The report was prepared with reference to the Bursa Malaysia Sustainability Structure and Ownership can be found in Annual Report 2023. There are no significant changes to IOI’s size or supply chain during this reporting, and any changes in publication was in September 2022. There are no significant changes to the reporting period of 1 July 2022 to 30 June 2023, in line with IOI’s 2023 financial year ("FY2023"). We publish our Sustainability Report 2023 together with the Annual Report 2023 as part of Integrated Reporting. This Integrated Report is published annually, whereby the most recent publication was in September 2022. There are no significant changes to IOI’s size or supply chain during this reporting, and any changes in structure and ownership can be found in Annual Report 2023.

This report contains the Group’s sustainability management approach, performance data, as well as risks and opportunities for our identified Environment, Social, and Governance/Economic material matters for the reporting period of July 2022 to June 2023. This report is intended to be read together with our Annual Report 2023. Croklaan (formerly known as IOI Loders Croklaan). This report is intended to be read together with our Annual Report 2023. Throughout this report, there are sustainability-related disclosures that are also or would be referred to in our website.

ABOUT THE REPORT

As an agriculture-based company with large land banks, nature is an integral part of our business. Therefore, it is imperative for IOI Corporation Berhad ("IOI" or "The Group") to steward our natural resources and protect the surrounding ecosystems where we operate. This year’s report, themed "Driving Nature Positive Impacts" emphasizes the Group’s efforts to reduce adverse impacts from our operations through responsible use and protection of the natural environment by putting in place effective natural resource management that would also enhance biodiversity and its corresponding ecosystem. Enhancing the ecosystem within our operations can also help increase our resilience towards the effects of climate change and our efforts will be further detailed within this report. IOI continues to monitor and disclose our climate-related risks in line with the recommendations from the Task Force on Climate-Related Financial Disclosures ("TCFD"). This report will also disclose our current progress and practices to uphold the wellbeing of our workforce and welfare of the surrounding communities where we operate, as well as our commitment towards protecting human rights. All these topics will be discussed in greater detail that will better reflect our Environment, Social, and Governance ("ESG") commitments. The performance in achieving these goals are also measured against the set targets of our six adopted United Nations Sustainable Development Goals ("UN SDGs").

REPORTING PERIOD AND SCOPE

IOI has prepared this report based on national and global standards. This report contains the Group's sustainability management approach, performance data, as well as risks and opportunities for our identified Environment, Social, and Governance/Economic material matters for the reporting period of July 2022 to June 2023. IOI has prepared this report based on national and global standards. This report contains the Group's sustainability management approach, performance data, as well as risks and opportunities for our identified Environment, Social, and Governance/Economic material matters for the reporting period of July 2022 to June 2023. This report also adopts the content elements of the International Integrated Reporting Framework. Additionally, we continue to report our climate-related disclosures in line with the recommendations from the Task Force on Climate-Related Financial Disclosures ("TCFD"). This report will also disclose our current progress and practices to uphold the wellbeing of our workforce and welfare of the surrounding communities where we operate, as well as our commitment towards protecting human rights. All these topics will be discussed in greater detail that will better reflect our Environment, Social, and Governance ("ESG") commitments. The performance in achieving these goals are also measured against the set targets of our six adopted United Nations Sustainable Development Goals ("UN SDGs").

The scope of this report covers entities included in our consolidated financial statements. These entities are our headquarters in Putrajaya, Malaysia, and our business, including IOI Plantation (oilseeds and mills), and Resource-Based Manufacturing refineries ("IOI Refinery"), and IOI Oleochemical Industries Berhad ("IOI Oleo") operation activities in Malaysia, Indonesia, and Germany. This report excludes IOI Group Sales Offices and the Group’s 30%-owned associate company, Bunge Loders Croklaan (formerly known as IOI Loders Croklaan). This report is intended to be read together with our Annual Report 2023. Throughout this report, there are sustainability-related disclosures that are also or would be referred to in our website.

ASSURANCE FORWARD-LOOKING STATEMENT

This report has been reviewed by our Group Head of Sustainability, approved by the Group Managing Director and Chief Executive, and presented to the IOI Board Sustainability Committee. In further strengthening the credibility of the Sustainability Statement, Internal Audit has carried out a review to obtain a reasonable assurance of the process and internal controls for collating and reporting of the various environmental and social indicators. The scope of the review includes various business divisions and companies of the Group. In connection with the audit of the financial statements of IOI Group contained in the financial section of IOI Corporation Berhad’s Annual Report 2023, BDO PLT, the external auditors, have read the other information in accordance with ISA 702 (revised) Title: Auditor’s Responsibilities Relating to Other Information.

While we have not engaged in third-party assurance for the information in this report, we believe that our multiple certification audits, including but not limited to RSPO, Malaysian Sustainable Palm Oil ("MSPO"), and ISO-related assurance audits, have key credibility to the performance data we present to our stakeholders. Nevertheless, we endeavour to continuously improve our reporting disclosures, to be transparent regarding our operations, and consider expanding further our scope of assurance to engage external assurance in alignment with our commitment of building trust by being transparent.

SUSTAINABILITY REPORT 2023

THE FOCUS OF THIS REPORT

As an agriculture-based company with large land banks, nature is an integral part of our business. Therefore, it is imperative for IOI Corporation Berhad ("IOI" or "The Group") to steward our natural resources and protect the surrounding ecosystems where we operate. This year's report, themed "Driving Nature Positive Impacts" emphasizes the Group's efforts to reduce adverse impacts from our operations through responsible use and protection of the natural environment by putting in place effective natural resource management that would also enhance biodiversity and its corresponding ecosystem. Enhancing the ecosystem within our operations can also help increase our resilience towards the effects of climate change and our efforts will be further detailed within this report. IOI continues to monitor and disclose our climate-related risks in line with the recommendations from the Task Force on Climate-Related Financial Disclosures ("TCFD"). This report will also disclose our current progress and practices to uphold the wellbeing of our workforce and welfare of the surrounding communities where we operate, as well as our commitment towards protecting human rights. All these topics will be discussed in greater detail that will better reflect our Environment, Social, and Governance ("ESG") commitments. The performance in achieving these goals are also measured against the set targets of our six adopted United Nations Sustainable Development Goals ("UN SDGs").
Our continued focus on the sustainable development priorities that are based on an integrated narrative and action agenda, is clearly guided by our double materiality considerations (page 27). The balance of People, Planet & Prosperity plus Partnership that we have continually emphasised becomes even more important in order to manage the intertwined risks posed by climate change, biodiversity loss, food security, and social inequality. Thus, our Net-Zero by 2040 journey, which starts formally in 2019 under the Climate Change Action initiative (“CCAi”), is part and parcel of our activity-driven approach to not only deal with these risks but to also create opportunities that would benefit all involved. On biodiversity, we are crafting strategies to enhance its role while monitoring its impact in the overall ecosystem where we operate.

Overall, Environmental, Social, and Governance (“ESG”) considerations remain high in IOI’s order of business concerning both our internal and external stakeholders. Our commitment towards strong Governance (“G”) ensures that both Social Practices (“S”) and Environmental Stewardship (“E”) are transparently disclosed in line with global reporting frameworks (GRI, TCFD, ISSB, etc.) and peer disclosure practices (CDP, Sustainalytics, Ecovadis, etc.). “Driving Nature Positive Impacts” is another step towards transparently sharing our activities and the various positive impacts that we hope to achieve as we move forward with our sustainability agenda.

**MESSAGE FROM OUR GROUP MANAGING DIRECTOR & CHIEF EXECUTIVE**

DEAR STAKEHOLDERS,

In the face of the natural disasters occurring at all corners of the world, the concept of merely “do no further harm” seemed increasingly insufficient to address the loss of natural capital and the onset of climate tipping points. As a corporation, we are aware, now more than ever, that the fate of the natural environment is deeply intertwined with our operations. As challenging as our 2022-2023 financial year was due to the advent of El Niño weather phenomenon and high energy prices, etc., there were also achievements and proud moments based on IOI’s strides forward. As always, we addressed our interlinked natural and social challenges as a company that holds strong to our core values of commitment, team spirit and integrity together with innovation and excellence in execution.

DATO’ LEE YEOW CHOR
Group Managing Director & Chief Executive

**Driving Nature Positive Impacts**
is another step towards transparently sharing our activities and the various positive impacts that we hope to achieve as we move forward with our sustainability agenda.

**NET-ZERO BY 2040 (SCOPES 1, 2 & 3)** (details in page 34 - 41).

IOI’s CCAi can be viewed as a journey with many challenges and just as many opportunities. In FY2022, as a sustainable Malaysian business corporation with a global presence, we pledged to reduce our climate change impact by committing to achieving Net-Zero in carbon emissions by 2040. In March 2023, we further reaffirmed our Net-Zero by 2040 target by committing to the Science Based Target Initiative Forest, Land and Agriculture (“SBTi FLAG”). IOI aims to meet this challenging target not only by decarbonising our current activities but to also seek technologies and innovations to help design activities that will decarbonise future businesses and operations.
To achieve these goals, we further intensified activities surrounding our 7Rs (Reduce, Reuse, Recycle, Repair and Recovery) of circularity by:

• Repurposing oil palm trunks ("OPT") into premium palm-based wood products named "SUKI" with the aid of our palm wood factory. The idea of repurposing OPT waste into engineered wood panels, based on a customised European technology, is to replace tropical wood while keeping in the GHGs which would otherwise be released into the atmosphere.

• Generating renewable energy using the methane captured from our palm oil mill effluent ("POME"), which is one of the largest contributors of GHG emissions in our plantation operations. Beginning 2013, we have installed 10 methane capture plants to curb these emissions, which have the capacity to trap about 45 million m³ of biogas, which is then utilised for the boilers in the mills and for electricity generation within our plantation.

• Introducing electrical agriculture machines to progressively replace conventional fossil fuel-powered machineries in our plantations. So far, we have purchased 18 electrical machines and tools (note: include electric Cantas) and plan to purchase another 19 units during FY2024.

• Improving the operations in our refineries through implementing process changes that reduce GHG emissions. The enhancements made to improve combustion efficiency of biomass, such as Empty Fruit Bunch ("EFB"), etc., has resulted in 30% lower fuel consumption within their operations. The refiners also took further steps to reduce power consumption by adopting an Energy Management System ("EMS") as well as heat and steam recovery.

• Optimising the usage of green electricity through solar panels and the implementation of Realtime Prod Organiser-Operation Management ("RPO-OM") that has been initiated at IOI Oleo to assist in monitoring and reducing energy consumption. Additionally, a new 6SMR Combine Heat and Power Generation ("Cogen") plant, which substantially reduces the consumption of fossil fuel, has been installed at our Pasir Gudang facility.

In managing our risks and opportunities, especially pertaining to our Scope 3 emissions, we have undertaken measures to map our supply chains to understand the extent of the impact their GHG emissions would have on our Net-Zero targets. This financial year, IOI further enhanced the importance of sustainability within IOI by strengthening our sustainability governance framework. A new board committee, namely the Board Sustainability Committee ("BSC") was formed to assist the Board of Directors (the "Board") in the performance of its duties and responsibilities. The current Group Sustainability Steering Committee ("GSSC") reports directly to the BSC to ensure our sustainability within IOI by strengthening our sustainability performance and document the financial investments or projects related to the reduction and/or removal of GHG emissions throughout IOI's operations.

Our Co-Generated Power in JFZ

COMMITMENT TO STRONG GOVERNANCE (details in page 22 - 23). This financial year, IOI further enhanced the importance of sustainability within IOI by strengthening our sustainability governance framework. A new board committee, namely the Board Sustainability Committee ("BSC") was formed to assist the Board of Directors (the "Board") in the performance of its duties and responsibilities. The current Group Sustainability Steering Committee ("GSSC") reports directly to the BSC to ensure our sustainability agenda, commitments and issues are effectively deliberated and implemented. Additionally, we have a committee for the CCAi called the IOI Climate Change Action Financial Disclosure Committee to systematically track and document the financial investments or projects related to the reduction and/or removal of GHG emissions throughout IOI's operations.

"In managing our risks and opportunities, especially pertaining to our Scope 3 emissions, we have undertaken measures to map our supply chains to understand the extent of the impact their GHG emissions would have on our Net-Zero target."
IOI Corporation Berhad ("IOI") first embarked on our journey to reducing our greenhouse gas ("GHG") emissions in 2019 through the introduction of the Climate Change Action initiative ("CCAi"). In 2021, IOI proceeded to adopt recommendations from the Task Force on Climate-Related Financial Disclosures ("TCFD") around four thematic areas (Governance, Strategy, Risk Management, Metrics and Targets).

**OUR GOVERNANCE**

The Board Sustainability Committee has oversight over the strategy and development of the CCAi and reports directly to the Board.

**STRATEGY**

To achieve Net-Zero carbon emissions, IOI is committed to continuously improve our climate change action plan by:

* Reducing our climate change impact by committing to achieve Net-Zero for carbon intensity by 2040
* Promoting climate change action plans and practices through innovation, improved efficiency and support actions throughout the operations
* Increasing the resilience of our business by managing risks and opportunities, forecasting climate scenarios for climate impact valuation, incorporating our 7Rs of Circularity, and promoting Precision and Regenerative Agriculture

**RISK MANAGEMENT**

IOI conducted a quantitative Group-wide climate change assessment with an expert TCFD consultant to help identify our climate-related transition and physical risks.

Actions to manage our climate-related risks and opportunities comprise of:

* GHG emissions reduction and removal including sequestration commitments as well as increasing productivity and energy efficiency
* Managing GHG emissions from supply chain with introduction of climate-related procurement standards and principles
* Adoption and application of technologies and new innovations to mitigate risks and create opportunities

**METRICS AND TARGETS**

To achieve Net-Zero for Scopes 1, 2 & 3 by 2040.

**2030**

(Short-term target) To achieve carbon neutral for Scopes 1 & 2 via innovation, rehabilitation & sequestration.

**2025**

(Short-term target) To achieve 40% reduction in Scopes 1 & 2 GHG emissions against 2015 carbon intensity emissions.

**2022**

Committed to Net-Zero

**2019**

CCAI near-term reduction target by 2025

**2021**

Adoption of TCFD

**2023**

Commitment to SBTI, Forest, Land and Agriculture ("FLAG")

**2015**

Baseline for GHG & Implementation of Regenerative Agriculture

A Nature-based Solutions

1. No Deforestation, No New Planting on Peat, & No Social Exploitation ("NOPE")
2. Restoration, Rehabilitation & Prevention of Degradation Areas
3. Enhance Biodiversity & Connectivity

B Engineered Solutions

1. Technology & Innovation
2. Renewable Energy
3. Mitigation & Removal

C Supply Chain Management

1. Supplier Awareness & Capacity Building
2. Climate-related Procurement Standards & Principles
3. Efficient Green Supplier Selection Process

To learn more of our CCAi, refer to page 34 - 41 of our Sustainability Report 2023.
**OVERVIEW**

**ORGANISATIONAL and Mission, we uphold the Core Values**

In pursuit of our Vision following Core Values:

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

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

- **Integrity**
  - Doing the right things in all circumstances.

- **Commitment**
  - Taking ownership and putting our heart into what we do.

- **Team Spirit**
  - Collaborating with each other in the greater interest of the organisation.

- **Cost Efficiency**
  - Getting the best value for what we spend.

- **Innovation**
  - Embracing new technologies and different ways of doing things.

- **Excellence in Execution**
  - Taking effective actions to deliver high performance in everything we do.

IOI Corporation Berhad (“IOI” or “the Group”) is a leading integrated and sustainable palm oil player and a constituent of the FTSE4Good Index since 2018. We aspire to be at the forefront of embedding sustainability in our business strategy, particularly the 5-years strategic priorities. Our actions in sustainable palm oil production are guided by the Sustainable Palm Oil Policy (“SPOP”) which focuses on the importance of Environment, Social and Governance/Economics matters to our business operations and supply chain. Further details on our sustainability efforts and achievements are outlined in this report.

IOI’s integrated value chain comprises of upstream Plantation and downstream Resource-Based Manufacturing business segments. Across the value chain, we adopt the 7Rs of circularity (Rethink, Repurpose, Reduce, Reuse, Recycle, Repair, Recover) to promote sustainable use of resources while reducing our environmental footprint, especially greenhouse gas (“GHG”) emissions, as demonstrated in the Group’s value creation model (page 20). A full description of IOI’s integrated business model, financial outcomes, information on our global and local presence, as well as risk management and internal controls, can be found in pages 6 - 11 and page 102 of our 2023 Annual Report.

IOI is fully cognisant of the impact of GHG emissions on climate change. We introduced the Climate Change Action initiative (“CCAi”) in 2018 as part of our action plan to reduce our GHG footprint. In 2022, IOI committed to achieving Net-Zero target by 2040. We reinforced our efforts to achieving this target through our commitment to the Science Based Target Initiative in the category of Forest, Land and Agriculture (“SBTi FLAG”) in 2023. Details on our CCAi and our journey towards Net-Zero can be found in pages 34 - 41.

IOI received the “Industry Excellence in Plantation Management” Award at the Malaysia International Agricommodity Awards 2022 from the Ministry of Plantation Industries & Commodities. The award recognises IOI’s excellence in plantation management and digital transformation within the Plantation Division.

IOI Edible Oils Sdn Bhd won 1st Runner-Up under Energy Management for Industry (Large Industries) in both ASEAN Energy Awards (“AEA”) and National Energy Award (“NEA”) 2022 through the implementation of the “Energy Management Towards Efficient and Sustainable Process Operation” project.

IOI Bio-Energy Sdn Bhd was also announced as the Winner in Green Energy Generation “Improved Steam Distribution to Reduce Steam Loss and Enhance Green Energy Generation” project, a special submission invited by the ASEAN Centre for Energy (“ACE”).

IOI Edible Oils Sdn Bhd won 1st Runner-Up under Energy Management for Industry (Large Industries) in both ASEAN Energy Awards (“AEA”) and National Energy Award (“NEA”) 2022 through the implementation of the “Energy Management Towards Efficient and Sustainable Process Operation” project.

IOI Edible Oils Sdn Bhd won 1st Runner-Up under Energy Management for Industry (Large Industries) in both ASEAN Energy Awards (“AEA”) and National Energy Award (“NEA”) 2022 through the implementation of the “Energy Management Towards Efficient and Sustainable Process Operation” project.

IOI Bio-Energy Sdn Bhd was also announced as the Winner in Green Energy Generation “Improved Steam Distribution to Reduce Steam Loss and Enhance Green Energy Generation” project, a special submission invited by the ASEAN Centre for Energy (“ACE”).

