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IOI GROUP

Update on Aidenvironment/Earth Equaliser Monitoring Regarding Aspirasi Kristal

IOI Corporation Berhad (IOI) appreciates the recently raised concerns voiced by Aidenvironment/Earth Equaliser about Aspirasi Kristal's operations in Bonggaya Forest Reserve in Sabah.

Aspirasi Kristal was established in 2011 by two shareholders, namely Lim Family and a local Bumiputera company. Few years later, seeking additional financial resources, these shareholders invited Ms Lee Yoke Har and Ms Lee Yoke Hui, who are daughters of IOI Group's late Executive Chairman, to join the company as financial investors (that is without any intention to manage the company) with a 40% stake in the company. The Lim Family from the beginning has been managing the plantation. Till today, Aspirasi Kristal is an independently-run business, with no legal ties to nor managed by IOI.

Upon further enquiry with the shareholders of Aspirasi Kristal, it is found that although Aspirasi Kristal has been operating within the Bonggaya Forest Reserve, its area of operation is under an Agro-Forestry Management Licence issued by the Sabah State Government and designated specifically for agroforestry plantation development. Based on the audit reports available to us, Aspirasi Kristal has been following the principles of sustainable forest management and conservation that are mandated and enforced by the Sabah Forestry Department.

IOI has never sourced FFB crop from Aspirasi Kristal and will not buy from any supplier who is not in compliance with IOI's Sustainability Policy. This stance will also apply to Satria Eramaju, a similar operation in the same area. Further to that, IOI will engage with its third-party mills with regard to the sourcing of FFB from these two companies. IOI would like to reassure its stakeholders that its NDPE policy is being applied to all its partners and suppliers.