerability scanning which will allow the Group to patch recommended systems, thus minimizing the risk of security exploitation.

CORPORATE SUSTAINABILITY AND COMMUNITY OUTREACH

COMMUNITY OUTREACH, INITIATIVES AND DEVELOPMENT

MANAGEMENT APPROACH

Operating with a vast footprint in various regions, IOI is cognizant of the role that we can play for the surrounding community even at regional levels. We, therefore, continuously implement initiatives and projects to empower and ensure our surrounding communities are progressing and developing together with the company.

To this end, IOI has established various processes to ensure the rights of the communities are protected prior to any development through the PPPC process. Further, at IOI’s operating units, stakeholder’s engagement process with local communities are in place such as quarterly or annual meetings, mechanisms to collect, record and address complaints or grievances, etc. In addition, relationship building and needs of local communities are generally addressed through SAs and community meetings. Grievance mechanism is also socialised to the communities to provide a clear procedure for the communities to escalate complaints to the company throughout multiple development and operation stages.

OUR PERFORMANCE

YAYASAN TAN SRI LEE SHIN CHENG (“YTLSC”)

IOI continues to fulfill its Corporate Social Responsibility (“CSR”) in education, medical and community initiatives through YTLSC. This financial year, YTLSC contributed RM44.1 million, with a total of RM288,000 given to various parties as contribution for COVID-19 pandemic.

- Student Adoption Programme
  - RM7.78 million to 1,046 students
- Scholarships
  - RM9.83 million to 302 students
- Education assistance to well performing students
- Career opportunities upon graduation
- Young Achievers’ Award
  - RM624,000 to 1,497 students
- Employee Medical Aid
  - RM22.65 million
- Development of Schools
  - RM22.65 million
- Medical aid to employees who required emergency treatment
  - RM1.13 million
- Medical aid to employees who required emergency treatment
  - RM266,000
- Social enterprise reselling of pre-used items for the benefit of communities and various charities
  - RM13.94 million
- Research and Development
  - RM240,000
- Collaboration with University Malaya on palm oil palm research project
ENGAGNG WITH SCHOOLS ON COVID-19

IOI continues to support our surrounding communities throughout the COVID-19 pandemic through various initiatives. For example, in response to the pandemic, IOI has extended the “Resealable Face Mask” Initiative to children living within our plantation. In July 2020, about 14,000 pieces of resealable face mask was distributed to schoolchildren studying at Humana Schools and Community Learning Centres at our operating units in Sandakan and Lahad Datu, Sabah.

IOI Oleochemical Industries Berhad (IOI Oleo) had also donated 240 boxes of face masks for underprivileged students from Sekolah Kebangsaan Khir Johari, Prai, Sekolah Jenis Kebangsaan (Tamil) Ladang Pree, Sekolah Jenis Kebangsaan Tamil Prai and Sekolah Jenis Kebangsaan Cina Boon Beng, Sempang Amput in Penang. Furthermore, IOI Oleo donated hand sanitisers to Sekolah Kebangsaan Khir Johari (Prai), Sekolah Jenis Kebangsaan Tamil (Prai), Sekolah Jenis Kebangsaan Cina Chung Hwa 2 (Bagan) and Sekolah Menengah Sains Tun Syed Sheh Shahabuddin (Bukit Mertajam). Each school was given 25 lines of in-house hand sanitisers produced by the Company’s Quality Control Department.

IOI Oleo, in “adopting” Sekolah Kebangsaan Seri Alam 2, Menengah Sains Tun Syed Sheh Shahabuddin (Bukit Mertajam), Sekolah Jenis Kebangsaan Cina Chung Hwa 2 (Bagan) and Sekolah Kebangsaan Khir Johari (Prai), Sekolah Jenis Kebangsaan Tamil (Prai), Sekolah Jenis Kebangsaan Cina Chung Hwa 2 (Bugar) and Sekolah Menengah Sains Tun Syed Sheh Shahabuddin (Bukit Mertajam). Each school was given 25 lines of in-house hand sanitisers produced by the Company’s Quality Control Department.

SUPPORTING FRONTLINERS DURING COVID-19 PANDEMIC

Recognising the importance of the duty our frontliners had to carry out to curb the spread of COVID-19, IOI Edible Oils (“IOIEO”) had contributed by the Company’s Quality Control Department.

Based on the results of the Community Participatory Mapping, the company decided to excise from the Provisional Lease approximately 4,600 hectares of land and keep the remaining 4,400 hectares which had been planted by company.

SMALLHOLDERS AND OUTGROWERS

MANAGEMENT APPROACH

Currently, 40% of the total worldwide palm oil production originated from smallholders. As such, IOI recognises the importance smallholders play in our supply chain. To support their journey towards sustainability, IOI initiated several capacity building initiatives with the purpose of helping them implement best management practices to increase their yield and to assist them in preparing for mandatory sustainability certifications like Malaysian Sustainable Palm Oil (“MSPO”) and Indonesian Sustainable Palm Oil (“ISPO”).

OUR PARTNERING WITH WAGS TO SUPPORT SMALLHOLDERS

IOI’s Responsible Sourcing Team has partnered with Malaysian-based social enterprise Wild Asia to find ways to support economically vulnerable small producers within our supply base during these uncertain times. The Wild Asia Group Scheme (“WAGS”) is a programme formalised in 2011 to enhance local capacity in the oil palm sector as well as to support independent farmers and producers towards sustainable production. It aims to build a network of farmers who grow healthy and sustainable produce for the benefit of the ecosystems and the environment.

This partnership with WAGS has helped to enhance the income of our small producers through the delivery of traceable, deforestation-free and Roundtable on Sustainable Palm Oil (“RSPO”)-certified palm oil. Our first physical raw material connection with the WAGS team completed in July 2020 in Perak.

PROJECT ILHAM

IOI continues to work with Bunge Loders Croklaan (“BLC”), Kenny Group and Fortuna Mill on the Initial Land Use for Hazel Agriculture Mapan (“ILHAM”) programme despite the restriction of movements caused by the COVID-19 pandemic. In total, more than 150 MT of fertilisers have been distributed to the farmers from five different communities since the beginning of the programme in 2018.

On 24 February 2021, a team from BLC, IOI Research Centre and Fortuna conducted a foliar and soil resampling exercise in Kampung Basai, Perak. The smallholders were also given guided sessions on how to prepare their upcoming MSPO audit.

The smallholders were also given guided sessions on how to prepare their upcoming MSPO audit.

In July 2020, IOI UNICO Group and IOI Sustainable Palm Oil (SPO) team organised a series of training sessions for major outgrowers and smallholders who supply FFB to Unico Oil Mill, as well as interested participants from neighbouring estates. The objectives of the training were to improve the quality of FFB and palm oil production from external suppliers, improve the overall oil extraction rate, as well as demonstrate to smallholders how to identify quality good FFB. The smallholders were also given guided sessions on how to prepare for their upcoming MSPO audit.
OUR WORKFORCE

MANAGEMENT APPROACH

IOI is committed to upholding the rights of our workers in accordance with the Universal Declaration of Human Rights, the International Labour Organization’s ("IOO") core conventions etc., as stated in our SOP. Specifically, some of the ILO core conventions adopted by IOI are: Right to Organize and Collective Bargaining Convention, Forced Labour Convention and Worst forms of Child Labour Convention.

The palm oil industry is among the most regulated industries in Malaysia, with over 100 laws and regulations to ensure continuous scrutiny from various stakeholders such as non-governmental organisations (“NGOS”), customers, governments and their agencies, etc. On IOI’s part, knowing that our workforce is one of our most important assets, we have put in considerable efforts to improve the social aspects of our employees which include raising their living standards and ensuring a working condition that is safe and healthy especially during the pandemic. Aside from regular monitoring based on our established social management guidelines, IOI also conducts statistical analysis on rate of turnovers or absences as one of the indicators to gauge our performance in the social aspects. As one of the company’s initiatives to appreciate and maintain our workforce, IOI employees received regular performance and career development reviews annually. In FY2021, all employees received their performance reviews.

All grievances received from internal and external stakeholders are being monitored closely by the sustainability team. The company continuously engages with NGO’s, worker’s rights specialist, certification bodies such as RSPO, ISCC and MSPO, complainants etc., to address any grievances through our established grievance channel2. Our transparent and proactive measures in resolving the matters raised are reported in the grievance update at our website3.

For further improvement, analysis of all the recorded grievances will be performed. The analysis will consist of number of grievances recorded from each operating unit, channel used, type of grievance/requests, nationality and other relevant parameters. Information from this analysis will be used to improve our system and processes and eventually minimize the number of grievances from our employees and stakeholders.

OUR PERFORMANCE

MONITORING HUMAN RIGHTS AND LABOUR CONDITIONS

IOI's plantation sector has established the Group Social Impact Assessment (“GSA”) as the general guideline for implementing social matters including workers' rights. All related labour conditions, methodology of social impact assessment, Grievance Procedure, Harassment Reporting Procedure, facilities, etc. are documented in the GSA as the main reference for plantation group.

Human rights and labour conditions have become one of the main focuses for IOI in year 2020/2021. In response to these concerns, IOI Plantation has introduced more guidelines to provide clarity and accountability, and to further enhance the monitoring and practices at the plantations to ensure the rights of our workers are protected.