**AWARDS AND RECOGNITION**

**The Edge’s ESG Awards 2022**

IOI received a Gold Award for the Plantation Sector under the “Equity Awards Category”, during The Edge’s ESG Awards 2022, organised by Bursa Malaysia Bhd and FTSE Russell. This award acknowledged IOI’s continuous effort and commitment in implementing ESG practices.

**Malaysia International Agricommodity Awards 2022**

IOI received the “Industry Excellence in Plantation Management” Award at the Malaysia International Agricommodity Awards 2022 from the Ministry of Plantation Industries & Commodities. The award recognises IOI’s excellence in plantation management and digital transformation within the Plantation Division.

**Anugerah Rakan Konservasi or Conservation Partner Award by Sabah Forestry Department**

Collaboration between IOI Plantation Services Sdn. Bhd. (Sandakan Region) and Sabah Forestry Department (“SFD”) as a Conservation Partner has led us to receive a Conservation Partner Award. This collaboration involved IOI’s continuous effort in protecting wildlife and educating communities on conservation practices through public awareness programmes.

**ASEAN and National Energy Awards 2022**

IOI received a Gold Award for the Plantation Sector under the “Equity Awards Category” during The Edge’s ESG Awards 2022, organised by Bursa Malaysia Bhd and FTSE Russell. This award acknowledged IOI’s continuous effort and commitment in implementing ESG practices.

**10th Human Resources Excellence Awards 2022**

IOI Corporation Berhad wins Silver Award for “Excellence in Leadership Development” at the 10th Human Resource Excellence Awards (“HREA”) 2022 held, in October 2022. The award was given based on the ongoing effort of IOI Corporation Berhad in providing a great path and programme for employees to grow in leadership.
PERFORMANCE IN GLOBAL ASSESSMENT, INDICES AND RATINGS

IOI’s commitment to Environmental, Social, and Governance ("ESG") practices are reflected in our achievements and leadership position as rated by various rating and assessment agencies globally. Utilising these globally evaluated performances and indices, IOI is also able to identify sustainability criteria that are both industry specific and financially material to our stakeholders such as our customers, financial institutions, etc. We can then engage, address any gaps and communicate our sustainability performances in a clear and transparent manner.

RANKING PERFORMANCE

<table>
<thead>
<tr>
<th>Rating/Assessment</th>
<th>Ranking performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainalytics</td>
<td></td>
</tr>
<tr>
<td>IOI’s ESG risk rating score has improved from 25 to 24.7. Our company has &quot;Medium&quot; risk with strong management of relevant issues and is ranked fifth from over 100 worldwide Agriculture companies.</td>
<td></td>
</tr>
<tr>
<td>S&amp;P Global Corporate Sustainability Assessment</td>
<td>42</td>
</tr>
<tr>
<td>IOI’s score increased to 42 from 40 for overall company score and at 62nd percentile ranking in the 2022 S&amp;P Global Corporate Sustainability Assessment which formed part of the Dow Jones Sustainability Index’s (“DJSI”) assessment of corporates to be included in its Index.</td>
<td></td>
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<tr>
<td>CDP</td>
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<tr>
<td>Our score for this financial year for Water Security is B and for both Forest and Climate Change the score is C.</td>
<td></td>
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<tr>
<td>EcoVadis</td>
<td></td>
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<tr>
<td>IOI Oleochemical sites i.e., IOI Acidchem (&quot;ACM&quot;), IOI Pan-Century Oleochemicals and IOI Oleo GmbH all were awarded Gold for EcoVadis Sustainability Rating in 2022. This rating covers non-financial management systems such as Labor, Human Rights, Ethics, etc.</td>
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<tr>
<td>Moody’s ESG Solutions</td>
<td></td>
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<tr>
<td>The ESG score increased from 31 in 2020 to 43 in 2022. IOI’s ESG performance are all above sector average and ranked fourth out of 41 companies in the food emerging market sector.</td>
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</tr>
<tr>
<td>FTSE4Good Index Series</td>
<td></td>
</tr>
<tr>
<td>Improved overall score from 3.4 to 3.6 and continues to be a constituent in the FTSE4Good Index Series. IOI Corp is among the top 5 subsectors peers (farming and fishing) with a strong Governance score of 4.7.</td>
<td></td>
</tr>
<tr>
<td>SPOTT Palm Oil Assessment</td>
<td></td>
</tr>
<tr>
<td>Overall percentage score for IOI has increased to 79.7% from 76.4% despite the increased number of indicators. Additionally, IOI is ranked 17 over 100 worldwide palm oil companies and fourth out of 20 palm oil companies in Malaysia.</td>
<td></td>
</tr>
<tr>
<td>MSCI</td>
<td></td>
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<tr>
<td>IOI’s ESG Rating score remained “BBB” for 2023 Morgan Stanley Capital International (&quot;MSCI&quot;) rating.</td>
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</tbody>
</table>

OUR SUSTAINABILITY APPROACH

SUSTAINABILITY COMMITMENT & COMPLIANCE

Our Pillars of Sustainability (People, Planet and Prosperity) plus Partnership lay the foundation for our Sustainability Vision which is:

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 wellbeing 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.

IOI highly emphasises the importance of Partnership in all our sustainability efforts as we recognise that meaningful and lasting change can only be achieved through collaborative effort.

IOI’s commitment to embedding sustainability is also well established within our core business and operations as it is predicated on IOI’s Sustainability Vision.

Driving growth in new innovative and green products and services.

Reducing the impacts of climate change, water stress, etc. to our business and operations.

Incentivising operational efficiency through management of resources.

Meeting the demands of our customers and consumers in general, who want the products that they buy and consume to be sustainably sourced.

Ensuring a secure sustainable future supply of agricultural resources and inputs.

We strongly believe that sustainability performance is a key driver for our business success as it propels us to remain resilient in a rapidly evolving business landscape by

Attracting and engaging our employees towards embracing our pillars of sustainability.
Our Sustainability Approach

With the above framework in place, we have developed a specific **Approach to Sustainability** to ensure the success of our sustainability journey.

1. Define sustainability within IOI.
2. Engage with stakeholders.
3. Set goals and commitments.
4. Establish systems and processes.
5. Track progress, communicate action, and meet expectations.

**Certifications**

- 100% IOI Mills and 94% Estates are RSPO certified
- All Malaysian Estates and Mills are MSPO certified
- 29% of IOI palm oil mills are certified under ISCC to meet market driven requirements
- IOI Sandakan Edible Oils is ISCC certified since 2012
- Both refineries in Malaysia are MSPO SCCS and RSPO SCCS certified
- All operations are certified ISO 45001:2018 Occupational Safety & Health Management Standards
- Progressing towards ISO14064-1:2018 Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals
- All Malaysian operations are certified MSPO SCCS and RSPO SCCS

**Regulations**

As stated in our SPOP and requirements of sustainability certification, we are committed to complying with all applicable local and international legislations. We hold compliance to laws and regulations as important to protect our business and our people as well as to fulfil our duty as a responsible corporate citizen and thus avoid any legal liability.

To be resilient and be able to sustain our business at a global level, IOI strives to be in full compliance with the new European Union Deforestation Regulation ("EUDR") requirements and be in alignment with the Accountability Framework Initiative ("AFI"). IOI has communicated the EUDR commitments to our suppliers through our Tools for Transformation ("T4T") programme to achieve a deforestation-free supply chain. Refer to pages 42 - 49 for more detail.

Additionally, we are also actively monitoring the upcoming regulations such as:

- EU Forced Labour Regulation
- Corporate Sustainability Due Diligence Directive
- Corporate Sustainability Reporting Directive
We continue to measure our performance for this financial year against the targets first set in 2020. We have been monitoring our performance against the relevant UN SDG targets.

IOI first committed to contributing towards six of the United Nations’ Sustainable Development Goals (“UN SDGs”) in 2018. Since then, we have implemented various initiatives to align our performance with these goals. Our efforts include:

- **TARGET 2.4**
  - **IOI Contribution to SDGs**
    - Adopt circular economy model to ensure sustainable food production and ensure food security.
    - Conduct R&D to produce high-yielding oil and crops with less chemical use, drought resistance, etc.
    - Use non-harmful agricultural methods to mitigate human-wildlife conflict; to ensure soil management to prevent soil erosion and degradation, etc.
  - **IOI Targets based on 5-year Strategic Priorities**
    - In order to meet global food security for oil and fats, improving OER by at least 13% from our clonal palms compared to conventional seedlings will result in higher oil yield.
    - Continuous optimisation of nutrient uptake by the oil palm tree through fertiliser management and soil microbiome enhancement.
  - **Performance FY2023**
    - High yielding clonal palms from IOI Biotech for replanting.
    - Continued optimisation of nutrient uptake by the oil palm tree.
    - Implementation of Integrated Pest Management (“IPM”) with biological controls.
    - Continuous research conducted by IOI Research Centre to conserve soil fertility and practice precision agriculture via the use of drones which optimises the use of fertilisers and enhances uptake of nutrients by palm trees.
    - Ongoing implementation of best agriculture practices.
    - Increased areas of lands utilised by our employees for the “Plant Your Own Food” Initiative and introduced “IOI Urban Garden” for HQ employees.

- **TARGET 8.2**
  - **IOI Contribution to SDGs**
    - Provide capacity building to IOI plantation workers to ensure our workforce is updated with new skills, efficient and productive.
    - Invest in R&D on our crops to increase productivity and decrease dependence on natural resources.
    - Introducing mechanisation, automation and digitalisation especially in the labour-intensive parts of our operations.
  - **IOI Targets based on 5-year Strategic Priorities**
    - Trainer Programme to cultivate employee potential.
    - Use of technology to improve yields and productivity while contributing to upskilling workforce.
    - IOI’s five-year strategic blueprint as stated in our Integrated Report.
  - **Performance FY2023**
    - Ongoing capacity building through IOI Grow.
    - Implementation of mechanisation and digitalisation platforms in our operations.
    - Integration and the progress of IOI five-year strategic blueprint are reported throughout our 2023 Integrated Report.

This year, in light of issues highlighted related to forced labour in some sectors employing foreign workers, IOI has committed to add another target to UN SDG 8 which is target 8.7.

- **TARGET 8.7**
  - IOI Contribution to SDGs
    - Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.
  - IOI Targets based on 5-year Strategic Priorities
    - IOI targeted earnings of more than the minimum wage for each worker during normal working hours in Malaysia.
    - Support women’s rights & empowerment.
    - Reduce Lost Time Injury Frequency Rate at the operational level.
    - To proactively address the elimination of forced labour specifically in strengthening our recruitment process to avoid payment of illegal monies by workers.
  - **Performance FY2023**
    - Continue to ensure all workers are paid at least minimum wage.
    - Various activities and programmes conducted by WEC to empower the women in our plantations and celebrated International Women’s Day on 8th March 2023 across IOI Group.
    - Independent survey on monitoring the wellbeing and working condition of our workers in plantations.
    - Due diligence audit for our recruitment agencies collaboration with one of our multinational customer.
    - IOI's Performance and Contribution to the UN SDG in FY2023.

IOI's five-year strategic blueprint as stated in our Integrated Report.
• Adopts the circular economy model to minimize waste generation and maximise recycling in the plantation operations (refer to value creation model on Pages 20 - 21).

• Green initiatives in resource-based manufacturing to increase water recycling, reduce wastage and increase reprocessing waste material and energy efficiency.

• Key oil palm player in Malaysia that is committed towards sustainable forestry practices.

• Adopted the circular economy model to minimize waste generation and maximise recycling in the plantation operations.

• Minimise pollution and waste generation.

• Products developed are in key applications like pharmaceutical, nutritional, cosmetics and personal care segments.

• Ongoing research and development programmes to create better planting materials through tissue culture technology.

• Since 2019, OER of over 23.5% has been achieved in the mills receiving FFB crops supplied by estates planted with high-yielding clonal palms comprising between 35% to 53% of total hectarage which is higher than the Malaysian average OER.

• Minimise pollution and waste generation.

• Ongoing implementation of climate action strategy from upstream to resource-based manufacturing operations.

• 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 ESIA, HCV and HCS assessment, LUC analysis, GHG assessment, soil suitability and topographic survey).

• Fire Management applied.

• Installation of more methane capture facilities and optimising further on those already installed to reduce GHG emissions to atmosphere and the use of the biogas in place of diesel.

• Treated dried POME residues recycled and used as organic fertilisers in our plantation.

• In FY2023, both IOI Plantation and IOI Refinery Divisions recycled and reused 97% of waste produced, while IOI Oleo recycled about 46% of waste produced.

• Frequent reporting from time to time in IOI website with regards to grievance list, third party supplier traceability, sustainability updates.

• IOI Oleo to be fully ISO 50001: Energy Management certified.

• 100% RSPO certification for estates and mills in Malaysia.

• IOI Oleo continuously carried out efficiency improvement projects via IOI 50001.

• IOI Targets on SDG 12.6: Reduce consumption and waste

• Ongoing implementation of climate action strategy from upstream to resource-based manufacturing operations.

• Implement collaborative & landscape approach, conservation & biodiversity projects.

• Fire Management applied.

• Commitment to NDPE commitments.

• New oil palm developments only after comprehensive stakeholder engagement and assessments (including ESIA, HCV and HCS assessment, LUC analysis, soil suitability and topographic survey).

• Implement collaborative & landscape approach, conservation & biodiversity projects.

• IOI is committed to a holistic approach in implementing its climate action strategy and to strive for reducing GHG emissions.

• Installation of 10 methane capture facilities at major mill operations.

• Group-wide emissions reduction for 2023 is at 19.5%.

• Installation of 10 methane capture facilities at major mill operations.

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• Installation of 10 methane capture facilities at major mill operations.

• Group-wide emissions reduction for 2023 is at 19.5%.
**TARGET 15.2**

**IOI Contribution to SDGs**
- Rehabilitation of forest reserve through Mini Landscape Level Approach for Peatlands adjacent to our Bukit Leelau Estate
- Committed to NDPE commitments
- Socialisation, dialogue and awareness programmes on fire prevention in forests to stakeholders
- Identification of High Carbon Stock ("HCS") forests
- Utilises Global Forest Watch platform to map our concession areas, obtain daily information about forest fires, and obtain longer-term climate trends
- Partnered with Earthworm Foundation to establish a near real-time deforestation monitoring capacity where IOI’s suppliers are operating
- Identifying and protecting HCV and HCS areas in where IOI’s suppliers are operating
- Uphold and promote NDPE throughout our third-party suppliers
- Adopting Landscape Level Approach ("LLA") where applicable by working in partnership with communities

**IOI Targets based on 5-year Strategic Priorities**
- Regular in-depth training for our employees on HCV and HCS identification and monitoring
- Ongoing protection of HCV, HCS and conservation areas within our operating units based on our policy commitments and specific developed guidelines
- Continuous application of T4T assessments and collaboration with Earthworm Foundation on engagement programmes for suppliers and deforestation monitoring
- Ongoing partnership with external stakeholders including communities, local authorities, and neighbouring plantations for Ketapang landscape level programmes as well as the continuation of our Bukit Leelau mini-LLA

**Performance FY2023**
- Introduction of the Biodiversity and Ecosystem Enhancement guideline
- Continuous implementation of IOI’s Pest Protection and Management guideline
- All operations continue to adhere to IOI’s No Open Burning Policy
- Collaborative projects with NGOs and local authorities in protection of RTE species

**TARGET 15.5**

**IOI Contribution to SDGs**
- New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments
- Uses natural and non-harmful agricultural methods to mitigate human-wildlife conflict
- Employs forest rangers and collaborates with local society and regulators to monitor RTE species
- Collaboration with HUTAN-PONGO for Ecological Study on Orangutan Population at Kinabatangan

**IOI Targets based on 5-year Strategic Priorities**
- Strengthening our Environmental Management Guidelines by having clear specific stages in handling fire, pest and biodiversity within our operations
- Working with relevant authorities on biodiversity conservation and protection of RTE species

**Performance FY2023**
- Introduction of the Biodiversity and Ecosystem Enhancement guideline
- Continuous implementation of IOI’s Pest Protection and Management guideline
- All operations continue to adhere to IOI’s No Open Burning Policy
- Collaborative projects with NGOs and local authorities in protection of RTE species

**TARGET 17.16**

**IOI Contribution to SDGs**
- Collaborate with industry experts to share information and solve challenges in social and environmental projects
- Key partnerships and associations include Proforest, Earthworm Foundation, Global Environment Centre, MPOA, Sustainable Palm Oil Choice Member, International Sustainability & Carbon Certification ("ISCC"), a Board of Governor and Member of RSPO

**IOI Targets based on 5-year Strategic Priorities**
- Collaborate with other palm oil producers, processors, food companies, NGOs and governmental bodies in improving industry-wide palm oil sustainability commitments
- Collaborate with various stakeholders including suppliers, customers, civil societies, governments and independent verification bodies in the implementation of our SPOP commitments

**Performance FY2023**
- Collaboration with various stakeholders including civil societies, regulatory bodies, and local authorities in joint sustainability projects
- Sharing our expertise with the industry and other external stakeholders (NGOs, Customers, Investors, etc)

**TARGET 17.17**

**IOI Contribution to SDGs**
- New oil palm developments are only allowed following comprehensive stakeholder engagement and assessments
- Collaborate with industry experts to share information and solve challenges
- Key partnerships and associations include civil societies, MPOA, ISCC, and RSPO

**IOI Targets based on 5-year Strategic Priorities**
- Active collaboration for capacity building to create awareness on sustainability matters
- Active collaboration with academia, industrial associations and working groups for information sharing and drive sustainability agenda

**Performance FY2023**
- Collaboration with various organisations (eg Earthworm Foundation, IOM, ILO) to improve capacity building for our suppliers, smallholders and workers
- Continuous engagements and collaborations with HUTAN KOOP, Seratu Aatai, & Nestlé
VALUE CREATION MODEL

OUR VISION IS TO BE A LEADING AND SUSTAINABLE MALAYSIAN BUSINESS CORPORATION WITH GLOBAL PRESENCE.