Compliances on human rights and labour conditions were monitored annually through internal third-parties certification audits at our 14 palm oil mills and 84 estates in Malaysia. Each grouping was audited at least two times per year (RSPO and MSPO) except for Gamuda Park, Pakin Grouping, Labang Sahab Group, System Group and Lepang Group which have been audited three times a year (under RSPO, MSPO and ISCC). This basically means that we are audited at least 33 times in a year, across Peninsular and Sabah and Sarawak. Any non-compliances including those related to human rights will be shared during internal regional meetings to make sure all operating units adopt the necessary corrective actions group wide to prevent occurrence of the same findings in other estates.

RESPONSIBLE RECRUITMENT PRACTICE

Responsible recruitment is one of the top 6 materiality identified to be most relevant to both IOI’s business and our stakeholders. As such, we have a Code of Conduct ("CC") on Ethical Recruitment and Responsible Employment, the framework of which consists of Governance and Our Employment Approach. Details on the CoC can be referred to the end of this report. Another indication that we view responsible recruitment as an important matter was evidenced by the fact that one of the topics of our 1st Sustainability Consultation Forum (“SCF”) was on responsible recruitment. This inaugural SCF with Business for Social Responsibility ("BSR") as facilitator was to gather feedback from various stakeholders on systemic issues, i.e., 1) Responsible Recruitment Practices, particularly in Peninsular Malaysia, and 2) Legislation, particularly in Sabah. It was conducted on 28th May 2021 and was attended by our SAP members, government agencies from the labour departments, RSPO, MSPO as well as some brand namers. The following are some of the recommendations from the forum4:

- Develop and execute an industry code of conduct, which should be overseen at the industry body level e.g. by the Malaysian Palm Oil Board ("MPOB") or Malaysian Palm Oil Association ("MPOA").
- Develop and execute sectoral strategy and roadmap to illustrate how this plays out, all in compliance with Malaysia law.
- Develop a communication strategy to:
  - Build influence with the source countries' governments.
  - Reach out to potential employees through various avenues including social media to publicise knowledge about workers' rights and working conditions at the right time.
  - Continue the industry reforming process which is necessary to achieve long-term change and success.

1 https://www.ioigroup.com/Content/S/track
2 https://www.ioigroup.com/Content/HR/GrievancesFormatPDF
3 https://www.ioigroup.com/Content/HR/Grievance_Offer.pdf

PAY AND WORKERS’ BENEFIT

IOI had revised and published the Guideline for Minimum Wage and Leave Pay in November 2020 to strengthen our commitment as stated in the SFSP. As presented in the ‘Fair and Decent Living Wage Study’ by Monash University in which IOI participated together with other growers in 2019, generally, the salaries earned by our workers together with the benefits received such as housing, medical, utilities, etc., is found to be higher than the standard living wage in their source country. Other in-kind benefits to our workers living in the plantation are access to education and facilities for their children, day care centres, sports facilities, sundry shops, places of worship, transport facilities, etc. In Peninsular Malaysia, all workers’ rights are subject to the National Union of Plantation Workers (“NUPW”) agreement as of 2020 and are being implemented regardless of nationality. To further improve our salary management, IOI introduced the SAP ERP system to ensure all payments are controlled and centralised by IOI HQ since Q4 of 2019. In addition, as a means of monitoring the wages, the SAP system also generated a Minimum Wage Monitoring Report. IOI Plantation also implemented a new guideline on Worker’s Work Verification Guideline in May 2021 to enable workers to verify their work done to ensure the hours that they have worked are reflected correctly in the salaries that they received.

GRIEVANCE MECHANISM PROCESS

ACCESS AND ANALYSIS ON INTERNAL GRIEVANCES, REQUEST AND COMPLAINT

IOI commits to the highest level of transparency while dealing with grievances from our stakeholders, especially our employees. We have established the Grievance Resolution Process as a clear means to address any issues raised within IOI operations. To strengthen our grievance resolution process and for the purpose of continuous improvement, we have conducted analysis on reported grievances, requests and responses from our employees including workers, staff and management and external stakeholders including neighbouring communities within our plantations in Malaysia. The data from the last two financial years were compiled and prepared by our sustainability personnel on the ground. There are several channels available for reporting grievances for internal stakeholders as well as external stakeholders to address any grievance/requests from external stakeholders such as schools, Humana, neighbouring villages, government sector etc. The type of grievances issues reported and details of respondents, such as name, nationality, gender, position and status of the report were also recorded.
Issues related to IOI’s recruitment process for foreign workers has been highlighted this year through Finnwatch, RSPO and several media reports. IOI has engaged with Finnwatch and RSPO to discuss the concerns and share evidence of the actions taken. The resolution of the issues raised can be referred to our website.

In August 2020, Finnwatch contacted IOI regarding several allegations brought by a worker’s relative related to housing facilities, disagreement on wage payments, etc., which occurred at Mekassar Estate. Several virtual meetings with Finnwatch and the complainant and their colleagues were conducted to discuss the grievances and share evidence that the grievances highlighted are being addressed. Details of the grievances update and the resolution of the issues raised can be referred to our website. On 30th June 2021, Finnwatch had published their report. The report provided various recommendations to IOI as part of our continuous improvement on existing systems and processes. Among corrective actions already implemented are the establishment of Guidelines on Providing Basic Amenities, Guidelines for Minimum Wage and Leave Pay, Workers’ Work Verification Guidelines, related refresher trainings on harassment, grievance handling, etc. Almost the same issues were raised by the same complainant to RSPO in October 2020 and the details of the progress of the complainant can be found at RSPO website.

In August 2020, Finnwatch contacted IOI regarding several allegations brought by a worker’s relative related to housing facilities, disagreement on wage payments, etc., which occurred at Mekassar Estate. Several virtual meetings with Finnwatch and the complainant and their colleagues were conducted to discuss the grievances and share evidence that the grievances highlighted are being addressed. Details of the grievances update and the resolution of the issues raised can be referred to our website. On 30th June 2021, Finnwatch had published their report. The report provided various recommendations to IOI as part of our continuous improvement on existing systems and processes. Among corrective actions already implemented are the establishment of Guidelines on Providing Basic Amenities, Guidelines for Minimum Wage and Leave Pay, Workers’ Work Verification Guidelines, related refresher trainings on harassment, grievance handling, etc. Almost the same issues were raised by the same complainant to RSPO in October 2020 and the details of the progress of the complainant can be found at RSPO website.

In August 2020, Finnwatch contacted IOI regarding several allegations brought by a worker’s relative related to housing facilities, disagreement on wage payments, etc., which occurred at Mekassar Estate. Several virtual meetings with Finnwatch and the complainant and their colleagues were conducted to discuss the grievances and share evidence that the grievances highlighted are being addressed. Details of the grievances update and the resolution of the issues raised can be referred to our website. On 30th June 2021, Finnwatch had published their report. The report provided various recommendations to IOI as part of our continuous improvement on existing systems and processes. Among corrective actions already implemented are the establishment of Guidelines on Providing Basic Amenities, Guidelines for Minimum Wage and Leave Pay, Workers’ Work Verification Guidelines, related refresher trainings on harassment, grievance handling, etc. Almost the same issues were raised by the same complainant to RSPO in October 2020 and the details of the progress of the complainant can be found at RSPO website.

In August 2020, Finnwatch contacted IOI regarding several allegations brought by a worker’s relative related to housing facilities, disagreement on wage payments, etc., which occurred at Mekassar Estate. Several virtual meetings with Finnwatch and the complainant and their colleagues were conducted to discuss the grievances and share evidence that the grievances highlighted are being addressed. Details of the grievances update and the resolution of the issues raised can be referred to our website. On 30th June 2021, Finnwatch had published their report. The report provided various recommendations to IOI as part of our continuous improvement on existing systems and processes. Among corrective actions already implemented are the establishment of Guidelines on Providing Basic Amenities, Guidelines for Minimum Wage and Leave Pay, Workers’ Work Verification Guidelines, related refresher trainings on harassment, grievance handling, etc. Almost the same issues were raised by the same complainant to RSPO in October 2020 and the details of the progress of the complainant can be found at RSPO website.

In August 2020, Finnwatch contacted IOI regarding several allegations brought by a worker’s relative related to housing facilities, disagreement on wage payments, etc., which occurred at Mekassar Estate. Several virtual meetings with Finnwatch and the complainant and their colleagues were conducted to discuss the grievances and share evidence that the grievances highlighted are being addressed. Details of the grievances update and the resolution of the issues raised can be referred to our website. On 30th June 2021, Finnwatch had published their report. The report provided various recommendations to IOI as part of our continuous improvement on existing systems and processes. Among corrective actions already implemented are the establishment of Guidelines on Providing Basic Amenities, Guidelines for Minimum Wage and Leave Pay, Workers’ Work Verification Guidelines, related refresher trainings on harassment, grievance handling, etc. Almost the same issues were raised by the same complainant to RSPO in October 2020 and the details of the progress of the complainant can be found at RSPO website.
In March 2021, IOI submitted our pledge “To counter child labour via education post-COVID”. Provide educational platform access to our employees’ children by 2021” in conjunction with International Year for Elimination of Child Labour. To meet this pledge to ILO, IOI will be providing additional education platforms for our children in the plantation with the specific focus on reducing their learning gaps due to the lockdowns brought about by the COVID-19 pandemic. The initiative will be launched at all regions where we operate by end of 2021, followed by awareness and socialisation as well as training regarding the educational platform.

On other children’s rights such as ensuring that they are protected from all forms of violence, sexual harassment or any exploitation and that their development and wellbeing are taken care of, the WEC are tasked to oversee such issues in the plantation. The company also provides free access to our estate’s health facilities for children and transportation if medical treatment is needed.

IOI is vigilant on ensuring that the safety and health of all our employees across our operations especially during the pandemic remains our prime concern. All COVID-19 SOPs and measures are adhered to and implemented for all levels of employees to make certain that we stop the spread of COVID-19. Vaccination programmes are put in place and we target to achieve full vaccination for all of our employees including foreign workers by the end of 2021.

Our safety and health measures are governed by our Occupational Safety, Health, and Hygiene Policy to ensure our compliance to the national occupational safety and health laws, regulations, statutory requirements, relevant standards and approved codes of practices and guidelines. To that end, IOI has a Safety and Health Committee, established and involved workers and management, that meets regularly to discuss workplace safety and health issues such as trends of accidents, near-miss accidents, dangerous occurrences, occupational diseases etc. Fatal incidents are reported to both the Department of Occupational Safety and Health and the police and the upper management notified. The root cause of the incidents is investigated and corrective/preventive actions taken. All contractors engaged by the operating units are issued with the Safety and Health Contractor Contract.

SAFETY AND HEALTH PERFORMANCE

<table>
<thead>
<tr>
<th>Injury Rate per Million Hours</th>
<th>Occupational Disease Rate per Million Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.61</td>
<td>0.00</td>
</tr>
<tr>
<td>1.03</td>
<td>0.00</td>
</tr>
</tbody>
</table>

In March 2021, IOI submitted our pledge “To counter child labour via education post-COVID”. Provide educational platform access to our employees’ children by 2021” in conjunction with International Year for Elimination of Child Labour. To meet this pledge to ILO, IOI will be providing additional education platforms for our children in the plantation with the specific focus on reducing their learning gaps due to the lockdowns brought about by the COVID-19 pandemic. The initiative will be launched at all regions where we operate by end of 2021, followed by awareness and socialisation as well as training regarding the educational platform.

On other children’s rights such as ensuring that they are protected from all forms of violence, sexual harassment or any exploitation and that their development and wellbeing are taken care of, the WEC are tasked to oversee such issues in the plantation. The company also provides free access to our estate’s health facilities for children and transportation if medical treatment is needed.

IOI is vigilant on ensuring that the safety and health of all our employees across our operations especially during the pandemic remains our prime concern. All COVID-19 SOPs and measures are adhered to and implemented for all levels of employees to make certain that we stop the spread of COVID-19. Vaccination programmes are put in place and we target to achieve full vaccination for all of our employees including foreign workers by the end of 2021.

Our safety and health measures are governed by our Occupational Safety, Health, and Hygiene Policy to ensure our compliance to the national occupational safety and health laws, regulations, statutory requirements, relevant standards and approved codes of practices and guidelines. To that end, IOI has a Safety and Health Committee, established and involved workers and management, that meets regularly to discuss workplace safety and health issues such as trends of accidents, near-miss accidents, dangerous occurrences, occupational diseases etc. Fatal incidents are reported to both the Department of Occupational Safety and Health and the police and the upper management notified. The root cause of the incidents is investigated and corrective/preventive actions taken. All contractors engaged by the operating units are issued with the Safety and Health Contractor Contract.
RESPONSIBLE SOURCING AND TRACEABILITY

MANAGEMENT APPROACH

Sourcing from responsible and traceable third-party sources has always been a priority for IOI so that our products can be sustainably produced and thereby ensure that the overall palm oil supply chain is adhering to our sustainability commitments. Suppliers entering our supply chain have to go through pre-qualification and screening stages to ensure they are committed to meeting our SPOP. IOI is fully aware that sustainability is a journey. Various programmes and engagements have been initiated to support our suppliers for continuous improvement. Travelling restrictions due to the COVID-19 pandemic has transformed our strategy in engaging with our suppliers as we shifted towards utilising digital avenues for engagement. Such a transformation has opened up new opportunities for both IOI and the suppliers to communicate more often for more progressive improvement.

IOI continues to utilise the Tools for Transformation ("T4T") platform for our engagement with suppliers. As reported in the last two years, T4T is an online system to help IOI engage with our suppliers, improve their practices on the ground and report progress.

OUR PERFORMANCE

RESPONSIBLE SOURCING

Between April to August 2021, IOI conducted the workers’ welfare programme to increase suppliers’ awareness in countering forced labour, which is a part of the No Exploitation commitment in the NDPE commitments. The programme aims to evaluate suppliers’ current practices as well as to provide training and solutions to make improvements and close the identified gaps.

An online engagement programme with our suppliers also covered traceability of the supply chain and continuous monitoring practices to prevent deforestation. The programme was conducted between May to August 2021 with the aim of increasing awareness on the importance of improving transparency of fresh fruit bunches (“FFB”) sources and the establishment of a monitoring and engagement system.

As mentioned earlier, evaluating suppliers’ performance through T4T is part of our commitment to continually monitor and support the transformation of our supply chain. The T4T self-assessment platform has been well-received by the suppliers. IOI is planning to conduct verification on the information and data submitted by the suppliers in order to get assurance on the data.

TRACEABILITY AND SUPPLY CHAIN MANAGEMENT

Supply chain traceability is an important aspect of IOI’s supply chain management as the collection of traceability data enables us to have awareness of our supply base and enhance their visibility in terms of their operations. High level of supply chain traceability and active monitoring of the suppliers help minimise the risk of deforestation within our supply chain and improve buyers’ confidence in our products. As traceability to plantations is always a challenge for any industry player due to the complicated structure of the oil palm supply chain, additional efforts have been put in place to ascertain that the traceability data from our suppliers are verifiable. On IOI’s part, we have engaged a third-party consultancy firm to conduct an independent verification exercise to ensure that the traceability data to plantations is reliable and accurate.

Suppliers’ compliance and verification

IOI, through its Responsible Sourcing department had been collaborating with Earthworm Foundation (“EF”) utilising the T4T, since July 2018. Initial assessments were done in 2018/2019 to assess the suppliers’ performance level against 14 Sustainability KPIs deemed to be pertinent to NDPE. Training and capability building programmes were then planned using the data analysed from T4T and from risk profiling information. Every year we will focus on specific KPIs and the report is made available publicly in our website. Adoption of T4T allows suppliers to conveniently perform self-reporting and use the self-help materials to close identified gaps. The suppliers are encouraged to formulate action plans to resolve the identified gaps with necessary support from IOI by sharing relevant best practices and guidelines through the T4T platform.

The Year 2 T4T report on the progress made by our suppliers on meeting NDPE requirements was published on 8th March 2021. More than 90% of the supplying mills participated in the assessment and the report showed that there was a high level of compliance to no new planting on peat, children in plantation, traceability and freedom of association. The data analysis generated by the T4T system has highlighted critical issues and allowed us to take immediate action, particularly on children in plantation as well as traceability.

T4T results on supply base on Peat, Children in Plantation, Traceability and Freedom of Associations show that:

- 94% of suppliers reported no development on peat
- 96% of the supplying mills have signed and communicated a No Child Labour policy
- 75% of supplying mills have a worker’s association or an informal workers’ committee/representative that is accessible to their workers.

In addition to this, 90% of the mills have also informed workers of this right through briefings and trainings.

GRIEVANCES FROM SUPPLIERS

IOI believes that every supplier should be given the opportunity to improve and provide assistance to the suppliers during their difficult period of adjustment in order to address any breach of conduct with time bound action plans, from which will eventually help the industry to transform. Within this financial year, no new grievance case was recorded against our third-party suppliers. However, our Supplier Engagement Team is continuously providing support to the suppliers involved in past grievances with the aim of creating a more sustainable supply chain within the industry, i.e., the team had engaged with four direct suppliers and two indirect suppliers regarding allegations related to deforestation and forced labour. Details of the grievances against them can be assessed through IOI’s Grievance List3.

21% of suppliers collected comprehensive traceability data and 79% of suppliers have reported collecting partial traceability information.

Further analysis of the data showed dramatic improvements as over 74% of the responding mills are collecting GPS coordinates from their direct FFB suppliers compared to 40% in the previous year.

79% of supplying mills have a worker’s association or an informal workers’ committee/representative that is accessible to their workers.