CAPITAL INPUTS

Human
- Strong leadership and governance
- 23,000 skilled and diverse people
- Success and business continuity planning
- Training and skill-building opportunities

Natural
- 287,125 hectares of plantation
- Soils, plants and healthy soil to cultivate oil palm trees and other crops

Financial
- Access to capital for investments in future growth
- RM3.6 billion of total assets
- RM11.3 billion of shareholders' equity

Manufactured
- 3 mills
- 2 refineries
- 4 oleochemical plants/complexes
- 1 palm wood factory
- 1 biodiesel cente
- 4 Research and Development (R&D) centres

Social & Relationship
- Strong long-term relationships with stakeholders, customers, suppliers, financial institutions, non-governmental organizations (“NGOs”), regulators and communities to create shared values

Entrepreneurial
- R&D capabilities and intellectual property
- Brand values and good reputation
- Best agriculture practices and estate management practices

OUR INTEGRATED VALUE CHAIN

Refine: Business Activities Outputs Circular Economy
- FFB: Fresh Fruit Bunches
- PK: Palm Kernel
- POME: Palm Oil Mill Effluent
- EFB: Empty Fruit Bunches
- FFB: Fresh Fruit Bunches
- CPO: Crude Palm Oil
- PK: Palm Kernel
- POME: Palm Oil Mill Effluent

PLANTATION
- Human Resources
- Land
- Production Resources
- Machinery & Agriculture Equipment
- Workers

IoT: Internet of Things

Technology & Digitalisation: Streamlining R&D and Innovation Culture

Sustainability: Developing Responsible Global Palm Oil Supply Chain

3 Enablers
- Safe and conducive workplace
- Good employee career development
- Succession and business continuity
- Strong leadership and governance

Invest: Business Activities Outputs Circular Economy
- Palm Oil
- Oil
- Soap
- Other

3 Strategic Priorities
- Increase Yield
- Optimize Workforce
- Diversify Crops

In alignment with our three pillars of sustainability: (People, Planet, Prosperity)

VALUE DELIVERY & IMPACT

Human
- Good employee career development
- Healthy workplace
- Safe and conducive workplace

Natural
- Sustainable palm oil practice support climate action and maintain ecosystem health
- Implement and introduce organic palm oil
- MS ISO 14001 and MSBV certified
- No deforestation and protection of High Conservation Value Areas
- Towards Group-wide Net Zero by 2040

FINANCIAL
- Sustainable and profitable growth
- Good dividend payout
- Green and responsible investment
- Better economics of scale
- Resilient earnings from fully integrated business model

Manufactured
- State-of-the-art, certified and accredited manufacturing facilities
- Significant operational efficiencies and synergies
- First-in-kind palm wood factory

Social & Relationship
- Quality and customized products at competitive cost for customers to support quality of life and improve nutrition
- Improve livelihoods and uphold land rights of local communities

Innovative
- High-yielding germplasm
- Developed 14 new formulations for personal care and cosmetic applications
- Filed 2 new patents for food, cosmetic and expandable polystyrene (“EPSX”) applications
- ONE IOI Integrated Platform

VALUE CREATION MODEL

Partnership, together with the six adopted relevant United Nations Sustainable Development Goals (“UN SDGs”).
COMMITMENT TO STRONG GOVERNANCE

SUSTAINABILITY GOVERNANCE

To ensure effective and successful implementation of IOI Corporation Berhad (“IOI”) sustainability commitments and policies, clear lines of accountability, well-defined roles, and responsibilities within our Governance structure were established. To this end, we have both a Corporate Governance Framework as well as a revised Sustainability Governance Framework to better reflect our strong governance culture. Please refer to AR page 91 for details of the Board and the Corporate Governance Structure. These frameworks also enable IOI to transparently address and report on Environment, Social, and Governance (“ESG”) matters.

Revised Sustainability Governance Framework

This year, IOI took further steps to enhance the importance of sustainability within IOI by strengthening our sustainability governance framework. A new board committee, namely the Board Sustainability Committee (“BSC”) was formed and will be part of IOI’s Corporate Governance Structure and be accountable to the Board of Directors (the “Board”) in the performance of its duties and responsibilities. The main objective of this revision is to provide focus and direct board oversight on sustainability matters, provide clarity on the roles of different actors within the framework as well as alignment with IOI’s overall missions, values, and Strategic Enabler 2 (please refer to AR page 44 for details) on Sustainability.

The Board Sustainability Committee (“BSC”) was established and approved by the Board of Directors on 22 June 2023. The Committee, on behalf of the Board, shall have oversight of the sustainable development responsibilities within IOI and support the Board in setting high-level direction and strategic focus on sustainable business models within IOI. This include formulating the strategies designed to manage ESG risks and opportunities including climate change. The committee comprises three members of IOI Board of Directors and will meet twice a year. The BSC has oversight on all the Group’s material sustainability issues such as:

- Environment protection including No Deforestation, No New Planting on Peat, No Social Exploitation (“NDDPE”) and protection of biodiversity and ecosystem
- Climate change especially in the management of its greenhouse gas (“GHG”) emissions from all its businesses and operations
- Human rights including safeguarding the wellbeing of our workforce
- Safety and health
- Free, prior and informed consent (“FPIC”) rights of the local communities
- Welfare and socio-economic advancement of the wider communities
- Circular economy including the efficient utilisation of resources
- Long term sustainability of business operations from the above perspectives

The BSC reports directly to the BSC to ensure our Group’s sustainability agendas, commitments and issues are effectively discussed, approved and implemented. The membership of the Committee comprised of the GMD, Group Chief Financial Officer, Group Head of Sustainability, Sustainability Leads (Plantation, Refinery, Oleochemical, and Commodity Marketing), and Senior Management from Group Support Functions as determined by the Chairman of the Committee. Sustainability leads for each business divisions will play the main role in implementing all sustainability requirements and standards. They are also responsible to execute and monitor all relevant sustainability initiatives and group-wide commitment like IOI’s Net-Zero target. They will present the sustainability highlights and divisions’ performance during bi-annual committee meetings. The committee also will exercise their responsibilities in reviewing policies, standards and sustainability risk, ensuring the efficient functioning of IOI’s Grievance Mechanism, including reviewing the contents of the Annual Sustainability Report as requested under various local and international requirements.

Sustainability Advisory Panel (“SAP”) and Sustainability Consultation Forum (“SCF”)

The SAP is composed of NGOs, multinational brands and subject-matter experts, as well as representatives from IOI Group senior management. The panel is responsible for advising the Group on its sustainability commitments and is the core external panel members of the Sustainability Consultation Forum (“SCF”). The SCF is a platform that IOI introduced to discuss complex sustainability topics together with external stakeholders such as NGO’s, subject-matter experts, governmental departments, customers, etc., as well as to gather bottom-up feedback from our own internal stakeholders.

IOI Climate Change Action (“CCA”) Financial Disclosure Committee

A committee for CCAi was introduced in 2022 by IOI to help monitor climate-related financial risks and financial impacts towards achieving Net-Zero. The committee is also responsible to systematically track and document the financial investments or projects related to the reduction and/or removal of GHG emissions throughout IOI’s operations. The composition of the committee consists of the chairperson which is the Group CFO and project leads from relevant departments such as Finance, Sustainability, Operations, etc.

Group Head of Sustainability (“GHS”)

The Group’s daily sustainability matters are led by IOI’s GHS. In this position, the GHS communicates and reports directly to the GMD to ensure all the Group’s sustainability commitments, policies, guidelines, etc., are developed and implemented by the respective divisions (Plantation and Resource-based). GHS is also responsible for corporate sustainability and help align the Group’s strategy as well as oversees the overall implementation of sustainability policies and practices for the Group.

Sustainability Leads (for each business segment)

Sustainability functions across the business operations are assisted by the division’s Sustainability Lead by ensuring sustainable practices and compliances are fully embedded within each operating unit. Operating units together with regional sustainability teams are responsible in ensuring regular internal sustainability audits, engagement with relevant stakeholders as well as regional sustainability meetings and management reviews are being conducted in a timely manner.
At IOI, we adopt a transparent and proactive approach when engaging with both our internal and external stakeholders. We believe that effectively managing the expectations, needs and concerns of our key stakeholders and taking their feedback into consideration will enable us to develop effective solutions to matters that are material to both IOI and our stakeholders. Ultimately, this will also aid IOI to better balance environmental protection and social needs without compromising economic requirements for IOI to remain resilient and competitive in the market. Throughout FY2023, IOI has initiated various activities to understand trends, obtain information, as well as address concerns and gather the perspectives of our stakeholders. A full range of assessments on the value created through these stakeholder engagements is communicated transparently to illustrate our accountability in fulfilling these commitments. More information on our stakeholder engagements are also reported regularly in our website1.

**STAKEHOLDER ENGAGEMENT**

<table>
<thead>
<tr>
<th>EMPLOYEES</th>
<th>Activities FY2023</th>
<th>Output/Values Created</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Following the success of the “Plant your own food” initiative, IOI launched the IOI Urban Garden initiative for IOI’s HQ employees to start their own garden</td>
<td>Promote wellbeing of our employees by encouraging a healthy lifestyle and building a sense of community</td>
<td>Page 65</td>
</tr>
<tr>
<td></td>
<td>Activities, training, and development programmes on various topics</td>
<td>Continuous learning, capacity building, and increasing awareness for our employees</td>
<td>Page 64</td>
</tr>
<tr>
<td></td>
<td>Organised group wide International Women’s Day celebration with the hashtag #EmbraceEquity</td>
<td>Empower and show appreciation to our female employees as an important part of our workforce and promoting gender equality</td>
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</tr>
</tbody>
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<table>
<thead>
<tr>
<th>CUSTOMERS</th>
<th>Activities FY2023</th>
<th>Output/Values Created</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Participated in IOI’s inaugural Panel Discussion on IOI’s Pathway to Net-Zero</td>
<td>Communicate IOI’s targets, climate risks and opportunities, as well as initiatives in addressing climate change</td>
<td>Page 39</td>
</tr>
<tr>
<td></td>
<td>Responding to customers’ sustainability-related updates and enquiries</td>
<td>Build trust among our customers by demonstrating continuous improvement in our sustainability performances and promote transparent communication of material issues and addressing customers’ concerns</td>
<td>Pages 42 - 45</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COMMUNITIES</th>
<th>Activities FY2023</th>
<th>Output/Values Created</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full day, zero cost education for workers’ children in our Sabah plantations</td>
<td>Encourage children within our operating units to pursue education and a better future while safeguarding them from potential risks of child labour</td>
<td>Page 66</td>
</tr>
<tr>
<td></td>
<td>Donations to charity, hospitals, and schools through our operating units as well as IOI’s charity arm IOI Foundation</td>
<td>Contributes to our surrounding communities by supporting better education and medical treatment</td>
<td>Page 68</td>
</tr>
<tr>
<td></td>
<td>Engagement with smallholders to improve smallholder livelihood and assist them to achieve and sustain their MSPO certification</td>
<td>Support our smallholders in improving sustainability practices</td>
<td>Page 67</td>
</tr>
</tbody>
</table>

1 1https://www.ioigroup.com/Content/S/S_Stakeholders

<table>
<thead>
<tr>
<th>SUPPLIERS</th>
<th>Activities FY2023</th>
<th>Output/Values Created</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Annual assessment programmes to track untraceable volumes of FFB</td>
<td>Increased transparency and traceability of fresh fruit bunches (“FFB”) sources and assist suppliers to address gaps in the implementation of our No Deforestation, No New Planting on Peat, No Exploitation (“NDPE”) commitments</td>
<td>Pages 42 - 45</td>
</tr>
<tr>
<td></td>
<td>Engagement on ethical recruitment and labour transformation programmes</td>
<td>Create awareness in addressing issues surrounding indicators of forced labour</td>
<td>Pages 42 - 43</td>
</tr>
<tr>
<td></td>
<td>Participated in IOI’s inaugural Panel Discussion on IOI’s Pathway to Net-Zero</td>
<td>Communicate IOI’s targets and commitments towards achieving Net-Zero to our supply chain</td>
<td>Page 39</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>REGULATORS</th>
<th>Activities FY2023</th>
<th>Output/Values Created</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maintaining industry association memberships and adhering to relevant government and international policies and regulations</td>
<td>Ensure compliance with industry standards as well as relevant local and international policies and regulations</td>
<td>Page 13</td>
</tr>
<tr>
<td></td>
<td>Engagement to gather feedback from government departments and agencies (eg, NRECC, MPOB, etc) on latest requirements and implementation gaps</td>
<td>Feedback from regulatory bodies to address various sustainability issues and ensure compliance</td>
<td>Page 13</td>
</tr>
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<table>
<thead>
<tr>
<th>SHAREHOLDERS &amp; INVESTORS</th>
<th>Activities FY2023</th>
<th>Output/Values Created</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Respond to sustainability-related inquiries from our shareholders and investors</td>
<td>Addressed investors’ points of interest to provide better understanding on our ESG practices</td>
<td>Pages 24 - 25</td>
</tr>
<tr>
<td></td>
<td>Disclosure on ESG ratings and assessments, as well as respond to specific disclosure requests by investor groups</td>
<td>Transparent disclosures on IOI’s sustainability performance increases confidence among investors and shareholders as well as enhances IOI’s reputation through continuous improvement of our ratings</td>
<td>Page 10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INDUSTRY ASSOCIATION/CIVIL SOCIETY</th>
<th>Activities FY2023</th>
<th>Output/Values Created</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Engagement with industry associations relevant to our business to discuss sector issues and concerns</td>
<td>Address concerns that are industry-specific and having a stronger voice as a united grouping</td>
<td>Page 54</td>
</tr>
<tr>
<td></td>
<td>Involvement in forums, discussions, working groups, taskforces and other knowledge sharing platforms (eg Securities Industry Development Corporation (“SIDC”), Business Council of Sustainable Development (“BCSD”), etc)</td>
<td>Communicate sustainability agenda, practices, challenges, etc and help improve negative perception towards sustainable palm oil</td>
<td>Pages 39 - 40</td>
</tr>
</tbody>
</table>
OUR MATERIAL SUSTAINABILITY MATTERS

SUSTAINABILITY MATERIAL MATTERS

MATERIAL ASSESSMENT

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

MATERIALITY MATRIX

This year, four new materiality matters are identified as our top ten material matters (i.e., fire management, energy management & operational efficiency, circular economy & waste management, as well as biodiversity & conservation). Details of the top ten priority material matters, our related response and links to the relevant UN Sustainability Development Goals, etc., can be found in section “Top 10 Sustainability Material Matters and Our Responses”. The 11 Material Matters cited by Bursa Malaysia that have been considered by IOI but are not included in our top ten are also considered based on the latest trends related to global sustainability issues in the palm and other relevant sectors, requirements from ESG rating agencies, and sustainability standards as well as stakeholders’ concerns and expectations. The risks and opportunities of the identified material matters relevant to IOI are analysed together with the company’s business goals and strategies and disclosed in the current reporting cycle. The process of determining the material matters is as follows:

SUSTAINABILITY MATERIALITY MATRIX

DOUBLE MATERIALITY

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

DOUBLE MATERIALITY MATRIX

No Impact

No changes in practices

Low Impact

Routine SOPs and Guidelines by management

Medium Impact

Action and monitoring by relevant management

High Impact

Close attention required by top management

Very High Impact

Immediate action by top management and follow up by BSC

Top 10 Sustainability Material Matters

1. Health and Safety
2. Climate Change & Greenhouse Gas Emissions Management
3. Human Rights & Good Labour Practices
4. Grievance Mechanism & Transparent Communication
5. Traceability & Responsible Sourcing
6. Fire Management
7. Circular Economy & Waste Management
8. Energy Management & Operational Energy Efficiency
9. Regulatory and Third-party Compliance
10. Biodiversity & Conservation
A safe and healthy working environment will enable our employees to deliver high quality work, thus contributing to higher productivity. Safety risks at the workplace can cause health problems and injuries, leading to absenteeism and lower income, potentially affecting the livelihood and wellbeing of our workforce. Serious safety issues may halt our operations at both plantation and manufacturing sites. Moreover, non-compliance with health and safety requirements can incur fines that lead to reputational damage and thus negatively impact our business.

Implement good and accident prevention practices
• Regularly review and update our policies, guidelines, and SOPs in a timely manner
• Conduct safety trainings and campaigns according to the training programme

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

Continuing business as usual in a fast-changing environment without a GHG management plan will exacerbate the impact of climate change. Ignorance on GHG emissions will increase our exposure to climate-related risks, thus impacting business resilience, reputational damage and high costs due to carbon tax.

Our Responses
• Commit to SBTi FLAG
• Develop a roadmap to achieve Net-Zero target
• Implement Climate Change Actions in line with TCFD
• No-deforestation and conversion of natural ecosystem areas
• Continue to explore latest technology and innovations to adapt and mitigate climate change

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

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

HUMAN RIGHTS AND GOOD LABOUR PRACTICES

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

Upholding human rights within our operation is vital to ensure a safe working environment and safeguard our workforce from any incidence of forced labour, including child labour. Negligence in respecting human rights can cause unfair treatment and increase the number of workforce turnover. The company may also face significant legal and reputational risks including import bans on our palm oil products from other countries.

Our Responses
• Sharing good labour practices with other industry players
• Monitor workers’ right through a human rights due diligence service provider
• Continue socialisation and monitoring on the adherence and implementation of our policies, guidelines, and good practices
• Protecting children’s right by providing clean and healthy environment, education, medical, etc.,

Link to Corporate Risks

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

Link to Capital Input and UN SDG

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OUR MATERIAL SUSTAINABILITY MATTERS

CIRCULAR ECONOMY AND WASTE MANAGEMENT

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

Irresponsible production and consumption can overexploit natural resources, putting biodiversity and our future generations at risk. We adopt the 7Rs of circularity to reduce our GHG footprint and other environmental impacts. The 7Rs aim to reduce carbon emissions by reusing or repurposing materials for other uses, reducing the need for new raw materials, and minimising environmental impact. Waste management is one of the critical areas that has legal requirements and sustainability standards that we must comply with. Failure to do so can result in a negative impact on the environment, society, reduced marketability, and the risk of fines imposed by the authorities.

Our Responses

- Waste management according to law and regulations
- Waste such as solid POME and EFB are converted to value-added products such as fertilisers in plantations
- GHG reduction through methane capture facilities at palm oil mills
- Responsible water management
- IOI Palm Wood converts oil palm trunks into commercial products

ENERGY MANAGEMENT AND OPERATIONAL ECO-EFFICIENCY

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

Good energy management practices, such as consuming less energy, using fewer resources, and producing less waste, will improve our efficiency and in turn, ensure GHG reduction. The use of renewable energy can assist the company in not relying fully on non-renewable energy sources, especially fossil fuels and coal. Poor efficiency can result in high operational costs, affecting our bottom line and not relying fully on non-renewable energy sources, especially fossil fuels and coal.