3 https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?intNewsID=1030
5 https://www.iosg.org/Content/MEDIA/IOI_Track
SUSTAINABILITY PERFORMANCE METRICS

ECONOMIC PERFORMANCE DATA

<table>
<thead>
<tr>
<th>In RM million unless otherwise stated</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before interest and taxation</td>
<td>1,740.6</td>
<td>1,137.9</td>
<td>1,076.8</td>
<td>1,380.6</td>
<td>1,401.4</td>
</tr>
<tr>
<td>Profit attributable to owners of the parent</td>
<td>1,394.3</td>
<td>600.9</td>
<td>631.7</td>
<td>3,060.5</td>
<td>743.2</td>
</tr>
<tr>
<td>Equity attributable to owners of the parent</td>
<td>10,895.4</td>
<td>9,296.2</td>
<td>9,296.5</td>
<td>9,156.3</td>
<td>7,457.4</td>
</tr>
<tr>
<td>Return on average shareholders’ equity (%)</td>
<td>14.45</td>
<td>6.46</td>
<td>6.85</td>
<td>36.84</td>
<td>10.18</td>
</tr>
<tr>
<td>Basic earnings per share (sen)</td>
<td>22.26</td>
<td>9.57</td>
<td>10.05</td>
<td>48.70</td>
<td>11.82</td>
</tr>
<tr>
<td>Dividend per share (sen)</td>
<td>10.5</td>
<td>8.0</td>
<td>8.0</td>
<td>20.5</td>
<td>9.5</td>
</tr>
<tr>
<td><strong>PLANTATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFB production (MT)</td>
<td>2,917,621</td>
<td>3,097,262</td>
<td>3,398,847</td>
<td>3,514,857</td>
<td>3,155,628</td>
</tr>
<tr>
<td><strong>MANUFACTURING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oleochemical</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant utilisation (%)</td>
<td>76</td>
<td>77</td>
<td>82</td>
<td>83</td>
<td>80</td>
</tr>
<tr>
<td>Sales (MT)</td>
<td>648,159</td>
<td>669,854</td>
<td>714,131</td>
<td>714,024</td>
<td>697,421</td>
</tr>
<tr>
<td>Refinery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant utilisation (%)</td>
<td>65</td>
<td>69</td>
<td>65</td>
<td>69</td>
<td>65</td>
</tr>
<tr>
<td>Sales (MT)</td>
<td>2,217,093</td>
<td>1,978,782</td>
<td>1,917,199</td>
<td>2,152,800</td>
<td>1,414,773</td>
</tr>
</tbody>
</table>

Note: 1. The sales (MT) of FY2018 includes eight (8) months’ results of discontinued operations

Source: IOI Corporation Berhad Annual Report 2021

WORKPLACE PERFORMANCE

NUMBER OF EMPLOYEES AND DIVERSITY

GRI 102-8: Number of Employees, GRI 405-1 Diversity of Employees

Number of Employee by Employment Level

<table>
<thead>
<tr>
<th>Gender</th>
<th>Management</th>
<th>Executive</th>
<th>Non-executive</th>
<th>Workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>191</td>
<td>484</td>
<td>1,584</td>
<td>15,413</td>
<td>17,472</td>
</tr>
<tr>
<td>Female</td>
<td>47</td>
<td>130</td>
<td>626</td>
<td>5,901</td>
<td>6,764</td>
</tr>
</tbody>
</table>

Employee Nationality Breakdown

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Employee Nationality (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
<tr>
<td>Indonesian</td>
<td>18.54%</td>
</tr>
<tr>
<td>Malaysian</td>
<td>0.99%</td>
</tr>
<tr>
<td>German</td>
<td>5.00%</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>5.00%</td>
</tr>
<tr>
<td>Indian</td>
<td>3.00%</td>
</tr>
<tr>
<td>Nepali</td>
<td>1.49%</td>
</tr>
<tr>
<td>Others</td>
<td>0.38%</td>
</tr>
</tbody>
</table>

GRI 404-1: Employee Training Hours

Employee Training Hours by Employment Level (Hours/Year)

<table>
<thead>
<tr>
<th>Employment Level</th>
<th>Senior Management</th>
<th>Middle Management</th>
<th>Executive</th>
<th>Non-Executive</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>478.00</td>
<td>57.91</td>
<td>11,950.00</td>
<td>35,745.00</td>
<td>544,782.00</td>
</tr>
<tr>
<td>Female</td>
<td>378.00</td>
<td>76.68</td>
<td>3,600.00</td>
<td>7,675.00</td>
<td>32,008.00</td>
</tr>
</tbody>
</table>

Average Training Hours by Employment Level (Hours/Person/year)

<table>
<thead>
<tr>
<th>Employment Level</th>
<th>Senior Management</th>
<th>Middle Management</th>
<th>Executive</th>
<th>Non-executive</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>14.40</td>
<td>25.80</td>
<td>22.90</td>
<td>20.60</td>
<td>27.10</td>
</tr>
</tbody>
</table>

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE DATA

GRI 403-9 & GRI 403-10: OCCUPATIONAL HEALTH & SAFETY DATA

IOI Corporation Division

<table>
<thead>
<tr>
<th>Units</th>
<th>IOI Plantation</th>
<th>IOI Refinery</th>
<th>IOI Oleochemical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Man-hours</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employers</td>
<td>57,865,559</td>
<td>969,251</td>
<td>3,305,436</td>
</tr>
<tr>
<td>Non-employees Workers¹</td>
<td>39,226</td>
<td>158,976</td>
<td>324,312</td>
</tr>
</tbody>
</table>

Note: 1 An individual who performs work for entity which provide services to IOI

Health & Safety Performance-Employee¹

<table>
<thead>
<tr>
<th>Units</th>
<th>IOI Corporation Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injuries</td>
<td></td>
</tr>
<tr>
<td>Total number of injuries</td>
<td>1,844.00</td>
</tr>
<tr>
<td>Total recordable injury frequency rate</td>
<td>Number/Million Hours</td>
</tr>
<tr>
<td>Total number of fatalities</td>
<td>Number</td>
</tr>
<tr>
<td>Facility rate</td>
<td>Number/Million Hours</td>
</tr>
<tr>
<td>Total number of high consequence injuries (excluding fatalities)</td>
<td>Number</td>
</tr>
<tr>
<td>High consequence injuries rate (excluding fatalities)</td>
<td>Number/Million Hours</td>
</tr>
<tr>
<td>Total number of lost time injuries</td>
<td>1,961.00</td>
</tr>
<tr>
<td>Lost time injury frequency rate</td>
<td>Number/Million Hours</td>
</tr>
<tr>
<td>Diseases</td>
<td></td>
</tr>
<tr>
<td>Total cases of recordable work-related ill health</td>
<td>Number</td>
</tr>
<tr>
<td>Total fatalities as a result of ill health</td>
<td>Number</td>
</tr>
<tr>
<td>Occupational disease rate</td>
<td>Number/Million Hours</td>
</tr>
</tbody>
</table>

Note: 1 Figures include consideration of both employees and workers unless otherwise stated

² Injuries reported include both minor injuries (first aid level) and major injuries

APPENDIX

GRI 102-8: Number of Employees, GRI 405-1 Diversity of Employees

Number of Employee by Employment Level

<table>
<thead>
<tr>
<th>Gender</th>
<th>Management</th>
<th>Executive</th>
<th>Non-executive</th>
<th>Workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>191</td>
<td>484</td>
<td>1,584</td>
<td>15,413</td>
<td>17,472</td>
</tr>
<tr>
<td>Female</td>
<td>47</td>
<td>130</td>
<td>626</td>
<td>5,901</td>
<td>6,764</td>
</tr>
</tbody>
</table>

Employee Nationality Breakdown

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Employee Nationality (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
<tr>
<td>Indonesian</td>
<td>18.54%</td>
</tr>
<tr>
<td>Malaysian</td>
<td>0.99%</td>
</tr>
<tr>
<td>German</td>
<td>5.00%</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>5.00%</td>
</tr>
<tr>
<td>Indian</td>
<td>3.00%</td>
</tr>
<tr>
<td>Nepali</td>
<td>1.49%</td>
</tr>
<tr>
<td>Others</td>
<td>0.38%</td>
</tr>
</tbody>
</table>

GRI 404-1: Employee Training Hours

Employee Training Hours by Employment Level (Hours/Year)

<table>
<thead>
<tr>
<th>Employment Level</th>
<th>Senior Management</th>
<th>Middle Management</th>
<th>Executive</th>
<th>Non-Executive</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>478.00</td>
<td>57.91</td>
<td>11,950.00</td>
<td>35,745.00</td>
<td>544,782.00</td>
</tr>
<tr>
<td>Female</td>
<td>378.00</td>
<td>76.68</td>
<td>3,600.00</td>
<td>7,675.00</td>
<td>32,008.00</td>
</tr>
</tbody>
</table>

Average Training Hours by Employment Level (Hours/Person/year)

<table>
<thead>
<tr>
<th>Employment Level</th>
<th>Senior Management</th>
<th>Middle Management</th>
<th>Executive</th>
<th>Non-executive</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>14.40</td>
<td>25.80</td>
<td>22.90</td>
<td>20.60</td>
<td>27.10</td>
</tr>
</tbody>
</table>

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE DATA

GRI 403-9 & GRI 403-10: OCCUPATIONAL HEALTH & SAFETY DATA

IOI Corporation Division

<table>
<thead>
<tr>
<th>Units</th>
<th>IOI Corporation Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injuries</td>
<td></td>
</tr>
<tr>
<td>Total number of injuries</td>
<td>1,844.00</td>
</tr>
<tr>
<td>Total recordable injury frequency rate</td>
<td>Number/Million Hours</td>
</tr>
<tr>
<td>Total number of fatalities</td>
<td>Number</td>
</tr>
<tr>
<td>Facility rate</td>
<td>Number/Million Hours</td>
</tr>
<tr>
<td>Total number of high consequence injuries (excluding fatalities)</td>
<td>Number</td>
</tr>
<tr>
<td>High consequence injuries rate (excluding fatalities)</td>
<td>Number/Million Hours</td>
</tr>
<tr>
<td>Total number of lost time injuries</td>
<td>1,961.00</td>
</tr>
<tr>
<td>Lost time injury frequency rate</td>
<td>Number/Million Hours</td>
</tr>
<tr>
<td>Diseases</td>
<td></td>
</tr>
<tr>
<td>Total cases of recordable work-related ill health</td>
<td>Number</td>
</tr>
<tr>
<td>Total fatalities as a result of ill health</td>
<td>Number</td>
</tr>
<tr>
<td>Occupational disease rate</td>
<td>Number/Million Hours</td>
</tr>
</tbody>
</table>

Note: 1 Figures include consideration of both employees and workers unless otherwise stated

² Injuries reported include both minor injuries (first aid level) and major injuries
### ENVIRONMENTAL PERFORMANCE DATA

#### ENERGY

**GRI 302-1 & GRI 302-3: Energy Production and Consumption**

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Units</th>
<th>IOI Corporation Divisions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>IOI Plantation</td>
</tr>
<tr>
<td>Non-renewable fuels purchased and consumed</td>
<td>GJ</td>
<td>475,952.50</td>
</tr>
<tr>
<td>Non-renewable electricity purchased</td>
<td>GJ</td>
<td>21,665.12</td>
</tr>
<tr>
<td>Steam heating (cooking and other energy (non-renewable) purchased and consumed</td>
<td>GJ</td>
<td>0.00</td>
</tr>
<tr>
<td>Total renewable fuels purchased and consumed</td>
<td>GJ</td>
<td>2,555,478.67</td>
</tr>
<tr>
<td>Total renewable energy purchased or generated</td>
<td>GJ</td>
<td>1.00</td>
</tr>
<tr>
<td>Total Electricity Sold</td>
<td>GJ</td>
<td>16,987.97</td>
</tr>
<tr>
<td>Total Energy Consumption</td>
<td>GJ</td>
<td>2,834,089.12</td>
</tr>
<tr>
<td>Energy Intensity</td>
<td>GJ/MT</td>
<td>-</td>
</tr>
</tbody>
</table>

#### EMISSIONS

**GRI 305-1, GRI 305-2, GRI 305-3 & GRI 305-4: GHG Emission**

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Units</th>
<th>IOI Corporation Divisions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>IOI Plantation</td>
</tr>
<tr>
<td>Total direct GHG (scope 1) emissions</td>
<td>tCO2e</td>
<td>2,710,423.28</td>
</tr>
<tr>
<td>Total indirect GHG (scope 2) emissions</td>
<td>tCO2e</td>
<td>1,580.16</td>
</tr>
<tr>
<td>Total GHG emission reduction (carbon sequestration)</td>
<td>tCO2e</td>
<td>-1,594,076.73</td>
</tr>
<tr>
<td>Net GHG emission</td>
<td>tCO2e</td>
<td>1,117,926.71</td>
</tr>
<tr>
<td>Emission Intensity</td>
<td>tCO2e/MT</td>
<td>1.56</td>
</tr>
</tbody>
</table>

#### WATER

**GRI 303-3, GRI303-4 & GRI303-5: Water Withdrawal, Water Consumption & Water Discharged**

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Units</th>
<th>IOI Corporation Divisions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>IOI Plantation</td>
</tr>
<tr>
<td>Total Freshwater Withdrawal (≤ 1,000 mg/L, Total Dissolved Salts)</td>
<td>m³</td>
<td>17,226,439.36</td>
</tr>
<tr>
<td>Total Other Water Withdrawal (≤ 1,000 mg/L, Total Dissolved Salts)</td>
<td>m³</td>
<td>2,094,812.29</td>
</tr>
<tr>
<td>Total Water Withdrawal</td>
<td>m³</td>
<td>19,321,251.65</td>
</tr>
<tr>
<td>Total Water Consumption</td>
<td>m³</td>
<td>17,220,242.09</td>
</tr>
<tr>
<td>Total Water Discharge</td>
<td>m³</td>
<td>2,101,009.56</td>
</tr>
</tbody>
</table>

#### WASTE

**Waste Disposal - GRI 306-2**

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Units</th>
<th>IOI Corporation Divisions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>IOI Plantation</td>
</tr>
<tr>
<td>Total Hazardous Waste</td>
<td>MT</td>
<td>457.08</td>
</tr>
<tr>
<td>Scheduled Waste</td>
<td>MT</td>
<td>424.50</td>
</tr>
<tr>
<td>Recycling/Reuse</td>
<td>MT</td>
<td>-</td>
</tr>
<tr>
<td>Incineration</td>
<td>MT</td>
<td>0.57</td>
</tr>
<tr>
<td>Landfill</td>
<td>MT</td>
<td>24.05</td>
</tr>
<tr>
<td>Total Non-hazardous Waste Disposed</td>
<td>MT</td>
<td>4,614.39</td>
</tr>
<tr>
<td>Incineration</td>
<td>MT</td>
<td>49.50</td>
</tr>
<tr>
<td>Landfill</td>
<td>MT</td>
<td>4,064.07</td>
</tr>
<tr>
<td>Total Other Disposed Waste</td>
<td>MT</td>
<td>301.02</td>
</tr>
<tr>
<td>Total Non-hazardous Waste Reuse/Recycled</td>
<td>MT</td>
<td>779,719.88</td>
</tr>
<tr>
<td>Reuse</td>
<td>MT</td>
<td>608,298.10</td>
</tr>
<tr>
<td>Recycle</td>
<td>MT</td>
<td>94.24</td>
</tr>
<tr>
<td>Composting (Self-fertiliser)</td>
<td>MT</td>
<td>86,766.16</td>
</tr>
<tr>
<td>Recovery, including energy recovery</td>
<td>MT</td>
<td>70,938.34</td>
</tr>
<tr>
<td>Other Reuse/Recycle Waste</td>
<td>MT</td>
<td>5,583.56</td>
</tr>
<tr>
<td>Total Waste Generated</td>
<td>MT</td>
<td>755,791.35</td>
</tr>
<tr>
<td>Total Disposed Waste</td>
<td>MT</td>
<td>5,671.47</td>
</tr>
<tr>
<td>% Waste Reuse/Recycled (change formulation to include hazardous recycling)</td>
<td>%</td>
<td>86%</td>
</tr>
</tbody>
</table>

#### SOCIAL CONTRIBUTION

**GRI 413-1: Operations with local community engagement, impact assessments, and development programmes**

<table>
<thead>
<tr>
<th>% of site with Local Community Engagement</th>
<th>% of site with Impact Assessments</th>
<th>% of site with Development Programs</th>
<th>% of site with Engagements Conducted</th>
</tr>
</thead>
<tbody>
<tr>
<td>67.60%</td>
<td>92.80%</td>
<td>65.80%</td>
<td>74.60%</td>
</tr>
</tbody>
</table>

---

**Note:**
GHG emissions calculations for IOI Plantation are based on RSPO PalmGHG, calculations for refinery are based on ISCC methodology, calculations for oleochemical are based on the Intergovernmental Panel on Climate Change’s (IPCC) and the Institute for Global Environmental Strategies (IGES).
<table>
<thead>
<tr>
<th>Material topic</th>
<th>GRI standard</th>
<th>Section</th>
<th>Page number</th>
<th>Additional information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisational Profile</td>
<td>102-1</td>
<td>Name of the organisation</td>
<td>About This Report</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>102-2</td>
<td>Activities, brands, products, and services</td>
<td>About IOI</td>
<td>14-15</td>
</tr>
<tr>
<td></td>
<td>102-3</td>
<td>Location of headquarters</td>
<td>About IOI</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>102-4</td>
<td>Location of operations</td>
<td>About IOI</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>102-5</td>
<td>Ownership and legal form</td>
<td>About IOI</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>102-6</td>
<td>Markets served</td>
<td>About IOI</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>102-7</td>
<td>Scale of the organisation</td>
<td>Appendix: Sustainability</td>
<td>64-67</td>
</tr>
<tr>
<td></td>
<td>102-8</td>
<td>Information on employees and other workers</td>
<td>Appendix: Sustainability</td>
<td>64-67</td>
</tr>
<tr>
<td></td>
<td>102-9</td>
<td>Supply chain</td>
<td>About IOI</td>
<td>14-15</td>
</tr>
<tr>
<td></td>
<td>102-10</td>
<td>Significant changes to the organisation and its supply chain</td>
<td>About This Report</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>102-11</td>
<td>Precautionary Principle or approach</td>
<td>Sustainability Focus Area: Responsible Business</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>102-12</td>
<td>External initiatives</td>
<td>Our Sustainability Approach: Stakeholder Engagement</td>
<td>20-21</td>
</tr>
<tr>
<td></td>
<td>102-13</td>
<td>Memberships of associations</td>
<td>Our Sustainability Approach: Stakeholder Engagement</td>
<td>20-21</td>
</tr>
<tr>
<td></td>
<td>102-14</td>
<td>Statement from senior decision-maker</td>
<td>Message From Our Group Managing Director &amp; Chief Executive</td>
<td>2-5</td>
</tr>
<tr>
<td></td>
<td>102-15</td>
<td>Key impacts, risks, and opportunities</td>
<td>About IOI</td>
<td>14-15</td>
</tr>
<tr>
<td></td>
<td>102-16</td>
<td>Values, principles, standards, and norms of behaviour</td>
<td>About IOI</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>102-17</td>
<td>Mechanisms for advice and concerns about ethics</td>
<td>Sustainability Focus Area: Responsible Business</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>102-18</td>
<td>Governance structure</td>
<td>Our Sustainability Approach: Sustainability Governance</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>102-19</td>
<td>List of stakeholder groups</td>
<td>Our Sustainability Approach: Stakeholder Engagement</td>
<td>20-21</td>
</tr>
<tr>
<td></td>
<td>102-20</td>
<td>Collective bargaining agreements</td>
<td>Sustainability Focus Area: Our Workplace</td>
<td>56-60</td>
</tr>
<tr>
<td></td>
<td>102-21</td>
<td>Identifying and selecting stakeholders</td>
<td>Our Sustainability Approach: Stakeholder Engagement</td>
<td>20-21</td>
</tr>
<tr>
<td></td>
<td>102-22</td>
<td>Approach to stakeholder engagement</td>
<td>Our Sustainability Approach: Stakeholder Engagement</td>
<td>20-21</td>
</tr>
</tbody>
</table>