Our Response

- Adopting an Energy Management System and green electricity
- Installing solar panels and cogeneration plants
- Waste such as solid POME and EFB are converted to value-added products such as fertilisers in plantations
- Replacing energy needs with resources that are renewable, such as biogas, liquefied natural gas, and biomass

REGULATORY AND THIRD-PARTY COMPLIANCE

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

Compliance with regulatory and third-party requirements is necessary to ensure adherence to laws and regulations on a publicly listed company. Non-compliance may result in penalties and a loss of productivity due to operation shutdowns. Poor compliance can also lead to adverse impacts to society and the environment.

Our Responses

- Compliance with sustainability certifications such as RSPO, GSPO and ISCC
- Regular audits by internal and external parties, including third-party audits
- Adherence to all applicable local and national regulations

BIODIVERSITY AND CONSERVATION

Why is This Topic Important to Business, Environment and Society?

Protection of our biodiversity and conservation areas where we operate is important to safeguard our environment and minimise the potential negative impacts that might affect our business. Any breach or non-compliance, especially in our plantation areas can have a direct impact on IOI.

Our Response

- Monitoring NDPE compliance of our third-party suppliers through engagement, site visits and assessments
- Collaborating with other stakeholders on conservation efforts
- Enhancing the biodiversity guideline to also include a focus on the ecosystem
- Monitoring identified HCV and conservation areas, including the practice of ‘No Hunting’ of RTE species
ACCELERATING OUR CLIMATE CHANGE ACTION INITIATIVES

IOI has taken a bold step forward by embracing a comprehensive and integrated strategy to decarbonise our business operations, aiming to achieve Net-Zero within the Group by 2040. The journey towards Net-Zero entails a holistic approach that encompasses circularity principles, the adoption of cutting-edge green technologies and a drive for innovation in optimising resource utilisation, reducing greenhouse gas emissions, enhancing energy efficiency and transitioning to a cleaner and more sustainable future. We are poised to create a more resilient future while driving positive change within our industry.

Being Sustainable: Taking actions on any of the issues raised, making it known that the issues are being addressed sustainably.

No Greenwashing: Being transparent about key decisions & reasons behind them to show that the issue is not being swept to one side.

Engagement: Listening to our stakeholders and having an awareness of their arguments and demands when making key decisions.
CLIMATE CHANGE ACTION INITIATIVE (CCAI)

OUR OPERATION (SCOPE 1 & 2)

MANAGEMENT APPROACH

Climate and nature are deeply intertwined. As a result, any extreme climate events can cause detrimental impacts to our natural environment such as ecosystem degradation, spread of invasive species, loss of biodiversity, and loss of habitat. Comprehending this nature related dependencies to our operation, IOI had introduced a Climate Change Action initiative (“CCAI”) since 2019 aiming to manage risks and explore opportunities arising from climate change. The CCAI’s is also in line with our 5 Strategic priorities, especially on improving our planting material to achieve high yield and crop diversification (see our achievements in AR 2023, pages 47, 49).

Our reporting on the CCAI is in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (“TCFD”) and is structured around four thematic areas: governance, strategy, risk management, metrics and targets with reference to the International Sustainability Standards Board (“ISSB”) climate-related disclosures. Under the CCAI, materiality assessment, climate change is identified as a sustainability risk that has a high financial impact after being reviewed using the Group’s Enterprise Risk Management (“ERM”) framework (see our ‘Materiality’ section at pages 26 - 27 for further detail).

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

CCAI-related performance at the operation level are overseen by the GSC. A CCAI Financial Disclosure Committee for this initiative was also formed to, among others, address sustainability and group-wide implementation, and monitor financial investments and performance in projects related to climate change actions. Finally, to ensure transparency and group-wide implementation, the CCAI and related performance are part of the Key Performance Indicators (“KPIs”) for the Group, and the rest of the organisation. As such, suitable remuneration would be awarded based on meeting or exceeding the KPIs.

Strategy

IOI Group’s strategy to combat climate change is developed around the following commitments:

To reduce our climate change impact by committing to achieving Net-Zero for carbon intensity by 2040
To promote climate change action plan and practices through innovation, improved efficiency and support actions throughout the operations
To increase the resilience of our business by managing risks and opportunities, forecasting climate scenarios to provide climate impact valuation, incorporating our “R”s of circularity & practising Precision & Regenerative Management

Government

IOI CCAI have direct Board oversight. As stated in our Sustainability Governance (see pages 22 - 23 in AR 2023), the strategies and processes designed to manage sustainability-related risks and opportunities as well as its performance are discussed at the BSC. The chairman of the BSC, an Independent Non-Executive Director who is also our Climate Champion, together with 2 other Board members (representing all CCAI-related activities) are holistically integrated into the Group’s Strategy and Business Model. The implementation of the decisions made by the BSC and the monitoring of its performance is done at an operational level.

Risk Management

IOI has established an Independent board, responsible and accountable for risk decision making and management. IOI has a risk management process that is aligned with the international best practices and is in line with the standards issued by the International Organization for Standardization (ISO) and the International Accounting Standards Board (IASB). IOI’s risk management approach is guided by the principles of the International Financial Reporting Standard (IFRS) 7 and the International Accounting Standards Board (IASB)’s “Framework for the Preparation and Presentation of Financial Statements”.

IOI uses Internal Carbon Pricing ("ICP") as a risk mitigation tool to prepare for climate-related transition risks. IOI’s risk management team is equipped with the necessary training and knowledge to implement the ICP. The ICP is a mechanism that allows companies to assign a monetary value to GHG emissions. The ICP helps to internalize the cost of climate change impacts and encourages companies to take actions to reduce their emissions.

Mitigation and Adaptation

To enable IOI to develop resilience strategies and financial plans in a more holistic way, a group-wide quantitative climate-related risks assessment had been conducted in 2021 (refer to ASR 2021 & 2022 for details). These risk assessments enabled IOI to make climate impact reduction goals that are in alignment with TCFD recommendations.

(A) PLANTATIONS

Generating Renewable Energy Using POME

Methane from palm oil mill effluent (“POME”) is one of the largest contributors of GHG emissions in our plantation operations. Recapturing the impact of methane on climate change, our plantations have initiated the installation of methane capture facilities since 2013 to curb these emissions. To date, we have installed 10 methane capture plants that have the capacity to produce about 45 million m³ of biogas per annum, with 4 more to be installed in the coming years. The repurposing of the biogas to be utilised for the boilers and for electricity generation using boiler/term and gas engine, respectively, allows IOI to reduce our dependency on non-renewable source of energy such as fossil fuels, especially diesel. This alternative fuel also means that the biomass which was previously used to be burned in the boilers, can now be used for other purposes such as for mulching, fertiliser, activated carbon, etc. The utilisation of biogas in our mills is at 40%. This year, we generated around 38 million m³ of biogas but did not achieve its maximum capacity due to the malfunctioning of two of our large biogas plants. Maintenance work is ongoing for the two large biogas plants to ensure we continue to maximise biogas generation in all our mills and procedures has been put in place to ensure that this sort of incident will not re-occur.

(B) VOLUNTARY CARBON MARKET

Carbon offsets are gaining traction as companies are seeking ways to neutralise their emissions due to the pressure especially from investors to act on climate change. The demand for carbon offsets grew exponentially when options for abatement get exhausted in the coming decades. IOI foresee that there are opportunities for the company to participate in the voluntary carbon market (“VCM”). Our company can potentially create surplus carbon credits through technology- and nature-based solutions that can be traded on the VCM. Highlights of our potential carbon credit projects are as follows:

CURRENT AND FUTURE PROJECTS

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurposing Palm Oil Trunk (“OPT”) into Premium Palm-Based Wood Products</td>
<td>(A) Repurposing Oil Palm Trunk (“OPT”) into Premium Palm-Based Wood Products &lt;br&gt; (B) Voluntary Carbon Market</td>
</tr>
</tbody>
</table>

1. https://www.issueroundup.com/Product/Overview

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35
Improving Planting Materials via Research

IOI Palm Biotech continues to develop better oil palm planting materials to increase yields through innovative Research and Development (“R&D”) programmes. This approach is necessary as one of the ways in which IOI approaches the issue of reduced land for agriculture. To date, our estates have planted 30%-50% clonal palms and achieved an oil extraction rates (“OER”) up to 23.5%. This achievement was the result of improved propagation protocol that was developed through 30 years of intensive and systematic R&D. Moving forward, IOI Palm Biotech will intensify their work on molecular and genetic R&D of our oil palm planting materials to further improve the oil palm’s resistance to extreme events (e.g., droughts, extreme heat, etc.).

Regenerative and Precision Agriculture

IOI implemented Precision Agriculture (“PA”) to ensure our oil palm trees receive the exact agricultural input they require to increase yields while minimising wastage and environmental impacts. The PA practices work together with Regeneration Agriculture (“RA”) to enhance soil health, promote biodiversity as well as stabilise and give balance to the health of our crops and subsequent oil yields. Implementation of PA, coupled with RA practices can also result in GHG emissions reduction and sequestration within the plantations. For more details, refer to ‘Regenerative and Precision Agriculture’ section in pages 56 - 57.

Electrical Agriculture Machines (“EAM”) are actively being introduced to progressively replace our conventional and fuel-based machinery in our plantations. Electric mechanical cars were added to IOI Plantation’s FAM line this financial year to reduce reliance on fossil fuels in our operations while at the same time, improve workers’ productivity. The implementation progress of Mainline Evacuation system for in-field FFB evacuation has increased from last year’s 50% to 76%. This system is expected to be fully implemented by the end of this year and would reduce the usage of fossil-based motors and further improve efficiency in FFB evacuation. Mechanisation has also contributed to reducing GHG emissions through optimising the use of agrochemicals by using Geo-1 Circle Sprayer. Mechanisation is not only helping to minimise our GHG emissions but also promoting climate justice in our operations (see page 63 for more detail).

Resource-based Manufacturing

IOI Refineries (“IOIEO” and “IOIPCEO”) are continuously upgrading their operations to reduce GHG emissions by implementing process change (focusing on automation and digitalisation), heat and steam recovery, and installing new equipment. As of FY2023, the use of liquefied natural gas (“LNG”) has resulted in 16% lower GHG emissions compared to diesel fuel usage. On top of that, enhancements were made to improve combustion efficiency of Empty Fruit Bunch (“EFB”) boilers and Palm Kernel Shell (“PKS”) that has resulted in 30% lower fuel consumption within its operation. IOIEO has reduced its power consumption by 40% through installation of LED lights and inverters as well as heat and steam recovery. The refinery also took further steps to reduce power consumption by adopting Energy Management System (“EMS”) and conduct regular meetings among its energy committee to discuss and review progress on energy saving projects. Similarly, IOIPCEO has also shown reduction on its energy consumption through the adoption of EMS that worked with Realtime Prod Organiser Operation Management (“RPO-OM”). Going forward, IOIPCEO will explore further the use of biomass and other renewable energy mechanism (e.g., virtual power purchase agreements, “VPPA”) to improve its energy efficiency.

Oleochemicals

IOI Oleo’s facilities in Malaysia are gearing towards optimising the use of green electricity through solar panels which are installed at the rooftops of offices, stores and factories. For our Oleochemicals facility in Prai, RPO-OM working in tandem with the EMS was implemented to assist in monitoring and reducing energy consumption. IOI Oleo is also planning to set up additional Combined Heat and Power Cogeneration (“Cogen”) and solar panels at our Prai facility that is estimated to reduce GHG emissions by up to 3%. To reduce the dependency on fossil fuel-based energy further, a second 6.5MW Cogen plant has been installed at our Pasir Gudang facility. Solar thermal had been also installed to reduce energy usage for water heating at the same facility. On top of that, IOI Oleo is also exploring the use of electrical boilers as well as renewable energy utilisation for its operations in the coming years.

Optimising the Usage of Green Electricity through Solar Panels

In the short-term basis, the Group carbon intensity is targeted to achieve more than 40% reduction (~4% reduction per annum) by 2025 based on our 2015 baseline. By 2030, our medium-term target is to achieve at least carbon neutral for Scopes 1 and 2 against our 2015 baseline. Specifically, this will be done through the adoption of improved low carbon technologies, enhancing rehabilitation and tree planting efforts in our conservation areas as well as accelerating our circularity activities. Long term, IOI targeted to achieve Net-Zero for Scopes 1, 2 and 3 by 2050 (Refer to Pathway to Net-Zero at pages 6 – 7).

See page 4 – 7 for Pathway to Net-Zero.

(A) GROUP

Our Group carbon intensity is calculated using science based methodologies such as RSPO PalmGHG that is aligned with the GHG protocol as well as ISO 14064, an international standard developed by the International Organisation for Standardisation (“ISO”). As of FY2023, IOI’s group carbon intensity has reduced ~19.7% compared to our baseline in 2015. This year, we missed our target of ~28% due to the breakdown of 2 of our large methane capture. Otherwise, IOI should be on track to meet our mid-term 2025 target and expects to achieve our 2040’s Net-Zero target as we foresee higher removal and reductions of GHG emissions through our CCAI at both Plantation and Resource-based manufacturing business segments.

B. New 6.5MW Cogen Plant installed in Pasir Gudang
Carbon intensity for Oleochemical was similar since 2020, which ranges between 0.345 to 0.400 tCO₂e/MT Product. Oleochemical’s carbon intensity reduction was not significant in the past few years due to reduced operational volume and lack of low-carbon energy alternatives. However, the target of 0.291 tCO₂e/MT Product by 2025, while challenging due to a certain extent on market forces, can be achievable due to a certain extent on market forces, can be achievable as Oleochemical has planned to accelerate their adoption of renewable energy (e.g., VPPA) and increase operation efficiency through digitalisation.

Oleochemical GHG Intensity (tCO₂e/MT Product)

(see Table 1 for detail).

Panel Discussion on IOI’s Pathway to Net-Zero

In conjunction with IOI’s Earth month campaign, and in line with our CCAi, we organised a hybrid webinar that involved a Panel Discussion on IOI’s Pathway to Net-Zero on 21st March 2023. The five members from IOI’s Senior Management Team that were involved in the discussion to share our action plans and strategies towards Net-Zero by 2040 were from both the upstream and downstream operations, strategy, sustainability and green technology (utilising biomass - OPT). The panel discussion aimed to create awareness regarding our Net-Zero journey and to promote transparency among relevant stakeholders especially our suppliers and customers as well as encourage collaboration among us in decarbonising the supply chain. During this inaugural Panel Discussion, we had also formally announced our commitment to the SBTi FLAG. The moderator of the panel then concluded the discussion with a remark that IOI’s ambitious Net-Zero target by 2040 is extremely timely as it meets with the recent release of the Intergovernmental Panel on Climate Change (“IPCC”) report, which underscores the urgency of taking more ambitious action to secure a liveable future for all.

IOI first introduced SCF in 2021 as a platform to gather thoughts and views from our stakeholders to discuss on complicated sustainability issues (More information on SCF can be found in page 40). A climate related forum was conducted last year during the 2nd SCF involving Climate Change strategy and achieving Net-Zero (See ASR 2022 page 35 for detail). Finally, this year, our 3rd SCF was more focused towards Supply Chain Decarbonisation and Responsible Sourcing practices across IOI’s Supply Chain.
2nd SCF on Climate Change Strategy and Achieving Net-Zero

Our progress towards addressing gaps identified during the 2nd SCF is within the timeline suggested by our stakeholders (see Executive summary published on 21 November 2022 for more information). GHG emissions accounting and disclosure for our Plantation and Manufacturing operations are based on the PalmGHG (aligned to the GHG Protocol) and ISO 14064 methodology respectively. Currently, we are involved with RSPO’s PalmGHG Working Group to help review the PalmGHG calculator tool to reflect the current changes and advancement in GHG emissions data. Some of the changes proposed include taking into consideration, sequestration from palm 25 years and above, HCVs, other set aside conservation areas, etc. Full review by the RSPO PalmGHG Revision Working Group is expected to be completed by end of 2023.

During the SCF we also discussed emissions reduction activities and initiatives for achieving Net-Zero as mentioned in the CCAi section (pages 34 - 45). For example, as part of our CCAi, IOI has collaborated with various partners on emissions reduction projects and regenerative agriculture such as Nestle on tree planting (i.e., ReLeaf), IDH-The Sustainable Trade Initiative (“IDH”) on biodiversity conservation and ecosystem enhancement projects (e.g., South Kentang Landscape Initiative) and, Commonwealth Agricultural Bureaux International (“CABI”) on soil microbial study to improve soil health. More details on our efforts in enhancing biodiversity and ecosystem and regenerative agriculture are reported in pages 53 - 57.

3rd SCF on Towards Supply Chain Decarbonisation and Responsible Sourcing Practices Across IOI’s Supply Chain

As reported both in pages 6 - 7 of the 2023 ASR and SBTi dashboard, IOI has developed a time-bound emissions reduction roadmap aligning with the SBTi FLAG criteria for all Scopes. IOI is among the leading companies in Malaysia that has committed to SBTi FLAG under the Food Production-Agricultural production sector where our GHG emissions reduction targets are reported as intensity-based.

IOI is in preparation to conduct the 3rd SCF in August this year revolving around the theme Towards Supply Chain Decarbonisation and Responsible Sourcing practices across IOI’s Supply Chain. This SCF will be facilitated by Robertsbridge to gather feedback and suggestions from experts and thought leaders, focusing on the topic of supply chain decarbonisation, as well as compliance with European Union Deforestation Regulations (“EUDR”) and Human Rights Due Diligence (“HRDD”) criteria across our supply chain.

Decarbonising the supply chain is a complex and challenging task. Hence, outcomes and learnings from this SCF would enable IOI to develop targeted plans and strategies to help our supply chain to reduce their GHG emissions. This in turn will enable IOI to achieve Net-Zero by 2040. On another topic relevant to our supply chain, we will develop action plans based on the key takeaways received during the SCF on the EU Deforestation regulations and the HRDD as well as how our supply chain will have to deal with these new requirements going forward. An executive summary will be published and shared in the following few months after this SCF.

SUPPLY CHAIN (SCOPE 3)

MANAGEMENT APPROACH

IOI recognises the complexities involved in addressing the 15 categories within Scope 3. In IOI’s case, we have identified that the GHG emissions are mainly derived from the “Purchased goods and services” category, i.e., our supply chains. The need to understand Scope 3 was important for us to identify the risks and opportunities associated with decarbonising our supply chain specifically in the context of our Net-Zero by 2040 target. Thus, to avoid greenwashing, our approach in this matter has been very measured, systematic and with transparency. For example, we undertake to measure our supply chain GHG emissions (Scope 3) utilising methodologies such as the RSPO’s PalmGHG which is audited under RSPO’s certification process and aligned with the GHG Protocol as well as ISO 14064 whose standard is recognised globally and to disclose our information as recommended by reporting frameworks such as TCFD, ISB, SBTi FLAG and AFI.