**GRI CONTENT INDEX**

<table>
<thead>
<tr>
<th>Material topic</th>
<th>GRI standard</th>
<th>Section</th>
<th>Page number</th>
<th>Additional information</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>102-14-45</td>
<td>Entitlements included in the consolidated financial statements</td>
<td>About This Report</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>102-46</td>
<td>Defining report context and topic boundaries</td>
<td>About This Report</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>102-47</td>
<td>List of material topics</td>
<td>Our Material Sustainability Matters</td>
<td>9-13</td>
</tr>
<tr>
<td></td>
<td>102-48</td>
<td>Rationale of information exclusion</td>
<td>About This Report</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>102-49</td>
<td>Changes in reporting</td>
<td>About This Report</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>102-50</td>
<td>Reporting period</td>
<td>About This Report</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>102-51</td>
<td>Date of most recent report</td>
<td>About This Report</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>102-52</td>
<td>Reporting cycle</td>
<td>About This Report</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>102-53</td>
<td>Contact point for questions regarding the report</td>
<td>Inside Stories</td>
<td></td>
</tr>
<tr>
<td></td>
<td>102-54</td>
<td>Claims of breaching in accordance with the GRI Standards</td>
<td>About This Report</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>102-55</td>
<td>GRI Content Index</td>
<td>GRI Content Index</td>
<td>68-71</td>
</tr>
<tr>
<td></td>
<td>102-56</td>
<td>Assurance</td>
<td>About This Report</td>
<td>1</td>
</tr>
</tbody>
</table>

**Management Approach Disclosures**

<table>
<thead>
<tr>
<th>Climate Change</th>
<th>105-1</th>
<th>102-5</th>
<th>Explanation of the material topic and its Boundary</th>
<th>About Our Sustainability Approach: Environmental Management</th>
<th>9-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>105-2</td>
<td>The management approach and its components</td>
<td>About This Report</td>
<td>50-35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-3</td>
<td>Evaluation of the management approach</td>
<td>About This Report</td>
<td>50-35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Our Sustainability Approach: Environmental Management</td>
<td>9-13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-2</td>
<td>The management approach and its components</td>
<td>About This Report</td>
<td>36-39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-3</td>
<td>Evaluation of the management approach</td>
<td>About This Report</td>
<td>36-39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Our Sustainability Approach: Environmental Management</td>
<td>9-13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-2</td>
<td>The management approach and its components</td>
<td>About This Report</td>
<td>42-43</td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-3</td>
<td>Evaluation of the management approach</td>
<td>About This Report</td>
<td>42-43</td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Our Sustainability Approach: Environmental Management</td>
<td>9-13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-2</td>
<td>The management approach and its components</td>
<td>About This Report</td>
<td>44-47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-3</td>
<td>Evaluation of the management approach</td>
<td>About This Report</td>
<td>44-47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Our Sustainability Approach: Environmental Management</td>
<td>9-13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-2</td>
<td>The management approach and its components</td>
<td>About This Report</td>
<td>48-49</td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-3</td>
<td>Evaluation of the management approach</td>
<td>About This Report</td>
<td>48-49</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Glossary

Biological Oxygen Demand (BOD)
Biochemical oxygen demand is the amount of dissolved oxygen needed by aerobic biological organisms to break down organic material present in a given water sample at a specific temperature over a specific time period.

Carbon Dioxide Equivalents (CO2-e)
CO2-e is a measure used to compare the emissions from various greenhouse gases based upon their global warming potential.

Carbon Disclosure Project (CDP)
The CDP is an organization based in the United Kingdom which supports companies and cities to disclose the environmental impact of major corporations.

Chemical Oxygen Demand (COD)
Chemical oxygen demand is an indicative measure of the amount of oxygen that can be consumed by reactions in a measured solution. It is commonly expressed in mass of oxygen consumed over volume of solution which in SI units is milligrams per litre (mg/L).

Climate Change Action (CCA) Initiatives
IOI’s Climate Change Action (CCA) Initiative is IOI’s long-term action-plan to mitigate and reduce GHG emissions from our diverse operations. The ultimate aim of this initiative is to achieve carbon neutral as a group.

Crude Palm Oil (CPO)
The first stage palm oil product produced from fresh fruit bunches (“FFB”) at a mill.

Dow Jones Sustainability Indices (DJSI) assessment
The Dow Jones Sustainability Indices (DJSI) launched in 1999, are a family of indices evaluating the sustainability performance of thousands of companies trading publicly, operated under a strategic partnership between S&P Dow Jones Indices and RobecoSAM (Sustainable Asset Management) of the S&P Dow Jones Indices. The DJSI is based on an analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labour practices.

Empty Fruit Bunches (EFB)
Remains of the fresh fruit bunches after the fruit has been removed for oil pressing.

Free, Prior and Informed Consent (FPIC) principle
Free, Prior and Informed Consent (FPIC) is a specific right that pertains to indigenous peoples and is recognized in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). It allows them to give or withhold consent to a project that may affect them or their territories.

Fresh Fruit Bunches (FFB)
Bunches harvested from the oil palm tree.

Genetically Modified Organism (GMO)
A genetically modified organism is any organism whose genetic material has been altered using genetic engineering techniques.

Global Forest Watch (GFW)
GFW is an interactive online forest monitoring and alert system designed to empower people everywhere with the information they need to better manage and conserve forest landscapes.

Global Reporting Initiative (GRI)
GRI is an international independent organisation that helps businesses, governments and other organisations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others.

High Carbon Stock (HCS)
The HCS Approach is a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed. The methodology was developed with the aim to ensure a practical, transparent, robust, and scientifically credible approach that is widely accepted to implement commitments to halt deforestation in the tropics, while ensuring the rights and livelihoods of local peoples are respected.

High Conservation Values (HCV)
As defined by the HCV Resource Network, HCVs are biological, ecological, social or cultural values which are outstandingly significant or critically important at the national, regional or global level.

Integrated Pest Management (IPM)
IPM is the careful consideration of all available pest control techniques and subsequent integration of appropriate measures that discourage the development of pest populations and keep pesticides and other interventions to levels that are economically justified and reduce or minimize risks to human health and the environment. IPM emphasizes the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms.

Intergovernmental Panel on Climate Change (IPCC)
The Intergovernmental Panel on Climate Change (IPCC) is an intergovernmental body of the United Nations that is dedicated to providing the world with objective, scientific information relevant to understanding the scientific basis of the risk of human-induced climate change, its natural, political, and economic impacts and risks, and possible responses to them.

International Labour Organization (ILO)
ILO is the United Nations agency for the world of work. It sets international labour standards, promotes rights at work and encourages decent employment opportunities, the enhancement of social protection and the strengthening of dialogue on work-related issues.

International Sustainability & Carbon Certification (ISCC)
ISCC is an independent multi-stakeholder organisation providing a globally applicable certification system for the sustainability of raw materials and products.

Malaysian Palm Oil Board (MPOB)
The Malaysian Palm Oil Board is a government agency responsible for the promotion and development of the palm oil industry in Malaysia.

Malaysian Sustainable Palm Oil (MSPO)
The MSPO Certification Scheme is the national scheme in Malaysia for palm oil plantations, independent and organised smallholdings, and palm oil processing facilities to be certified against the requirements of the MSPO Standards.

Malaysian Palm Oil Certification Council (MPOCC)
Malaysian Palm Oil Certification Council (MPOCC) is an independent non-profit organization established in December 2014 to develop and operate the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme.

Movement Control Order (MCO)
The MCO is a coronavirus implemented as a preventive measure by the federal government of Malaysia in response to the COVID-19 pandemic in the country on 18 March 2020. The order was commonly referred to in local and international media as a “lockdown” or “partial lockdown.”

National Council for Occupational Safety and Health (NCOISH)
The National Council for Occupational Safety and Health (NCOISH) is the highest forum in the Ministry of Human Resources where tripartite discussions are held about issues related to the direction, national policy and the implementation of occupational safety and health in Malaysia.

National Union of Plantation Workers (NUPW)
The National Union of Plantation Workers (NUPW) is the largest union in Malaysia and one of the largest in Asia.

Non-Governmental Organisation (NGO)
NGO is used in this report to refer to grassroots and campaigning organisations focused on environmental or social issues.

Oleochemical
A chemical compound derived industrially from animal or vegetable oils or fats.

Palm Kernel Oil (PK)
PK is the seed of any palm that yields palm-kernel oil.

Palm Kernel Oil (PKO)
PKO is a plant oil derived from the kernel of the oil palm.

Palm Oil Mill Effluents (POME)
Palm oil mill effluent (POME) are wastewater generated from palm oil milling activities which requires effective treatment before discharge into watercourses due to its highly polluting properties.

Peat
An accumulation of partially decayed vegetation matter. Peat forms in wetlands or peatlands, variously called bogs, mires, muskeg, peatmoor, mire and peat swamp forest.

Reverse Osmosis (RO)
Reverse osmosis is a water purification process that uses a semi-permeable membrane to remove ions, unwanted molecules and large particles from drinking water.

Roundtable on Sustainable Palm Oil (RSPO)
A multi-stakeholder organization based in Kuala Lumpur, Malaysia. The organization has developed a certification scheme for sustainable palm oil.

Roundtable on Sustainable Palm Oil Mass Balance (RSPOMB)
Sustainable palm oil from certified sources is mixed with ordinary palm oil throughout supply chain.

Roundtable on Sustainable Palm Oil Segregated (RSPOSeg)
Sustainable palm oil from different certified sources is kept separate from ordinary palm oil throughout supply chain.

RSPO Annual Communication of Progress (ACOP)
The ACOPs are reports submitted by RSPO members to gauge their progress towards 100% RSPO-certified sustainable palm oil. These reports are mandatory for Ordinary and Affiliate members, and are submitted each year.
<table>
<thead>
<tr>
<th><strong>Scope 1 Emissions</strong></th>
<th>All direct GHGs emissions.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope 2 Emissions</strong></td>
<td>Indirect GHGs emissions for consumption of purchased electricity, heat or steam.</td>
</tr>
<tr>
<td><strong>Sustainability Advisory Panel (“SAP”)</strong></td>
<td>The IOI Sustainability Advisory Panel (“SAP”) was formed in January 2017 and tasked with overseeing the application of IOI Group’s Sustainability Implementation Plan (“SIP”). The SAP also advises on sustainability issues raised by multi-stakeholders including NGOs and the RSPO.</td>
</tr>
<tr>
<td><strong>Sustainability Implementation Plan (“SIP”)</strong></td>
<td>IOI’s SIP serves as a practical working document that puts into practice the goals and commitments stated in the IOI Sustainable Palm Oil Policy.</td>
</tr>
<tr>
<td><strong>Sustainability Policy Transparency Toolkit (“SPOTT”)</strong></td>
<td>SPOTT is an online platform supporting sustainable commodity production and trade. By tracking transparency, SPOTT incentivises the implementation of corporate best practice.</td>
</tr>
<tr>
<td><strong>Sustainability Steering Committee (“SSC”)</strong></td>
<td>The SSC, chaired by the GMD, heads of the operating divisions, Group Head of Sustainability and senior management from group support functions. The SSC assures that the Group’s sustainability agenda, commitments and issues are discussed, approved and implemented.</td>
</tr>
<tr>
<td><strong>Sustainable Palm Oil Policy (“SPOP”)</strong></td>
<td>The IOI SPOP is the keystone policy to maintain the Group’s commitment to the sustainable management of oil palm plantations and to the implementation of responsible, global palm oil supply chains.</td>
</tr>
<tr>
<td><strong>United Nation’s Sustainable Development Goals (“UN SDGs”)</strong></td>
<td>The 17 SDGs by the UN are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.</td>
</tr>
</tbody>
</table>
IOI, as a member of various certification and compliance schemes which are recognised locally and globally, has always been fully committed to respecting and upholding the rights of all workers as written in IOI Group Sustainable Palm Oil Policy ("SPOP"). Additionally, our commitment to prevention of forced labour in all its forms is guided by the International Labour Organisations ("ILO") forced labour indicators, the United Nations Guiding Principles on Business and Human Rights, United Nations Global Compact on human rights, labour, environment and anti-corruption and the principles of Free and Fair Labour in Palm Oil Production.

Elimination of forced labour, along with human trafficking and child labour, are also explicit priorities under United Nation Sustainable Development Goals ("UNSDGs"). The elimination of forced labour is both an obligation under international law and a moral imperative as well as important to promote safe and secure working environments for all workers, notably in the context of achieving UNSDG a target 8.8. IOI demonstrates support in UNSDG12 by reporting performance, implementation and grievance progress in our annual report and website as part of our commitment towards transparency in sustainable practices.

As stated in our SPOP, we are committed to preventing forced labour, as detailed under “Human Rights and Workplace”. Brief commitments are as shown below:

- No retention of identity documents
- Minimum wage
- Fair and equal opportunity
- Safe and healthy working environment
- Not charging recruitment related fee
- Eliminate all forms of illegal, forced, bonded, and child labour
- Freedom of association and right to collective bargaining
- Respect and uphold workers’ rights

As a further reiteration of the seriousness in which IOI views the recruitment process of our workers as well as their rights and well-being, we are introducing a Code of Conduct on Ethical Recruitment and Responsible Employment which will be disseminated to all supervisory employees dealing with workers as well as our recruitment agents. The framework that forms this Code of Conduct consists of Governance and our Employment Approach.

The indicators encompass 11 most important elements that point to possible existence of forced labour situation. The indicators are:

- Abuse of vulnerability
- Isolation
- Physical and sexual violence
- Harassment
- Retention of identity documents
- Abuse of working and living conditions
- Deceit
- Exploitation
- Excessive overtime
- Harassment
- Intimating and threats

Laws and regulations related to Ethical Recruitment and Forced Labour:

- Employment Act 1955
- Immigration Act 1959/63
- Private Employment Agencies (Amendment) Act 2017.1
- Workers’ Compensation Act 1952
- Employees’ Minimum Standards of Housing, Accommodations and Amenities Act 1990
- Occupational Safety and Health Act 1994
- Industrial Relations Act 1967
- Trade Unions Act 1959
- Sarawak Labour Ordinance (Sarawak Cap 79)
- Sarawak Labour Ordinance (Sarawak Cap 67)
- Safety Labour Ordinance (Sabah Cap 67)

ILO’s Definitions on Recruitment Fees
Any fees or costs incurred in the recruitment process in order for workers to secure employment or placement, regardless of the manner, timing or location of their imposition or collection as broken down below:

a. Recruitment fees include payments for recruitment services by labour recruiters, employers, etc.
b. Related costs such as medical costs, travel and lodging costs, administrative costs for preparing, obtaining or legalising workers’ visas, etc.
c. Illegitimate, unreasonable and undisclosed costs are never legitimate, example bribes, tributes, kickback payments, etc. by any actors in the recruitment chain.

IOI’s Board of Directors (“the Board”) assesses the overall direction and strategy of IOI’s sustainable business as well as ensures accountability in its commitments towards sustainability. The Board further expanded its role by having an Independent Non-Executive Director with sustainability expertise within the Group’s Sustainability Steering Committee (“SSC”) to assure that the Group’s sustainability agenda, commitments and issues are discussed, reviewed and implemented. In matters related to labour rights and responsible recruitment, the SSC reviews and approves strategic frameworks so that they are in alignment with IOI’s sustainability commitments. The development of the employment and recruitment related policies and practices is led by the Group Head of Sustainability while the enforcement of the policies and practices is overseen by the Head of Human Resource, both of whom report directly to the Group Managing Directors. The maintenance and updating of the grievance list will be done jointly by the corporate and plantation sustainability departments. Assisted by the regional sustainability team, all operating units are responsible to ensure socialisation, training and implementation of procedures and policies are in place.

Furthermore, the Group Head of Sustainability is supported and advised by the Sustainability Advisory Panel ("SAP") members on important issues such as forced labour, or any other matters raised by key stakeholders. Another avenue where the SAP plays a role is as the core members in IOI’s Sustainability Consultation Forum (“SCF”). The SCF is a platform where IOI aims to seek more targeted advice and consultation from relevant stakeholders such as civil society groups, government agencies, industry experts, major brands, etc., to jointly discuss implementation advice and inputs on specific topics which are deemed to be complex such as human rights and forced labour, diversity, equity and inclusion, women’s empowerment, inclusive economy, sustainable supply chain, sustainability management, and climate change, among others.
## Ethical recruitment process

<table>
<thead>
<tr>
<th>Subject</th>
<th>Related ILO Indicators of Forced Labour</th>
<th>How We Comply</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deception.</strong></td>
<td>IIO protects our future workers from deception and abuse of vulnerability through the following approaches;</td>
<td></td>
</tr>
<tr>
<td><strong>Abuse of vulnerability.</strong></td>
<td>The workers will be briefed thoroughly on corporate profile, job functions and contract details, as part of the employment process through a video-presentation and Powerpoint dihoblog.</td>
<td></td>
</tr>
<tr>
<td><strong>Orations.</strong></td>
<td>IIO protects our future workers from discrimination against our workers, or any of the forms of sex, will be incurred to them at any stage of the recruitment process.</td>
<td></td>
</tr>
<tr>
<td><strong>Medical check-up, training,</strong></td>
<td>Declaration by each worker on “No Recruitment Fee” at source country.</td>
<td></td>
</tr>
<tr>
<td><strong>Wages and payment process.</strong></td>
<td>Recruitment agents involved in recruitment are bound by contract to follow IIO’s commitments which includes briefing workers on our “No Recruitment Fee” policy.</td>
<td></td>
</tr>
</tbody>
</table>

## No recruitment fee for contract

<table>
<thead>
<tr>
<th>Subject</th>
<th>Related ILO Indicators of Forced Labour</th>
<th>How We Comply</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Debt bondage.</strong></td>
<td>IIO protects our future workers from debt bondage through the following approaches;</td>
<td></td>
</tr>
<tr>
<td><strong>Imposition of conditions.</strong></td>
<td>Implemented IIO’s “No Recruitment Fee” policy. Where recruited foreign workers are concerned, no recruitment fees, or any other form of fees, will be incurred to them or any other form of fees, will be incurred to them at any stage of the recruitment process.</td>
<td></td>
</tr>
</tbody>
</table>

## Breach of code of conduct

<table>
<thead>
<tr>
<th>Subject</th>
<th>Related ILO Indicators of Forced Labour</th>
<th>How We Comply</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deception.</strong></td>
<td>IIO protects our future workers from deception, intimidation and threats, and debt bondage through the following approaches;</td>
<td></td>
</tr>
<tr>
<td><strong>Abuse of vulnerability.</strong></td>
<td>Multiple grievance mechanism channels employed to report on any breach of practices during the recruitment process.</td>
<td></td>
</tr>
<tr>
<td><strong>Restriction of movement.</strong></td>
<td>Internal monitoring of recruitment process.</td>
<td></td>
</tr>
<tr>
<td><strong>Isolation.</strong></td>
<td>The Group will terminate all contract or partnership with any recruitment agency that is found to be in non-compliance with the Group’s policies after the necessary investigations and warnings.</td>
<td></td>
</tr>
</tbody>
</table>

## Employment

IIO has established regular internal monitoring by the Human Resource Department (“HR”), Internal Auditors and Sustainability Team (Group and Regional level). The labour monitoring are conducted as per ILO requirement and sustainability certification standards. Any non-compliance (“NC”) will be highlighted to the management and corrective actions will be taken. In addition, a specific personnel called the Social Liaison Officer is to attend to any social or labour matters at the respective operating unit.