In addition, SBTi FLAG also recommended companies to disclose progress towards deforestation- and conversion-free supply chain because efforts to reduce deforestation can help to mitigate GHG emissions. This is very much in line with IOI’s own commitment to build traceable and transparent supply chains, whereby all our suppliers are required to be in compliant with the NDFP, as contained in our SPOP. (For more details, refer to Responsible Sourcing and Traceability section in pages 42 - 45). Another way to aid our suppliers to embark with IOI’s Net-Zero journey, is for IOI to conduct awareness and capacity building programmes as well as engaging with them on possible collaborations to reduce their GHG emissions.

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

Last year, IOI started to include reporting GHG emissions intensity for Scope 3. Our Scope 3 calculation for all business segments uses both average-data method and spend-based method based on the GHG Protocol, depending on data availability and categories relevant to our business. Scope 3 emissions intensity of our 2 business segments (Plantation & Resource-based Manufacturing) are as follows:

<table>
<thead>
<tr>
<th>Business Segments</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plantation (tCO₂/MT Product)</td>
<td>0.16</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Resource-based Manufacturing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Retinery (tCO₂/MT Product)</td>
<td>3.03</td>
<td>3.13</td>
<td>3.36</td>
</tr>
<tr>
<td>b) Oleochemical (tCO₂/MT Product)</td>
<td>4.62</td>
<td>5.54</td>
<td>4.41</td>
</tr>
<tr>
<td>Group Total (tCO₂/MT Product)</td>
<td>7.81</td>
<td>8.87</td>
<td>7.97</td>
</tr>
</tbody>
</table>

As shown in the table, the highest contribution for Scope 3 emissions is from our Resource-based manufacturing business which encompass 98% of the Group’s total Scope 3. Among the Scope 3 fifteen categories, Category 1 - Purchased goods and services was the highest, particularly for the purchase of palm oil and other corresponding processed products which represent about 94% of Resource-based Manufacturing’s Scope 3. For Plantation, the main contributing category in Scope 3 is also from Category 1. Among the purchased goods, agrochemicals are the main contributors of Scope 3. However, Scope 3 from the Plantation represent a small fraction of the Group’s total Scope 3, i.e., around 2%. As a Group, 92% of our purchased goods and services were sourced locally, while 18% were sourced from our international suppliers.

IOI is mindful that having a strong supply chain management framework is crucial to effectively manage and reduce our Scope 3. We envisage that the outcome from the 3rd SCF on “Towards Supply Chain Decarbonisation and Responsible Sourcing” would provide us with more insights on how to manage our Scope 3 and help contribute to IOI achieving Net-Zero by 2040.
RESPONSIBLE SOURCING AND TRACEABILITY

MANAGEMENT APPROACH

IOI had long taken the crucial step of establishing a sustainable palm oil supply chain by committing and implementing NDPE together with a moratorium on deforestation since 2016. To ensure the success of this endeavour, we continuously monitor our suppliers towards delivering their NDPE commitment and support zero conversion of natural ecosystems. Apart from that, we also encourage our suppliers to provide their commitment towards rehabilitating their deforested land.

While continuing with our pledge to support our suppliers to address matters such as deforestation, peatland protection and human rights, we are also extending our know-how to our suppliers regarding climate change and its impact to our industry. Commencing this year, IOI and especially our responsible sourcing team have embarked on a new journey, drawing significant attention to the traceability of suppliers’ Scope 3 emissions. This emphasis arises from the fact that Scope 3 emissions within the IOI supply chain also include 3rd party suppliers. IOI has taken the initiative to engage with these suppliers and provide guidance on their GHG emissions intensity and corresponding mitigation efforts to reduce them. Concurrently, we have initiated a supply chain mapping exercise on scope 3 emissions aimed at understanding the extent of GHG emissions intensity contribution from our suppliers.

On another front, the EU EDR regulations have also drawn the attention of both the industry and the country. In response to this matter, IOI is focusing on strengthening the traceability to plantations and working to ensure optimum levels of assurance for the export of palm oil-based products to the EU market. IOI has taken an even further step by working towards having an NDPE Implementation Reporting Framework (“IRF”) and Traceability to Plantations (“TTP”) for 3rd party suppliers that progresses towards third party verification.

RESPONSIBLE SOURCING

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

IOI is fully aware of the risk associated with adverse findings related to supply chain issues and the reputational risk posed by suppliers’ non-compliance with NDPE requirements. As such, we continue the proactive approach of engaging suppliers to ensure their compliance with IOI’s policies and guidelines as well as improve our traceability scores.

Primarily, the IOI responsible sourcing team maintained our partnership with the Earthworm Foundation to utilise the Tools for Transformation (“T4T”) for suppliers’ self-assessment with the aim to communicate, identify, prevent and mitigate risks of potential NDPE violations. Some of the NDPE performance indicators assessed include forced labour conditions, suppliers reporting on deforestation, grievance mechanism, etc. In our latest T4T self-assessment, 95.78% of suppliers engaged reported having NDPE policy, signalling a large majority of our suppliers are aligned with IOI’s policies and guidelines.

Alongside with providing avenues to understand suppliers’ commitment on NDPE before charting suitable engagement programmes, the T4T also enables technical assistance to be given to suppliers on ways to address identified issues and gaps. These gaps include suppliers’ lack of awareness and extent of their adherence with NDPE policies. As an example, for suppliers reported as “no NDPE commitments”, they were found to actually have partial NDPE commitments when we engaged to rectify the issue. Other challenges are the significance of extending commitments to an additional layer of their FFB and Palm Kernel suppliers, etc.

IOI’s approach to mapping our own and third-party suppliers is to classify our suppliers based on three main priority levels, namely high, medium and low, as shown in the Mill Prioritisation Profile below. Priority level has been classified based on evaluating each supplier by their traceability score (Refer to page 44 for the updated traceability scores), deforestation threat level, supplier engagement status, T4T’s result – time bound action plan status, portion of supplying volume, etc. Based on the Prioritisation Profile, we aim to engage all the high priority suppliers to enhance their commitments towards IOI’s Responsible Sourcing Guidelines within 3 years.

Examples of engagement with suppliers includes:

- Supply Chain Mapping and Monitoring - Sungai Kuching POM, Meridian POM
- Ethical Recruitment, Human Rights Due Diligence - UMB
- Labour Transformation Programme - Kim Loong Sabah
- Traceability to Plantation Pilot Engagement and NDPE Socialisation - Rompin POM, Rakyt Ketersah Perwira, Felina Jayaputra
- NDPE Socialisation and Compliance - Tanc R&D, Keningau and Toupo mills.

Also on the basis of the prioritisation profile, IOI has taken stepwise approaches to improve overall NDPE and TTP compliance by mapping out the supply chain. Following that, we continuously implement supplier engagement programmes to raise awareness towards NDPE compliance, improving traceability scores, and develop stronger relationships with our suppliers. To ensure accountability, all engagement activities are being kept updated periodically on our Palm Oil Dashboard & Traceability webpage. Please refer to IOI’s Palm Oil Dashboard and Traceability for more information (https://www.ioigroup.com/sustainability/palm-oil-dashboard-traceability).

Our responsible sourcing approaches always begin with establishing NDPE commitments with our suppliers, followed by encouraging the suppliers to be certified under MSPO and RSPO. These certification schemes ensure compliance with environmental, social, and labour rights standards as well as NDPE and traceability requirements. To date, 100% of our suppliers are MSPO certified and 23.26% of our suppliers are RSPO certified.

For Crude Palm Oil (“CPO”), 100% of our suppliers are MSPO certified while 38% of them are RSPO certified. For palm kernels (“PK”), all our suppliers are 100% MSPO certified while 18% of them are RSPO certified. We then engage with our suppliers to review the results of our compliance monitoring and the outcomes of personalised action plans generated from the T4T self-assessment. This step aims to enhance transparency, as well as social and environmental performance.

In addition, IOI utilises spatial data monitoring tools and services such as Starling to monitor the risk of deforestation and land use activities by our suppliers. The near real-time information provided by these tools offer accurate insights into deforestation-related activities, thus providing robust evidence for our engagement strategies and decisions. The same approach is applied through Palmolive and GFW Pro to access real-time data, ensuring a fire and deforestation-free supply chain. As part of our supplier engagement activities, we consistently emphasise the benefits and accessibility of satellite tracking technologies like GFW Pro.

All these efforts are helping us to be more well-prepared and compliant with EU EDR regulations. The EU’s Deforestation Regulation is significantly important to IOI, mainly due to the exposure of our palm oil-based products to Europe. The stringent regulations, especially regarding expectations for a deforestation-free supply chain and traceability, will however, pose a greater challenge for small producers exporting their products to Europe.

Examples of engagement with suppliers includes:

- Supply Chain Mapping and Monitoring - Sungai Kuching POM, Meridian POM
- Ethical Recruitment, Human Rights Due Diligence - UMB
- Labour Transformation Programme - Kim Loong Sabah
- Traceability to Plantation Pilot Engagement and NDPE Socialisation - Rompin POM, Rakyt Ketersah Perwira, Felina Jayaputra
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- Labour Transformation Programme - Kim Loong Sabah
- Traceability to Plantation Pilot Engagement and NDPE Socialisation - Rompin POM, Rakyt Ketersah Perwira, Felina Jayaputra
- NDPE Socialisation and Compliance - Tanc R&D, Keningau and Toupo mills.
ACCELERATING OUR CLIMATE CHANGE INITIATIVES

TRACEABILITY

MANAGEMENT APPROACH

Another key aspect of a sustainable supply chain is traceability. Among the ways that we ensure traceability is by requiring our suppliers to disclose their location and ownership information. Being certified sustainable through mandatory government schemes like MSPO and ISPO or voluntary schemes like RSPO is one way to ensure traceability as these certifications require ownership and legality be disclosed. Our Responsible Sourcing team strives to further enhance traceability of our oil palm products to ensure that our additional commitments as stated in both our SPOP and Responsible Sourcing Guidelines documents are also socialised and adhered to through regular stakeholder engagements. This is essential to ensure compliance. In the event of non-compliance, IOI will work closely with suppliers to develop time-bound action plans aimed at increasing policy adherence. The traceability information collected is then published in IOI’s Palm Oil Dashboard & Traceability.

As mentioned in page 42, we have also begun tracking Scope 3 emissions from our suppliers in alignment with our goal to achieve Net-Zero GHG emissions intensity by 2040.

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

The ability to track and verify the origin of FFB or Palm Kernel source is typically referred to as traceability. To improve our Traceability to Plantation (“TTP”) score, IOI has conducted TTP exercise in May 2023 with all our supplying mills and kernel crushers. An improved understanding of the importance of traceability among our suppliers has helped to facilitate the data collection process, resulting in greater traceability information that can boost buyers’ confidence in the oil products they are sourcing from us. In addition, 100% of our suppliers in Malaysia are MSPO certified, enabling us to easily verify their data. With their adherence to our policies and guidelines that include NDPE and ethical practices, this will enable our customers to have the required information to purchase our products with greater assurance.

As of June 2023, IOI has achieved 97.43% traceability for CPO and 91.44% for PKO. It has significantly improved over the prior financial year. By practising continuous supplier engagement initiatives and constant Traceability to Plantation exercise, IOI will continue to improve the traceability score.

Traceability scores and achievements from Dashboard are presented below:

<table>
<thead>
<tr>
<th>Palm Oil</th>
<th>Palm Kernel Oil</th>
</tr>
</thead>
<tbody>
<tr>
<td>IOI Oleo (%)</td>
<td>95.81</td>
</tr>
<tr>
<td>IOI EO Sandakan (%)</td>
<td>86.99</td>
</tr>
<tr>
<td>IOI Group Total (%)</td>
<td>98.56</td>
</tr>
<tr>
<td>IOI Oleo (%)</td>
<td>94.81</td>
</tr>
<tr>
<td>IOI EO Sandakan (%)</td>
<td>97.43</td>
</tr>
<tr>
<td>IOI Group Total (%)</td>
<td>91.44</td>
</tr>
</tbody>
</table>

IOI’s traceability score showed a significant improvement due to exemplary cooperation from the suppliers.

Suppliers’ Scope 3 Emissions

IOI is committed to achieving Net-Zero by 2040, encompassing Scopes 1, 2, and 3. As we are aware, Scope 3 emissions are mainly derived from supplier’s Scope 1 & 2 emissions. Thus, recognising this connection, IOI has proactively embarked on strategic approaches to effectively address the supply chain Scope 3 emissions challenges.

Starting with Supply Chain Mapping, IOI has initiated the process of mapping the entire supply chain to identify all the stages, processes, and entities involved as per the 15 categories found in scope 3. This mapping exercise is crucial in understanding the extent of GHG emissions and the facilities targeted for mitigation efforts. Moving on to GHG assessment, IOI is conducting a comprehensive GHG assessment to quantify emissions at each stage of the supply chain. This assessment provides valuable insights into the major emissions sources, enabling prioritisation and focused actions.

The next important step involves IOI actively engaging and creating awareness as well as conducting capacity building for the suppliers and the local communities about not only the importance of reducing GHG emissions but also about how to mitigate GHG emissions. Additionally, through this close engagement, we hope to collaborate with our suppliers to adopt sustainable and best practices, and share relevant data on emissions sources. By highlighting specific emissions sources, suppliers can then prioritise their mitigation efforts and allocate resources more effectively, by concentrating on areas such as renewable energy, transport optimisation, waste management, and many more.
IOI recognises the immense value that nature plays, particularly the crucial roles of carbon sequestration together with biodiversity conservation within our operations. Therefore, to bring about these beneficial effects that would support and enhance nature’s well-being, we are taking multiple proactive steps to generate awareness of its importance and to drive innovation to help develop nature-based solutions that can harness the power of nature’s ecosystem in order to promote its health and resilience. Ultimately, our sustainable goal is to ensure that our activities would contribute towards a net positive impact on nature.
SAFEGUARDING NATURAL RESOURCES

MANAGEMENT APPROACH

Safeguarding our natural resources is part and parcel of our commitment as stated in IOI’s SPOP. This commitment includes protection of HCV and HCS areas as well as other conservation areas like riparian & buffer areas, etc. as these areas are essential to biodiversity preservation and maintenance of ecosystems. Our conservation areas have been identified, mapped, and monitored using relevant methodologies like the HCS Toolkit and the HCV Assessment, etc. We are 100% RSPO certified and our mills and factories are 100% and 94% RSPO Certified respectively. We are essentially in alignment with the recommendations from the draft Science Based Targets for Nature (“SBTN”) guidance. Under the No Deforestation moratorium that IOI had put in place since 2016, our plantation operations are in full compliance with the requirements of the European Union Deforestation Regulation (“EUDR”) and align with the AFI. All our HCV, HCS, and set-aside conservation areas are monitored for potential encroachment and fire incidences through drones, towers and patrol as well as via geospatial imagery through the Starling satellite service.

IOI recognises our operation’s impacts and dependencies on natural resources, especially for water and soils. Through our Environmental Management guidelines1 we commit to reduce our ecological footprint. We also adhere to all environmental-related laws and conventions (e.g., Environmental Quality Act and Regulations, Environmental Protection Enactment, Water Act, change to United Nations Framework Convention on Climate Change (“UNFCCC”)). To ascertain our impacts and dependencies towards the environment, IOI annually reviews the Environmental Impact Assessments (“EIA”). We also engage external environmental consultants to conduct EIAs when re-planning, as well as adopt responsible production as guided by our SPOP. To reduce our impacts and dependencies on natural resources, IOI adopts the concept of 7Rs of circularity, derived from seven activities - Rethink, Repurpose, Reduce, Reuse, Recycle, Repair and Recover as illustrated well as adopt responsible production as guided by our SPOP. To reduce our impacts and dependencies on natural resources, IOI adopts the concept of 7Rs of circularity, derived from seven activities - Rethink, Repurpose, Reduce, Reuse, Recycle, Repair and Recover as illustrated.

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

In FY2023, there was no significant fines or non-monetary sanctions reported for non-compliance with environmental regulations from all our business segments.

Protection of Our Conservation Areas

As guided by our SPOP, we have identified and are protecting 9,205.07 ha of HCVs and other conservation areas within our operations. This year, our HCVs stand at 2,742.97 ha, while the total number of non-HCV’s conservation areas is 6,360.10 ha, similar as in the last financial year. Aside from protecting these conservation areas, identified degraded areas are being assessed and rehabilitated. One of the activities that we undertook to rehabilitate these degraded areas was by planting indigenous tree species in order to support the existing biodiversity ecosystem. More information on our efforts to maintain and enhance biodiversity and its ecosystem along with impacts are showcased in the “Enhance Biodiversity and Ecosystems” section on pages 53 - 55.

<table>
<thead>
<tr>
<th>Type of areas</th>
<th>Malaysia</th>
<th>Indonesia</th>
<th>Total Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCV areas (ha)</td>
<td>1,248.83</td>
<td>1,494.14</td>
<td>2,742.97</td>
</tr>
<tr>
<td>Other set-aside conservation areas, non-HCVs (ha)</td>
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<td>2,821.87</td>
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<td>6,360.10</td>
</tr>
</tbody>
</table>

1 https://www.ioigroup.com/content/1/S/PDF/environmental_management_guidelines.pdf

No Deforestation

To date, IOI received zero deforestation and deforestation-related grievances reported within our operation boundaries since our moratorium on “no deforestation” in 2016. Our No Deforestation commitment was also extended to our direct suppliers as stated in our Responsible Sourcing Guideline. We engage constantly with our third-party suppliers regarding our No Deforestation commitments. As of now, no cases of deforestation were detected from our suppliers as well. This is an important achievement, especially considering the EUDR that came into force this year.

Fire Management In and Around Our Plantation

Wildfires can cause habitat loss leading to biodiversity and ecosystem degradation. Moreover, smoke released from wildfires reduces air quality and impacts not only livelihoods but also human health. Our Fire Management2 approach to mitigating wildfires is a continuous loop process comprising of 3 stages as follows:

1. Fire Prevention & Monitoring
2. Fire Emergency Response
3. Post-Fire Analysis & Progression

During FY2023, the total number of wildfire incidence recorded is 40, with only 3 within our concessions while 37 incidents were outside IOI’s boundaries. However, fire risks are predicted to increase due to the El Nino weather event especially towards the end of 2023 (start of FY2024). As a precautionary measure to prevent occurrence of wildfires, IOI has planned to build 14 additional fire towers, especially around peatland areas.