To ensure effective socialisation of labour rights, IIO conducts training for all our workforce and translated related policies and guidelines in all the respective native languages of our workers. HR has also established an employee engagement programme which involves regular on-site visits by the Group’s executive with the operational personnel. Management review meetings are conducted annually to discuss any major issues between the top management and operational management. Any grievances or issues raised will be managed at the operational level before escalating to the Group management.

External monitoring via Audit Certification by RSPO, ISCC, MSPO, etc. are conducted annually. During these audits, all of our labour practices will be verified by independent third-parties based on indicators.

Misconduct or breaches of any policies found during monitoring or due diligence process, even before it is raised through the Grievance Procedure, is to be dealt with in a systemic and timely manner to ensure that the misconduct, breach or issue is addressed and resolved.

Once a misconduct is reported through a Grievance Procedure, investigations will be conducted thoroughly, including the engagements of the relevant parties, and guided by specific standards customised to each misconduct or issue. IIO has several procedures which specifically outlining the procedure in handling grievances, such as harassment or workers’ complaints.

## Responsible employment

<table>
<thead>
<tr>
<th>Subject</th>
<th>Related ILO Indicators of Forced Labour</th>
<th>How We Comply</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Abuse of vulnerability.</strong></td>
<td>IIO protects our workers from abuse of vulnerability and debt bondage through the following approaches;</td>
<td></td>
</tr>
<tr>
<td><strong>Debt bondage.</strong></td>
<td>Post-arrival interview and orientation ensures that no abuse of human rights that violates our Group’s SOPs is taking place. Orientation and induction briefing will be conducted by the Estate Manager or Assistant Manager, as well as estate’s personnel in charge of Safety, Health, and Sustainability, with assistance of an interpreter, if required.</td>
<td></td>
</tr>
<tr>
<td><strong>Detailed explanation.</strong></td>
<td>Detailed explanations on employment contract, wages, medical and annual leaves, voluntary overtime, payroll details, housing and company rules and regulations, safety training, immigration law, Malaysian culture, and videos of the various job functions in estates are given.</td>
<td></td>
</tr>
</tbody>
</table>

## Upholding worker’s rights

<table>
<thead>
<tr>
<th>Subject</th>
<th>Related ILO Indicators of Forced Labour</th>
<th>How We Comply</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Restriction of movement.</strong></td>
<td>IIO protects our workers from restriction of movement, physical and sexual violence, intimidation and threats, retention of identity documents, withholding of wages, abusive working and living conditions, discrimination against our workers, or any of the forms of sex, will be incurred to them at any stage of the recruitment process.</td>
<td></td>
</tr>
<tr>
<td><strong>Physical and sexual violence.</strong></td>
<td>Implemented all commitments in the SOP.</td>
<td></td>
</tr>
<tr>
<td><strong>Intimidation and threats.</strong></td>
<td>Implementation of social guidelines as below:</td>
<td></td>
</tr>
<tr>
<td><strong>Retention of identity documents.</strong></td>
<td>• Guidelines for Minimum Wage and Leave Pay.</td>
<td></td>
</tr>
<tr>
<td><strong>Withholding of wages.</strong></td>
<td>• Foreign Workers’ Passport Handling Guidelines.</td>
<td></td>
</tr>
<tr>
<td><strong>Abusive working and living conditions.</strong></td>
<td>• Guidelines for Providing Basic Amenities to Workers.</td>
<td></td>
</tr>
<tr>
<td><strong>Excessive overtime.</strong></td>
<td>• Guidelines for Handling Harassment at Workplace.</td>
<td></td>
</tr>
<tr>
<td><strong>Abuse of vulnerability.</strong></td>
<td>• Worker’s Week Verification Guidance.</td>
<td></td>
</tr>
</tbody>
</table>

## Collective Bargaining and freedom of association

<table>
<thead>
<tr>
<th>Subject</th>
<th>Related ILO Indicators of Forced Labour</th>
<th>How We Comply</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Abuse of vulnerability.</strong></td>
<td>IIO protects our workers from abuse of vulnerability through the following approach;</td>
<td></td>
</tr>
<tr>
<td><strong>Establishment of Employee Consultative Committee (“ECC”)</strong> in each operating unit and workers union to allow workers to have collective bargaining.</td>
<td>• Establish Committee (“ECC”) make sure all nationalities, religions, and genders are represented in the committees.</td>
<td></td>
</tr>
</tbody>
</table>

## Safe and healthy working environment

<table>
<thead>
<tr>
<th>Subject</th>
<th>Related ILO Indicators of Forced Labour</th>
<th>How We Comply</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Physical and sexual violence.</strong></td>
<td>IIO protects our workers from physical and sexual violence, intimidation and threats, through the following approach;</td>
<td></td>
</tr>
<tr>
<td><strong>Abusive working and living conditions.</strong></td>
<td>• Reporting procedure on harassment and regular awareness training.</td>
<td></td>
</tr>
<tr>
<td><strong>Withholding of wages.</strong></td>
<td>IIO protects our workers from abusive working and living conditions through the following approaches;</td>
<td></td>
</tr>
<tr>
<td><strong>Abusive working and living conditions.</strong></td>
<td>• Implement Occupational Safety, Health and Hygiene Policy.</td>
<td></td>
</tr>
<tr>
<td><strong>Restriction of movement.</strong></td>
<td>• Regular inspection on working area and housing area.</td>
<td></td>
</tr>
<tr>
<td><strong>Abuse of vulnerability.</strong></td>
<td>• Compliance with Employees Minimum Standard of Housing, Accommodation and Amenities Act 1990.</td>
<td></td>
</tr>
</tbody>
</table>

## Breach of code of conduct

<table>
<thead>
<tr>
<th>Subject</th>
<th>Related ILO Indicators of Forced Labour</th>
<th>How We Comply</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Abuse of vulnerability.</strong></td>
<td>IIO protects our workers from abuse of vulnerability through the following approach;</td>
<td></td>
</tr>
<tr>
<td><strong>Restriction of movement.</strong></td>
<td>• Audit and monitoring of all labour and social related policies and procedures.</td>
<td></td>
</tr>
<tr>
<td><strong>Abusive working and living conditions.</strong></td>
<td>• Disciplinary action will be taken on respective staff or management personnel for any breach of code of conduct.</td>
<td></td>
</tr>
</tbody>
</table>

## Grievance, complaint and request mechanism

<table>
<thead>
<tr>
<th>Subject</th>
<th>Related ILO Indicators of Forced Labour</th>
<th>How We Comply</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Isolation.</strong></td>
<td>IIO protects our workers from isolation and abusive working and living conditions through the following approaches;</td>
<td></td>
</tr>
<tr>
<td><strong>Abuse of vulnerability.</strong></td>
<td>• Grievances, complaints and requests are available in various channels such as Hotlines, emails, Green Book, ECC or JCC meetings and internal meetings.</td>
<td></td>
</tr>
<tr>
<td><strong>Restriction of movement.</strong></td>
<td>IIO protects our workers from restriction of movement through the following approach;</td>
<td></td>
</tr>
<tr>
<td><strong>Abuse of vulnerability.</strong></td>
<td>• Workers are free to resign at any time as per terms and conditions in the contract agreements.</td>
<td></td>
</tr>
<tr>
<td><strong>Abuse of working and living conditions.</strong></td>
<td>• Air fare to home countries are borne by the company for workers who have completed full service contracts.</td>
<td></td>
</tr>
<tr>
<td><strong>Implementation of repatriation SOP by providing transport from operating units to airports or sea ports.</strong></td>
<td>• Implementation of repatriation SOP by providing transport from operating units to airports or sea ports.</td>
<td></td>
</tr>
</tbody>
</table>

## Post-employment

Towards the end of employment, i.e., the Post-Employment process, our recruitment guideline outlines the repatriation process which includes the worker’s respective embassies, our interviews, and involvement of agents, if any.

## Third Party Suppliers and Recruitment Agents

We expect our third-party suppliers and recruitment agents to adhere to the sustainability practices including to prevent any forms of forced labour as outlined in our SOP and further guided by the Responsible Sourcing Guideline. The Responsible Sourcing unit is responsible to ensure, promote, engage, and assist our third-party suppliers to close the gaps on sustainability best practices in line with the Group’s commitments. Grievances related to our suppliers and the progress are transparently updated in our website. Any misconduct or breaches of our commitments which involve our contractors or third-party suppliers will result in a thorough investigation and actions are to be taken accordingly including suspension or termination of contract. These actions indicate the seriousness that IIO takes regarding all our commitments and compliances to all laws, regulations and standards.