<table>
<thead>
<tr>
<th>Fire Incidents Within IOI’s Boundaries</th>
<th>Fire Incidents Outside IOI’s Boundaries</th>
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<tbody>
<tr>
<td>FY20/21</td>
<td>FY21/22</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Indonesia</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>3</td>
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</tbody>
</table>

IOI’s fire management team is working on selecting a site

Fire risk was assessed to strengthen our fire management team

Our firefighting team is working on selecting a wildfire

For page 42 for mapable sawing

Peatland management

To date, our total peatland areas stand at 6,624.34 ha and are managed according to IOI’s Peatland Protection and Management Guideline. We ensure that water levels in our peatlands is properly managed as dried and overly drained peatlands are prone to fire as well as releases GHG due to oxidation of the peat. Rehabilitation programme such as tree planting has also been rolled out to enhance the habitat quality of our degraded peatlands. Moreover, we also collaborated with experts and relevant stakeholders (e.g., GEC, IDH, etc.) to ensure peatlands within and outside of IOI boundary are protected and managed responsibly. More details on our peatland management activities can be found in pages 53 – 54.

Water Management

IOI conducted a Climate-related Physical Risk assessment using the Climate Modeling Datasets and Relevant Hazard Models and identified “water stress” as one of the physical risks that we need to monitor. From the onset, we are mindful that it is always important to manage and consume water responsibly. The details of our water stewardship approach can be found in ASR 2021, page 39.

At IOI plantations, we protect buffer zones along natural streams and catchment areas to minimise our operational impacts on water and its functioning ecosystem (e.g., filtering pollutants from runoff, control erosion and provide habitat for biodiversity). For those degraded buffer zones, we institute rehabilitation and enrichment planting programmes to improve habitat quality and its functioning ecosystem.

We ensure that our mill operations at IOI Plantation does not pollute the water. Palm Oil Mill Effluent (“POME”) from all the mills are treated in wastewater ponds before being discharged to the streams or rivers. POMEs were treated following the legal limit of local environmental standards in Malaysia and Indonesia. The discharged limit of Biological Oxygen Demand (“BOD”) level ranged between 20mg/l and 100 mg/l, depending on the legal limit set to the respective mill by local environmental department. Similarly, effluent water from our Resource-based manufacturing segments.

Currently, none of IOI’s operations are within water-stressed regions. However, through our climate-related physical risks analysis, some of our manufacturing facilities may face the risk of water stress in later years. We are continuously exploring new technologies to minimise water consumption, especially for those operations that will be impacted by water stress.

Water Consumption Intensity (m$^3$/MT Product) FY2021 FY2022 FY2023

Plantation (mill operations) 1.55 1.25 1.18

Refinery 0.48 0.36 0.6

Oleochemical 1.85 2.09 2.19

Group 3.90 3.70 3.97

Recycling of old tires at one of our estates in Sandakan

Waste Management

IOI integrates ‘7Rs of Circular Economy’ to manage our waste responsibly in order to reduce our environmental footprint. For FY2023, the Group achieved 93% recycling rate of non-hazardous waste, which is a 13% increase compared to last year. On the other hand, all hazardous wastes were disposed following local laws and regulations. IOI plantation recycled and reused 97% of the non-hazardous waste. The recycled wastes are largely biomass (e.g., empty fruit bunches and POME) that are produced from mill productions and are used as organic fertilizer at the plantations. This year, we have initiated our collaboration with Tetra Pak on a project to recycle Used Beverage Cartons (“UBC”) in our estates. More details on our UBC recycling project with Tetra Pak are in the next section in page 52.

IOI Refinery maintains high efficiency in its waste management reaching up to 97% of non-hazardous waste being recycled and reused. For example, biomass from the treated Palm Oil Refinery Effluent (“PORE”) as well as ashes that are produced from its operation were sold and repurposed as fertilisers. The division has also recycled and repurposed worn-out filter plates into plastic pallets, furniture, automotive parts and many other products. This year, IOI Oleo showed improvement in its waste management with a recycling rate of 46%. One of the key efforts taken by IOI Oleo to reduce its waste disposal is by repurposing its soap scraps into hygiene and scented soaps in collaboration with third-party customers. IOI Oleo is also working with other third-party customers to repurpose the sludges into raw materials for cement industry.

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<tbody>
<tr>
<td>IOI Plantation 493,152.56</td>
<td>14,959.73</td>
<td>441.68</td>
<td>508,553.37</td>
<td></td>
</tr>
<tr>
<td>IOI Refinery 10,216.69</td>
<td>221.02</td>
<td>72.22</td>
<td>10,509.93</td>
<td></td>
</tr>
<tr>
<td>IOI Oleochemical 3,011.90</td>
<td>724.22</td>
<td>13,287.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group Total 508,381.15</td>
<td>18,956.88</td>
<td>6,972.47</td>
<td>532,510.50</td>
<td></td>
</tr>
</tbody>
</table>

For more details on our UBC recycling project with Tetra Pak, please refer to page 52.

The Group achieved 93% recycling rate of non-hazardous waste, which is a 13% increase compared to last year. On the other hand, all hazardous wastes were disposed following local laws and regulations. IOI plantation recycled and reused 97% of the non-hazardous waste.
IOI has partnered with Tetra Pak to recycle UBC at IOI Plantations, an initiative that very much applies our “7Rs of circularity. Our objective is to expand upon our existing recycling practices with additional focus on Tetra Pak type cartons. The direct impact of this initiative will be to reduce their disposal in landfills and GHG footprint, in alignment with the UN SDG 12.4. Additional benefits include promoting a healthy recycling habit among our workers plus enabling the workers to have the opportunity to generate supplementary income by participating in the recycling programme.

This initiative which started in October 2022, began with a Management Engagement Session with Tetra Pak, followed by Employee Engagement Sessions led by Peninsular’s Regional Sustainability team (“IOI Peninsula”). During the Management Engagement sessions, Tetra Pak delivered a comprehensive presentation on the strategies and guidelines for the implementation of this initiative.

As for the employee engagement, Tetra Pak demonstrated the proper method of folding and flattening beverage cartons for effective recycling to over 4,000 of our on-site employees in January 2023. To date, IOI Peninsular has received and distributed 31 jumbo bags for collection of the used cartons to all 31 operating units within the region. Each jumbo bags can hold up to 5,800 pieces of used beverage cartons.

To further encourage participation by our workers, IOI has organised a UBC Collection Competition. The aim of this competition is to motivate employees to actively participate in recycling UBC. The duration period for the competition is from March 2023 to November 2023. Due to the positive response by our employees in Peninsular Malaysia, IOI will expand the UBC Collection initiative to our Sabah region in the coming years.

Our employees learning the art of carton recycling using the ‘Flip Flap Flat’ technique during the IOI Employee Engagement Session by Tetra Pak.

APPLYING 7RS OF CIRCULARITY WITH TETRA PAK

ENHANCING BIODIVERSITY AND ECOSYSTEM

MANAGEMENT APPROACH

IOI is committed to biodiversity protection and ecosystem enhancement. We recognise that nature loss poses major risks to businesses, while moving towards nature-positive activities can offer opportunities and investments to businesses. Thus, we have taken steps to reduce the risks of our presence to our environment while we concurrently, worked to safeguard our conservation areas. We have taken the effort to enhance the biodiversity and ecosystem within our concession. The preservation, protection, and enhancement of biodiversity and ecosystem are articulated clearly in both our IOI SPOP and the newly revised Biodiversity and Ecosystem Enhancement Guidelines.

The newly revised Biodiversity guideline included added recommendations such as wildlife biodiversity surveys and reforestation with baseline setting to ensure enhancement of the ecosystem. We have also taken into considerations the recommendations in the draft SBTN when revising our guidelines to ensure that our commitment to safeguarding natural resources and biodiversity are in the forefront of current requirements. These efforts are to be integrated into any landscape approach initiatives and environmental management involving our day-to-day operations.

In addition, IOI is involved, via the Business Advisory Group ("BAG"), in helping to mainstream biodiversity at the national level and help to develop Malaysia’s National Policy on Biodiversity (“NPBD”) to be in line with the Convention of Montreal Global Biodiversity Framework ("GFP").

Our employees learning the art of carton recycling using the ‘Flip Flap Flat’ technique during the IOI Employee Engagement Session by Tetra Pak.

SUSTAINABILITY REPORT 2023
Managing Biodiversity and RTE Species Within Our Operation

We have three main collaborations involving multi-stakeholders to monitor and protect Rare, Threatened and Endangered (“RTE”) species according to the IUCN Red List. The focus areas of the collaboration projects are mainly in Peninsular Malaysia, Sabah and Indonesia where IOI plantations are located.

Peninsular Malaysia - A Collaboration with Management and Ecology of Malaysian Elephants ("MEME")

In Peninsular Malaysia, IOI faces mainly human-wildlife conflicts with wild Asian elephants. To help mainstream this, IOI is collaborating with MEME to manage human-wildlife conflicts and achieve coexistence with elephants around our plantations.

MEME and all collaborative partners actively study elephant behavior through tracking, collaring wild elephants and behavioral studies. Model communities were also identified at different scales to co-design strategies for managing Human-Elephant Conflict ("HEC"). The effectiveness of these strategies is monitored and the communication plans for communities facing HEC are developed with the aim of conveying the findings to decision-makers in both the public and private sectors. Following this, HEC management and safety procedure is to be developed to educate plantation communities and the public on the approaches and appropriate ways to handle HEC to enable a safe living environment, both for humans and wildlife.

In addition to the existing good practices, IOI has been working with HUTAN to install camera traps in areas with a high likelihood of human-wildlife conflict and biodiversity hotspots. A camera trap is typically equipped with a motion sensor and helps gather valuable data on species’ location, population sizes and species interaction. The data gathered can then give an in-depth understanding on the impact that humans have on wildlife and wildlife behaviors. The data could also provide information on illegal hunting and help prevent poaching or illegal trafficking of RTEs.

IOI-Nestle RELeaf Project

During FY2022, IOI undertook a reforestation programme with Nestle. This collaboration called “IOI-Nestle RELeaf” project aims to enhance reforestation in critical elephant corridors, particularly the critical huffer zones surrounding the Kinabatangan River in Sabah (for details refer to ASR 2022, Page 49).

Currently, IOI and Nestle together have initiated and successfully completed the planting of indigenous forest trees in the huffer area around the Kinabatangan River in Mayvin 2 Estate, and Mayvin 5 Estate in Sabah. Going forward, we will put in place the necessary resources to ensure that the indigenous trees planted are nurtured as part of our strategy to increase carbon sequestration within our conservation areas.

Latan Tree Planting Project

Also reported in ASR 2022, the Latan tree project, due to its fast-growing nature, was initiated as an agroforestry planting initiative to address biodiversity conservation and the enhancement of its ecosystem. As mentioned earlier, IOI has participated, as part of the BAG, in the consultation programme for developing the NPBD in alignment with Malaysia’s proposed NPBD. The consultation programme for developing the NPBD aims to provide a blueprint for the Strategic Roadmap for the Business and Private Sector in Malaysia.

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Consultation with Global Frameworks - Kunming-Montreal GBF and SBTN

The consultation programme for developing the NPBD is in alignment with the Kunming-Montreal GBF that aimed to develop outputs as follows:

- A blueprint for the Strategic Roadmap for the Business and Private Sector in Malaysia
- Business Action Plan for the Implementation of the Kunming-Montreal GBF

For further details, please refer to the factsheet.

Within our Indonesian concession in Ketapang, West Kalimantan, biodiversity conservation and the enhancement of its ecosystem constitute key objectives of our Ketapang Landscape approach project. Please refer to the section under the Ketapang Landscape initiative for more details.

IOI is actively engaged in reforestation programmes to enhance forest cover, biodiversity, and ecosystem within the concession areas. Ongoing projects include the RELeaf project with Nestle and the Latan tree planting project in Sabah. Our goal is to plant at least 100 hectares of indigenous trees by 2024.

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In addition to using barn owls for biological control of rodents, our IPM approach also utilises mass rearing and release programme of predatory insects through the insectary facilities. Beneficial insects are bred and released to feed on leaf-eating pests. These sustainable approaches reduce the reliance on chemical pesticides, promote a healthier ecosystem, and contribute to the overall biodiversity of the plantations. All of these were captured in the recent publication titled “Diversity and Distribution of Predatory Insects in Non-outbreak and Post-outbreak Estates of an Oil Palm Plantation in Beluran District, Sabah, Malaysia” that was published in Borneo Journal of Resource Science and Technology (Scopus, Q2).

Protection of Pollinators

In the plantations, creating a suitable habitat or ecosystem for pollinators is of utmost importance. Oil palm trees, require cross-pollination to produce FFB. Maintaining and enhancing pollination services is crucial as this significantly impacts oil palm yields and the quality of fruits and seeds. In IOI, we cultivate vectors as pollinators. The effectiveness of pollination also relies heavily on environmental factors such as weather, landscape composition, and pesticide use. Therefore, we practice environmentally friendly concepts of reducing pesticides use to mitigate the risks posed to bees/weevils.

Palm Biotechnology

In line with Malaysia’s commitment to maintain 50% of its forest cover, IOI adopts a sustainable approach to maximise palm oil yields from its existing hecrtage through innovative R&D programmes aimed at creating better planting materials. The cultivation of higher oil-yielding clonal materials will diminish our dependence on additional land for growth. By pursuing cutting-edge innovations to produce high yielding clonal palms, which in turn increases oil yield per hectare, we can also effectively reduce our GHG footprint.

Our success in developing plant tissue culture technology for production of high-yielding clonal palms has resulted in improved productivity in the plantations. Since 2019 to 2023, certain palm oil mills in Peninsular Malaysia and Sabah which have received crops from estates planted with more than 30% to 50% clonal palms, have been reporting an average annual OER of ≥ 23.5%, which is above our own average of 21% and the industry average of 19%.

Building upon our knowledge of plant tissue culture technology, the IOI Tissue Culture Lab has successfully developed a plant tissue culture protocol for the production of healthy banana ramets. This achievement has contributed to the availability of healthy planting material for commercial cultivation of bananas within the IOI estates.

Continuing our efforts in molecular and genomic research to enhance oil palm planting materials, we also engage in R&D to create molecular markers for detecting traits like reduced height and low lipase activity.
IOI believes that upholding human rights contributes positively to the well-being and welfare of our workforce and surrounding communities. In our journey towards creating nature-positive impacts, cultivating a company culture that embeds the balance of the 3 Pillars of Sustainability (People, Planet and Prosperity) must take centre stage. It is also through shared purpose, passion and collective efforts, i.e., Partnership, that we can achieve our vision of a more sustainable and nurturing ecosystem that would have a positive impact to our future.
PROTECTING OUR WORKFORCE

MANAGEMENT APPROACH

As a vertically integrated oil palm company, we are well-aware of the importance of our workforce and their wellbeing in ensuring the sustainable success of IOI. In our SPOP, we clearly commit to the Universal Declaration of Human Right, the International Labour Organisation’s (“ILO”) core convention, ILO 11 Indicators of Forced Labour, United Nations Guiding Principles on Business and Human Rights, United Nation Global Compact (“UNGCR”) on human rights, etc. To further strengthen our commitment to safeguarding our workforce, IOI has adopted UNODG 8.8, with the goal of protecting labour rights, eradicating forced labour, and promoting a safe and secure working environment.

IOI has also established and implemented various guidelines and procedures based on social related requirements arising from local and international laws and regulations, certification bodies such as RSPO, MSPO, UNGC, ILO agreements, and more to ensure that the rights of our employees are protected.

In terms of governance, we have Board oversight through our committees which discuss and deliberate on issues related to human rights, including safeguarding the wellbeing of our workforce, safety, and health were discussed. Any critical concerns identified or actions required were subsequently discussed for implementation at the BSC where risks and to strengthen their SOPs. Based on the positive audit outcome, we have jointly decided to extend this audit to our Indian recruitment agencies in the next financial year.

We continue to build and upgrade housing facilities to support workers needs and wellbeing. Regular inspections of the working and housing areas are conducted by Estate Hospital Assistant and Sustainability staff to ensure safety aspects such as fire prevention, safety hazard, cleanliness of the area, etc. are being kept up to the required standards.

We have a Whistleblowing Policy which outlines our commitment to achieving and maintaining the highest standards of work ethics in the conduct of our business. The whistleblowing channel provides an avenue for all employees and external stakeholders to raise concerns regarding any improper conduct within IOI. For this financial year, we received 19 complaints, all of which have been resolved. There were zero reported incidents of corruption via this whistleblowing channel or grievance channels within IOI.

For IOI’s Plantation Division, most of the complaints, requests, or grievances are handled directly by the Operating units’ management and will be shared with the Regional Human Resources Department if required. The report will be addressed in a timely manner. Simple requests will be addressed within 5 working days, while complicated issues that require other department’s involvement will be addressed following our standard grievance procedure as published in our website. The regional sustainability team will monitor the action (s) taken to ensure that remediation and resolution are appropriately carried out. We monitor grievances and complaints received through various channels such as the Grievance Book, EGC/EGC, WEC, internal meetings, etc., as explained in the pie chart on next page. The data compilation and analysis are conducted to identify the most used channels by our employees and the types of issues reported.

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

Ethical Recruitment and Responsible Employment

Communication and socialisation of the Code of Conduct (“CoC”) on Ethical Recruitment and Responsible Employment introduced in 2021, have been periodically conducted, especially for our newly hired workers. This ensures that they are aware of their rights related to their pre-employment, employment, and post-employment process, including a clear definition of recruitment fees as outlined by the ILO. For detailed information about the CoC, please refer to the pull-out section in our Sustainability Report 2021.

With regards to our Recruitment Agents, as reported in SRR 2022, we had collaborated with one of our customers to conduct a 3rd party audit on our agencies. IOI completed the audit for agencies in Indonesia and Nepal towards the end of last year. The report, which consists of findings and recommendations, was shared by our customer in March 2023. The recommendations include the need for improvements in the recruitment agencies such as Standard Operating Procedure (“SOP”) to manage their recruitment chain. In response, IOI has taken measures to engage with the respective recruitment agencies regarding this gap, to assist them in enhancing their practices and to strengthen their SOPs. Based on the positive audit outcome, we have jointly decided to extend this audit to our Indian recruitment agencies in the next financial year.

Upholding Workers’ Rights

Recruitment agency briefing potential workers on the working condition and ethical recruitment process.

Recruitment agencies are being vetted to ensure they are following the ILO 8.8 standards. This includes ensuring that they must be protected from exploitation and unfair treatment due to language and cultural barriers, ensuring legal protection and a safe working condition free from harassment, among others. Our employees are entitled to equal rights in terms of promotion, fair treatment in work arrangement and no discrimination in training, opportunities, and career growth. These rights are regularly socialized, guided by the SPOP and related guidelines. In addition, we have posters and briefings as well as regular awareness trainings on topics such as physical and sexual violence, intimidations, and threats.

Employment terms and conditions for our workers in the plantations are based on local employment laws and collective agreements as stated in the Memorandum of Collective Agreement with the National Union of Plantation Workers (“NUPW”). These agreements cover matters such as wages, working hours, and overtime work, leave (e.g. sick leave, public holiday and annual leave), accommodation, termination notice, etc. These collective agreements were signed between our Planning Director and NUPW for workers in Peninsular Malaysia in 2020. To date, we have about 802 out of 4353 of workers in Peninsular Malaysia registered as members of NUPW.

The IOI Employee Consultative Committee (“ECC”) remains a practical committee, representing 100% of the workers in our plantation and serves as a medium for collective bargaining. Workers are free to highlight issues such as wages and compensation, working hours, grievances, non-discrimination, etc., and any outcome from these meetings will be shared with the rest of the workers. Details of grievances raised by the ECC representatives at the Joint Consultative Committee (“JCC”) meetings which are held every two months are discussed in the next section.

There are no restrictions on movement as our workers hold their own personal documents, except when the documents are required to be sent to the operating unit’s office for renewal purposes. Workers are also permitted to leave the operating unit outside of working hours, and the company provides transportation upon request.

Majority of our workers in the plantation are provided with reasonable accommodation and necessities as required by respective local laws.

As a RSPO member, we also monitor grievances raised by third parties through the RSPO Complaints System. There is only one RSPO complaint case on Mekassar estate for which we have already received the Decision Letter from RSPO indicating that the case is considered closed. Please refer to RSPO Complaint Panel website for details1.

Grievance Mechanism and Progress Update

Effective grievance handling can prevent conflicts and disputes from escalating. We provide various grievance channels (refer to the pie chart on Percentage of Grievance Channel Used by Employees) to address and resolve complaints received from employees, customers, communities, NGOs, and other stakeholders. It was noted that different stakeholders have varying preferences regarding how they would like to raise their concerns.

We have established a Grievance Procedure where any party can submit a Grievance Complaint. This channel applies to all IOI Group’s plantation, resource-based manufacturing, trading operations and all third-party suppliers. Currently, all grievances shown in our websites that are related to FSG have either been closed or addressed. Meanwhile, as shown in our website, 33% of supplier-related grievance are in progress. As a RSPO member, we also monitor grievances raised by third parties through the RSPO Complaints System. There is only one RSPO complaint case on Mekassar estate for which we have already received the Decision Letter from RSPO indicating that the case is considered closed. Please refer to RSPO Complaint Panel website for details1.

employee Nationality Breakdown

Total Employees: 28,010

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filipino</td>
<td>21.66%</td>
</tr>
<tr>
<td>Indonesian</td>
<td>37.79%</td>
</tr>
<tr>
<td>Malaysian</td>
<td>0.34%</td>
</tr>
<tr>
<td>German</td>
<td>0.36%</td>
</tr>
<tr>
<td>Maltese</td>
<td>3.43%</td>
</tr>
<tr>
<td>Nepali</td>
<td>2.91%</td>
</tr>
<tr>
<td>Salvador</td>
<td>5.00%</td>
</tr>
<tr>
<td>Saudi</td>
<td>5.00%</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>21.66%</td>
</tr>
<tr>
<td>Other</td>
<td>3.44%</td>
</tr>
</tbody>
</table>

Fostering a Positive Work Culture

We have received zero cases of discrimination, incidents related to corruption, and complaint concerning breaches of customer policy reported during this reporting period.

IOI PELITA UPDATE

The IOI Pelita dispute, which began in 1997 and later escalated into an RSPO complaint case, has been a long-standing issue. Please refer to ASR 2018 - 2022 and our website for historical details. On July 18, 2022, we received a letter from RSPO notifying us that the RSPO Complaint Panel has officially closed the complaint on this land dispute grievance.

As of now, we continue to implement the requirements of the resolution. For example, with regards to the participatory mappings, the company hosts all the additional costs to conduct an independent land survey for the impending land excision process by hiring an independent surveyor. Despite factors such as the rainy season and limited access roads, the independent ground survey was successfully completed in FY2023. As of today, the land survey maps have been generated and are currently in the process of being endorsed by the relevant authorities.

With respect to the communities, the company has been actively engaging with them to ensure the completion of all remaining ex-gratis payments throughout FY2023. Efforts have also been directed towards strengthening relationships with the neighboring communities by providing fire-fighting awareness and distributing fire extinguishers. The company further extended its support to the surrounding communities by repairing access roads to the community areas and encouraging the neighboring communities to work at IOI Plantation estate as an alternative livelihood.

safe and healthy working environment

Safety-related matters are managed and monitored closely by the respective Safety, Health, and Environment (“SHE”) department at each business division. Safety officers play a key role in implementing health and safety policies, guided by relevant guidelines to achieve their target key safety performance indicators.

IOI aims to achieve 100% certification for ISO 45001:2018 Occupational Health and Safety Management System (“OHSMS”). Currently, all resource-based manufacturing divisions have been fully certified. In the Plantation division, Gomali mill and Gomali estate are the first two operating units to be certified. In the Manufacturing division, all operating units in the Plantation division are implementing the management system and will undergo the audit by phases. The OHSMS covers 100% of employees and workers, including contractors. Operating units are required to report all work and non-work-related incidents to the Safety and Health department, management, and relevant government agencies. Safety related data and compliance are also verified annually by sustainability certification during their annual surveillance audit.

Climate change is a global challenge that affects everyone, but its impact is particularly severe for the poor and the vulnerable, especially those living in developing countries. The extreme climate events such as drought, heat wave, flood, etc., which is a consequence of climate change, can result in damages to crops and livestock, etc., ultimately affecting peoples’ livelihood. IOI is aware that many of our foreign workers come from these types of socio-environmental economic stress countries and they may migrate to seek work to alleviate poverty within their communities. So, in addition to their salaries, we provide “Shared Prosperity” gratuity payments as additional earnings to our eligible foreign workers to express our appreciation for their hard work and loyalty. We hoped that these additional remunerations together with their monthly income can further improve their families’ living standards.

At the operational level, we are working on mechanisation and automation to increase efficiency and productivity with the aim of simplifying or lightening the workload of our workers which is very much in alignment with UN SDG 8.2. Through mechanisation, workers’ productivity has also improved by about 30%, especially on labour intensive tasks and improve earnings by increasing the worker’s ratio per some of fresh fruit bunch (“FFB”) and hectare (“ha”). This can also have an indirect consequence of attracting more local workers to work in plantations where mechanisation would reduce the level of difficulties as well as help to reduce their exposure to extreme weathers. This is in line with our efforts to promote climate justice within our operations.

Among stakeholders especially our own employees, we continue to create awareness on how to mitigate and adapt to the impact of climate change. Annually, we organise the IOI Earth Month Campaign where our theme for this year is “Protecting Our Future Together”. During the campaign, we organised various activities such as meatless cook-off challenge, swap project, panel discussions on IOI’s Pathway to Net-Zero, etc. The main objective of this campaign is to inspire and empower our people to contribute to mitigating climate change through climate friendly activities.

Fostering a Positive Work Culture
Apart from upholding human rights, IOI places a high emphasis on providing training and development to our people. The company also promotes gender equality by promoting women's empowerment and diversity and to creating an environment that supports employee’s well-being by promoting a healthy work-life balance and facilitating personal growth.

This chapter on upfiling our people also aligns with our commitment towards UNSDG 2.4, focusing on food security and improved nutrition for our employees through awareness campaigns on healthy living and the “Plant Your Own Food” initiative. Additionally, we are committed to promoting a sustainable, inclusive, and productive employment in line with UNSDG 8.2. Furthermore, to align with the Fourth Industrial Revolution, we are integrating digitalisation into our business operations while also supporting Enabler 3 (Technology and Digitalisation), as outlined on page 45 of the AR.

As indicated in our AR, 37.5% of our board members are women bringing with them diverse backgrounds with different thought processes and skills to the table. Although the number of men to women ratio as a total workforce is 1.25:1, 44.4% of women hold departmental head positions. At the plantation division where the gender ratio of men to women is 4.6:1, 17.9% of women are departmental heads. At the plantation division where the gender ratio of men to women is highest at 14:1, the number of women who are departmental heads is only 6.7%. It is to be noted that although we encourage women to work in the estates, there is still a reluctance for them to join due to the remoteness of working in a vast estate and physical nature of the work.

In IOI plantation division, the Women and Empowerment Committee (“WEC”) was established to address gender related concerns and serves as a platform for planning and implementing gender focused activities at the operating unit level, ensuring the privacy and confidentiality of these matters. The committee generally meets every 6 months unless otherwise required.

One of our WEC’s activities is a group-wide celebration spanning across our operations (plantation, refinery, and oleochemical) in Malaysia and Indonesia, is the annual International Women’s Day (“IWD”) celebration. This year’s celebration was centred around the theme of #EmbraceEquity, which emphasises the importance of gender equity and inclusion in all aspects of society. The on-site activities encompassed health awareness talks, health screenings, self-defence demonstrations, exhibitions, and more. Building on our social initiative “Women and Digitalisation” introduced in 2022, we organised more digital health-related topics including digital education, cyber security, advantages of e-wallet, etc. These efforts are aimed to foster digital inclusion among women and inspire them to embrace the digital revolution. A significant outcome of the IWD celebration was the decision to establish a gender committee at the Corporate HQ level, which will be officiated in the upcoming financial year.

As part of IOI’s drive towards digitalisation, IOI Grow, an e-learning platform, was introduced in October 2020 to promote the concept of “Learning Excellence, Unleashing Potential”. It offers a range of engaging features such as quizzes, games, etc., to enhance a learner’s understanding and is a platform with learning programmes such as Employee Onboarding, Leading Organisation, Leading Self, People Development, Risk & Compliance, Workforce Development, etc.

As part of IOI’s business continuity strategy, initiatives have been taken to identify potential successors and Heads of Departments play a key role in training them to become successful leaders. This business continuity strategy is aimed at ensuring the resilience of the business and minimising turnover by offering career opportunities within a competitive work environment. In addition, annual performance reviews are conducted for all employees at the level of staff and above. This review involves evaluating an employee’s Key Performance Indicators (“KPI”) and identifying areas for improvement, ensuring that every employee has the opportunity for career development and improvement.

Digitalisation

We have progressively implemented the Group-wide SAP system to streamline our diverse and stand-alone system into a single unified platform called the ONE IOI Integrated Platform. To date, all our plantation operating units are fully integrated with the SAP system as well as the Electronic Plantation Monitoring System (“EPMS”). The EPMS is a mobile crop monitoring system that reduces dependency on manual data entry and help increase workforce productivity.

To protect our foreign workers from wage discrepancy, we utilised the Enterprise Resource Planning (“ERP”) system to monitor their working hours and work done thus ensuring prompt and fair wage disbursement. In another digitalisation approach in simplifying the payroll process, Merchandise e-wallet salary crediting system has been introduced in 95% of the estates with 5% pending due to poor connectivity, especially in remote areas in Sabah. This e-wallet system benefited many foreign workers by facilitating their expenses and enabling ease of money transfers to their families in their home countries.

Another initiative involving digitalisation, is our grievance reporting application called IOI Meets that we had developed in May 2022 (refer to details in ASR 2022). To date, this digital platform has been accessed by 842 numbers of workers. Workers also have the option to report issues anonymously if they preferred to do so. For further details on the grievance reported for this financial year, please refer to pages 61 - 62.

As an expansion of this initiative beyond our Plantation division, IOI Foundation launched the ‘IOI Urban Garden’ initiative in collaboration with IOI Corporation Berhad and IOI Properties Group Bhd in March 2023. This initiative transformed a space of around 0.75 Ha and about 350 meters away from our IOI City Tower 2 office into a green garden. The garden is for the exclusively use of our HQ employees. With 20 plots, each measuring 4ft x 10ft, employees can grow their own fruits and vegetables. These plots are easy to maintain and offer a way to connect with nature during the workday. Since its launch, our employees have harvested long beans, sweet potatoes, ladyfingers, etc., from their plots. Based on the feedbacks of the participants, the IOI Urban Garden represents our employees’ commitment to sustainability and teamwork with a clear positive impact on our workspace and the environment.

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MANAGEMENT APPROACH

Our impact on relevant stakeholders such as our employees, communities, NGOs and smallholders, extends through various ways. Notably, our employees in Sabah are part of families that reside together with children within their households. The presence of children in the plantations can potentially give rise to risks associated with child labour if their rights are not adequately protected and if proactive measures to eliminate child labour are not in place. Considering this, we have further expanded the targets adopted under the SDGs, with an additional target, which is target 8.7. The goal of this target is to eliminate the worst forms of child labour, including the recruitment and use of child soldiers, and to completely end all forms of child labour by the year 2025. We have put in place initiatives to ensure that we meet the goal of eliminating child labour within our operation.

At the group level, our CEO mentioned in his message that constructive engagement and collaboration with stakeholders are critical in addressing any disparities in understanding certain issues and in achieving good outcomes across the many different business cycles. This further affirms that the stance IOI has towards multi-stakeholder partnerships is in alignment with the expectations and IOI’s policies especially on social responsibility. Together with our achievements by supporting corporate social responsibility, the sustainability policy of the company is to ensure that all the children receive proper education, to cover expenses such as school fees, and related costs. This programme has significantly aided our workers whose children have the benefit of receiving balanced meals while alleviating food costs that would otherwise be home by their parents. Additionally, IOI Foundation has also allocated approximately RM1,000,000 for school bags for the children attending the affected areas, leading to RSPO certification under the IOI Group has overseen and supported their agricultural land without burning, assisting them in the responsible and secure disposal of their stunned disposal of their burned-off land. This showcase essential information about the company’s initiatives, including policies and procedures, as well as landowner dispute procedure. Furthermore, stakeholders are encouraged to outline both positive and negative impacts of conducting business with IOI, encompassing social, environmental (including IOI’s carbon conservation areas) and any other feedback. Subsequently, these issues are deliberated upon and any advancements or progress made are communicated back to the stakeholders who are affected.

Engaging with communities play a crucial role in IOI, being a responsible enterprise in social responsibility, enabling partnerships with IOI Ombudsman chemical mentions that ensuring positive social impact on people and communities can be achieved by supporting corporate social responsibility. Together with partnerships, proactive engagements are crucial, not only with the local communities to enable us to identify their needs and contribute positively to their development but also with both our direct and 3rd party suppliers.

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

In June 2022, IOI was invited by the International Organization for Migration (IOM) to participate in their research on “Climate, Environmental Degradation and International Labor Migration In Asia: Exploring The Role Of Business”. The objective of this research was to understand how environmental factors, such as climate change, may influence the mobility of workers. The report is currently in review by IOM and we expect to share the outcome of this research in the near future.

In another collaboration with IOM, we are going to establish a pre-employment orientation programme for migrant workers to be socialised in their home countries before their departure for Malaysia. The objective of this programme is to prepare the migrant workers to be aware of their rights as migrant workers, clarifying IOI’s employment process, work expectations and IOI’s policies especially on “no recruitment fees” as well as equipping them with information about labour laws.

In September 2022, IOI was invited by the ILO to share our examples of responsible labour practices and to discuss methods to address forced labour. As such, IOI’s Human Rights and Labour team is going to share our examples with the 49 smallholders in Malaysia. The workshop was attended by other palm oil industry leaders and representatives from various government departments in Malaysia. This workshop was funded by the US Department of State Bureau of Democracy, Human Rights, and Labor. The purpose of the workshop was to share the lessons learned from IOI’s forced labour indicators and provide a platform for a peer-to-peer discussion on forced labour's and effective grievance mechanisms that address issues related to forced labour and child labour.

Since 2022, IOI continued our engagement with a@IOI, a human rights due diligence service provider and an expert in workers’ engagement. Their role in this initiative involved conducting a year-long independent survey among our workers in the plantation with the particular focus on our migrant workers across our plantation operating units in Peninsula Malaysia. The goal of this survey is to monitor the working and working conditions of our workers in the plantation, serving as an essential part of our due diligence process. The labour rights indicators covered in this survey include fair recruitment, wages and working conditions, freedom to leave, health and safety, respectful treatment, labour rights and freedom of association, as well as training and induction. The service provider has direct engagement with our workers for the survey, and the results were compiled within a few days. Subsequently, the results were communicated to the management teams of the respective operating units that participated in the survey. Having completed two survey cycles with approximately 200 responses, these efforts have provided initial insights to IOI regarding workers’ wellbeing and their working conditions which will lead to the final phase, i.e., the forensic analysis of the data collected. The final analysis will serve as an alert to the management of operating units regarding potential labour issues and plan the appropriate actions.

COMMUNITY OUTREACH AND INITIATIVES

In Sandakan, IOI Bio-Energy organised a social environmental service initiative with the local municipal, Majlis Perbandaran Sandakan (“MPS”), and government agencies such as the Statistics Department to assist them in the responsible and secure disposal of their burned-off land. This endeavour enables us to support government agencies in disposing their documents responsibly, while securing a sustainable fuel source from waste papers. Smallholder Programme and Initiatives

IOI proactively engage and assist our third-party suppliers including smallholders to be in concert with our policies and commitments. Among our plantation units in Malaysia, Unico Group, Sabah is the only site in Malaysia to receive the Fresh Fruit Bunches (“FFB”) from its surrounding smallholders and our growers who has since received their MSPO certification since 2022. We have continued to support them by paying them over various training sessions on topics such as good agricultural practices, Personal Protective Equipment (“PPE”), FFB grading, sustainability awareness as well as stakeholder meetings to all 49 smallholders and our growers. We have also conducted site visits and generated internal audit reports which highlighted recommendations for their improvements in line with their MSPO certification requirements.

Meanwhile, in our plantation at Indonesia, SNA Group has dedicated 20% of our total planted areas to the plasma scheme as required by their local regulation. Although these lands fall under the plasma category, they are cultivated and managed sustainably, following the approaches and best practices established by IOI. Currently, we have 7 plasma cooperatives, with 3,000 participating families, comprising 49 villages and 72 sub-districts with a total area of 5,440.85 hectares. We are heavily engaged in partnering with our suppliers by improving the irrigation system in the community’s farming, assisting in clearing their agricultural land without burning, repairing roads in their villages, etc. In essence, IOI has taken the initiative to partner with local communities and strengthen the sustainable management of their planted State in moving towards RSPo certified under the IOI SNA RSPO Certification in 2023.
SHARING PROSPERITY

MANAGEMENT APPROACH

‘IOI Foundation’ formerly known as Yayasan Tan Sri Lee Shin Cheng is IOI Group’s charity arm. We continuously strive to deliver positive impacts to the communities by sharing our prosperity. This in line with our SPOR where we are committed to drive positive socio-economic development for our local communities and thereby, contribute to their quality of life and wellbeing. The Foundation fulfils the Group’s corporate social responsibility via education, community welfare, medical assistance, medical assistance and the promotion of Science, Technology, Engineering & Mathematics (“STEM”) subjects that can help enrich the lives of the less fortunate.

ACTIVITY DRIVEN APPROACH & PERFORMANCE

In September 2022, IOI was cited in Wikimatrix.com’s “Who’s The Most Charitable?” company list. This was because IOI was listed as No 17 in Bursa’s Top 20 “Earners & Their Giving” based on what was disclosed in ASR 2021 regarding our various contributions such as cash or in-kind through the IOI Foundation, donations of face masks during Covid-19, our support of smallholders’ programmes, etc. (refer for more details in ASR 2021, Page 53).

This financial year, we are continuing with our tradition of contributing back to the community under IOI’s Foundation. As of FY 2023, the Foundation has contributed a cumulative amount of RM 63.19 million to the community under IOI’s Foundation. As of FY 2023, the Foundation has contributed a cumulative amount of RM 63.19 million through programmes related to education, social, and medical purposes. This year specifically, at least 1,837 students benefitted from the Foundation’s education programme specifically, at least 1,837 students benefitted from the Foundation’s education programme for the FY 2023, the Foundation has contributed a cumulative amount of RM 63.19 million to the community under IOI’s Foundation. As of FY 2023, the Foundation has contributed a cumulative amount of RM 63.19 million through programmes related to education, social, and medical purposes. This year specifically, at least 1,837 students benefitted from the Foundation’s education programme specifically, at least 1,837 students benefitted from the Foundation’s education programme for the

SUSTAINABILITY REPORT 2023

FOSTERING A POSITIVE WORK CULTURE

APPENDIX

SUSTAINABILITY PERFORMANCE METRICS

ECONOMIC PERFORMANCE DATA

Refer to Annual Report page 56.

WORKPLACE PERFORMANCE DATA

Number of Employee and District

<table>
<thead>
<tr>
<th>GRI 402-8 Number of Employees, GRI 403-1 Diversity of Employees</th>
<th>Number of Employees by Employment Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Senior Management</td>
<td>Middle Management</td>
</tr>
<tr>
<td>46</td>
<td>25</td>
</tr>
<tr>
<td>25</td>
<td>54</td>
</tr>
<tr>
<td>1,121</td>
<td>5,968</td>
</tr>
<tr>
<td>4,567</td>
<td>7,451</td>
</tr>
</tbody>
</table>

Employee Nationality Breakdown

<table>
<thead>
<tr>
<th>GRI 404-1: Employee Training Hours</th>
<th>Employees Nationality Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Employee Nationality (%)</td>
<td>Employee Nationality (%)</td>
</tr>
<tr>
<td>25</td>
<td>80</td>
</tr>
<tr>
<td>89</td>
<td>21.6</td>
</tr>
<tr>
<td>1,945</td>
<td>51,187,640.00</td>
</tr>
<tr>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>4,567</td>
<td>7,451</td>
</tr>
</tbody>
</table>

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

| GRI 405-3: Number of Employee, GRI 405-1 Diversity of Employees |
| --- | --- |
| Male | Female |
| 676.00 | 21.60 |
| 51,187,640.00 | 1,338,612.00 | 3,977,960.00 |
| 20.20 | 16.30 |
| 57,735.00 | 10.90 |

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE DATA

<table>
<thead>
<tr>
<th>GRI 406-1: Employee Training Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.00</td>
</tr>
<tr>
<td>16.30</td>
</tr>
</tbody>
</table>

Health & Safety Performance-Employee¹ Units

<table>
<thead>
<tr>
<th>GRI 407-3: Occupations and Health &amp; Safety Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.25</td>
</tr>
<tr>
<td>50.00</td>
</tr>
</tbody>
</table>

Other 0.34

<table>
<thead>
<tr>
<th>GRI 408-1: Employee Training Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.30</td>
</tr>
<tr>
<td>12.00</td>
</tr>
<tr>
<td>10.90</td>
</tr>
</tbody>
</table>

Earnings for joyners (first aid level) and major injuries

<table>
<thead>
<tr>
<th>GRI 409-4: Employee Training Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
</tr>
<tr>
<td>0.00</td>
</tr>
</tbody>
</table>
ENVIRONMENTAL PERFORMANCE DATA

Energy

GRI 305-1 & GRI 305-4: GHG Emissions

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total direct GHG (scope 1) emissions</td>
<td>tCO2e</td>
<td>2,221.22</td>
<td>2,221.22</td>
<td>2,221.22</td>
</tr>
<tr>
<td>Total indirect GHG (scope 2) emissions</td>
<td>tCO2e</td>
<td>19,180.73</td>
<td>19,180.73</td>
<td>19,180.73</td>
</tr>
<tr>
<td>Total indirect GHG (scope 3) emissions</td>
<td>tCO2e</td>
<td>214,942.57</td>
<td>214,942.57</td>
<td>214,942.57</td>
</tr>
<tr>
<td>Total GHG emissions reduction (carbon sequestration)</td>
<td>tCO2e</td>
<td>6,469.89</td>
<td>823,034.00</td>
<td>1,884,628.29</td>
</tr>
</tbody>
</table>

EMISSIONS

GRI 306-2: Water Disposal

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total fresh water withdrawn (≤ 1,000 mg/L Total Dissolved Solids)</td>
<td>m³</td>
<td>15,400.82</td>
<td>15,400.82</td>
<td>15,400.82</td>
</tr>
<tr>
<td>Total water discharged</td>
<td>m³</td>
<td>765,263.00</td>
<td>765,263.00</td>
<td>765,263.00</td>
</tr>
<tr>
<td>% of site with Impact Assessments</td>
<td>%</td>
<td>79.00</td>
<td>91.60</td>
<td>76.60</td>
</tr>
<tr>
<td>% of site with Development Programmes</td>
<td>%</td>
<td>92.20</td>
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WATER

GRI 306-3: Water Consumption & Water Discharged

<table>
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<tr>
<th>Performance Indicator</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
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<tr>
<td>Total water consumption</td>
<td>m³</td>
<td>2,545,142.81</td>
<td>2,545,142.81</td>
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<tr>
<td>Total non-hazardous waste disposed</td>
<td>MT</td>
<td>118,603.34</td>
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<tr>
<td>% waste reused/recycled (including recycled hazardous waste)</td>
<td>%</td>
<td>508,553.37</td>
<td>508,553.37</td>
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SOCIAL CONTRIBUTION

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

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
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</thead>
<tbody>
<tr>
<td>% of site with Local Community Engagement</td>
<td>%</td>
<td>78.00</td>
<td>78.00</td>
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<tr>
<td>% of site with Impact Assessments</td>
<td>%</td>
<td>95.00</td>
<td>95.00</td>
<td>95.00</td>
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<tr>
<td>% of site with Development Programmes</td>
<td>%</td>
<td>76.00</td>
<td>76.00</td>
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<tr>
<td>% of site with Engagement Considered</td>
<td>%</td>
<td>52.00</td>
<td>52.00</td>
<td>52.00</td>
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</table>
## GRI CONTENT INDEX

### Measurement of use
IOI Corporation Berhad has reported in accordance with the GRI Standards for the period 1 July 2022 to 30 June 2023.

### Applicable GRI Sector Standard(s)
GRI 15: Agriculture, Aquaculture and Fishing Sectors

### 2023 GRI 2: General

#### GRI Standard Disclosure Section

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<td>About this report</td>
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<td>2-2</td>
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<td>Governance structure and composition</td>
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<td>Nomination and selection of the highest governance body</td>
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<td>Chair of the highest governance body</td>
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<td>Role of the highest governance body in overseeing the management of impacts</td>
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<td>Delegation of responsibility for integrated reporting</td>
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<td>Collective knowledge of the highest governance body</td>
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<td>2-20</td>
<td>Process to determine sustainability reporting</td>
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<td>Annual total compensation ratio</td>
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<tr>
<td>2-22</td>
<td>Statement on sustainable development strategy</td>
<td>About this report</td>
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<td>2-23</td>
<td>Policy commitments</td>
<td>Sustainability Commitment &amp; Compliance</td>
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### GRI Standard Disclosure 2021

- **GRI 2-24 Embedding policy commitment**: Our Sustainability Approach
  - Page number: AR 2023, Pg. 32
  - In line with TCFD/ISSB
- **GRI 2-25 Processes to remediate negative impacts**: Protecting Our Workforce
  - Page number: AR 2023, Pg. 31
  - In line with TCFD/ISSB
- **GRI 2-26 Mechanisms for seeking advice and raising concerns**: Statement on Risk Management and Internal Control
  - Page number: AR 2023, Pg. 23
- **GRI 2-27 Compliance with laws and regulations**: Sustainability Commitment & Compliance
  - Page number: AR 2023, Pg. 31
- **GRI 2-28 Membership associations**: Stakeholder Engagement
  - Page number: AR 2023, Pg. 24
  - In line with TCFD/ISSB
- **GRI 2-29 Approach to stakeholder engagement**: Stakeholder Engagement
  - Page number: AR 2023, Pg. 24
  - In line with TCFD/ISSB
- **GRI 2-30 Collective bargaining agreements**: Protecting Our Workforce
  - Page number: AR 2023, Pg. 10

### Materiality Matrix

#### GRI 3: Material topics

- **GRI 3-51 Prior process to determine material topics**: Our Material Sustainability Matters
  - Page number: AR 2023, Pg. 26-27
- **GRI 3-52 List of material topics**: Our Material Sustainability Matters
  - Page number: AR 2023, Pg. 26-27

### TCFD/ISSB

- **GRI 2-300: Embedding policy commitment**: Management Approach
  - Page number: AR 2023, Pg. 34
  - In line with Bursa CSM and TCFD/ISSB
- **GRI 2-301: Energy intensity (Scope 2): GHG emissions**
  - Additional sector recommendations
  - Page number: AR 2023, Pg. 70
  - In line with Bursa CSM and TCFD/ISSB
- **GRI 2-305: Energy intensity (Scope 2): GHG emissions**
  - Additional sector recommendations
  - Page number: AR 2023, Pg. 70
  - In line with Bursa CSM and TCFD/ISSB
- **GRI 2-306: GHG emissions intensity**
  - Additional sector recommendations
  - Page number: AR 2023, Pg. 70
  - In line with Bursa CSM and TCFD/ISSB
- **GRI 2-307: Radiative forcing (GHG emissions)**
  - Management Approach
  - Page number: AR 2023, Pg. 17
  - In line with TCFD/ISSB
- **GRI 2-308: Emissions of ozone-depleting substances (ODS)**
  - Information unavailable/incomplete
- **GRI 2-309: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions**
  - Information unavailable/incomplete

### TCFD/ISSB

- **GRI 2-313: Climate adaptation and resilience**
  - Financial implications and other risks and opportunities due to climate change
  - Additional sector recommendations
  - Page number: AR 2023, Pg. 34
  - In line with TCFD/ISSB
- **GRI 2-314: Economic Performance 2021**
  - Notes to Financial Statements: Property, Plant and Equipment
  - Page number: AR 2023, Pg. 25
  - In line with TCFD/ISSB

### DISCLOSURES

- **GRI 2-24 Embedding policy commitment**: One Sustainability Approach
  - Page number: AR 2023, Pg. 32
  - In line with TCFD/ISSB
- **GRI 2-25 Processes to remediate negative impacts**: Protecting Our Workforce
  - Page number: AR 2023, Pg. 31
  - In line with TCFD/ISSB
- **GRI 2-26 Mechanisms for seeking advice and raising concerns**: Statement on Risk Management and Internal Control
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- **GRI 2-27 Compliance with laws and regulations**: Sustainability Commitment & Compliance
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  - Page number: AR 2023, Pg. 24
  - In line with TCFD/ISSB
- **GRI 2-30 Collective bargaining agreements**: Protecting Our Workforce
  - Page number: AR 2023, Pg. 10
### TOPIC 13.3 BIODIVERSITY

**GRI Standard**
- **Disclosure**: TOPIC 13.3 Management of material topics

**Topics 2021**

**GRI 3: Material**

**GRI 304: Biodiversity**

**Section**: Management Approach

**Page number**: AR 2023, Pg. 46

**Additional information**: Safeguarding Natural Resources

**Information unavailable/incomplete**: Management Approach

**GRI 304-3 Management of material topics outside protected areas**

**GRI 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations**

**GRI 304-5 Habitats protected or restored**

**GRI 304-6 ECZ or national conservation list species with habitats in areas affected by operations**

**TOPIC 13.4 NATURAL ECOSYSTEM CONVERSION**

**GRI Standard**
- **Disclosure**: TOPIC 13.4 Management of material topics

**Topics 2021**

**GRI 3: Material**

**GRI 303: Water**

**GRI 306: Waste**

**Section**: Management Approach

**Page number**: AR 2023, Pg. 48

**Additional information**: Water Management

**Information unavailable/incomplete**: Water Management

**GRI 303-1 Interactions with water as a shared resource**

**GRI 303-2 Management of water**

**GRI 303-3 Water withdrawal**

**GRI 303-4 Water discharge**

**GRI 306-1 Waste generation and significant waste-related impacts**

**GRI 306-2 Management of significant waste-related impacts**

**GRI 306-3 Waste generated**

**GRI 306-4 Waste diverted from disposal**

**GRI 306-5 Waste directed to disposal**

**Additional sector disclosures**

**Report the volume and intensity of pesticides used by the following toxicity hazard levels**

- Extremely hazardous;
- Highly hazardous;
- Moderately hazardous;
- Slightly hazardous;
- Unlikely to present an acute hazard.

**TOPIC 13.7 WATER AND EFFLUENTS**

**GRI Standard**
- **Disclosure**: TOPIC 13.7 Management of material topics

**Topics 2021**

**GRI 3: Material**

**GRI 303: Water**

**GRI 306: Waste**

**Section**: Management Approach

**Page number**: AR 2023, Pg. 48

**Additional information**: Waste Management

**Information unavailable/incomplete**: Waste Management

**GRI 303-1 Interactions with water as a shared resource**

**GRI 303-2 Management of water**

**GRI 303-3 Water withdrawal**

**GRI 303-4 Water discharge**

**GRI 306-1 Waste generation and significant waste-related impacts**

**GRI 306-2 Management of significant waste-related impacts**

**GRI 306-3 Waste generated**

**GRI 306-4 Waste diverted from disposal**

**GRI 306-5 Waste directed to disposal**

**Additional sector disclosures**

**Report the number, size in hectares and the type of natural ecosystems converted since the cut-off date on land owned, leased or managed by the organisation determined to be deforestation- or conversion-free, by product, and describe the assessment methods used:**

- For products sourced by the organisation, report the following by product:
  - the percentage sourced volume determined to be deforestation- or conversion-free, by product, and describe the assessment method used;
  - the percentage of natural ecosystems converted since the cut-off date on land owned, leased or managed by the organisation determined to be deforestation- or conversion-free, by product, and describe the assessment method used;
  - the percentage of natural ecosystems converted since the cut-off date on land owned, leased or managed by the organisation determined to be deforestation- or conversion-free, by product, and describe the assessment method used;
  - the percentage of natural ecosystems converted since the cut-off date on land owned, leased or managed by the organisation determined to be deforestation- or conversion-free, by product, and describe the assessment method used;

**TOPIC 13.5 SOIL HEALTH**

**GRI Standard**
- **Disclosure**: TOPIC 13.5 Management of material topics

**Topics 2021**

**GRI 3: Material**

**GRI 303: Water**

**GRI 306: Waste**

**Section**: Management Approach

**Page number**: AR 2023, Pg. 46

**Additional information**: Water Management

**Information unavailable/incomplete**: Water Management

**GRI 303-1 Interactions with water as a shared resource**

**GRI 303-2 Management of water**

**GRI 303-3 Water withdrawal**

**GRI 303-4 Water discharge**

**GRI 306-1 Waste generation and significant waste-related impacts**

**GRI 306-2 Management of significant waste-related impacts**

**GRI 306-3 Waste generated**

**GRI 306-4 Waste diverted from disposal**

**GRI 306-5 Waste directed to disposal**

**Additional sector disclosures**

**Report the percentage of production volume from land owned, leased or managed by the organisation determined to be deforestation- or conversion-free:**

- the percentage of production volume determined to be deforestation- or conversion-free, by product, and describe the assessment method used;
- the percentage of natural ecosystems converted since the cut-off date on land owned, leased or managed by the organisation determined to be deforestation- or conversion-free, by product, and describe the assessment method used;
- the percentage of natural ecosystems converted since the cut-off date on land owned, leased or managed by the organisation determined to be deforestation- or conversion-free, by product, and describe the assessment method used;
- the percentage of natural ecosystems converted since the cut-off date on land owned, leased or managed by the organisation determined to be deforestation- or conversion-free, by product, and describe the assessment method used;

**TOPIC 13.6 ENVIRONMENTAL HUMAN RIGHTS**

**GRI Standard**
- **Disclosure**: TOPIC 13.6 Management of material topics

**Topics 2021**

**GRI 3: Material**

**GRI 306: Waste**

**GRI 303: Water**

**Section**: Management Approach

**Page number**: AR 2023, Pg. 48

**Additional information**: Waste Management

**Information unavailable/incomplete**: Waste Management

**GRI 306-1 Waste generation and significant waste-related impacts**

**GRI 306-2 Management of significant waste-related impacts**

**GRI 306-3 Waste generated**

**GRI 306-4 Waste diverted from disposal**

**GRI 306-5 Waste directed to disposal**

**Additional sector disclosures**

**Report the percentage of products sourced by the organisation:**

- the percentage of natural ecosystems converted since the cut-off date on land owned, leased or managed by the organisation determined to be deforestation- or conversion-free, by product, and describe the assessment method used;
- the percentage of natural ecosystems converted since the cut-off date on land owned, leased or managed by the organisation determined to be deforestation- or conversion-free, by product, and describe the assessment method used;
- the percentage of natural ecosystems converted since the cut-off date on land owned, leased or managed by the organisation determined to be deforestation- or conversion-free, by product, and describe the assessment method used;
- the percentage of natural ecosystems converted since the cut-off date on land owned, leased or managed by the organisation determined to be deforestation- or conversion-free, by product, and describe the assessment method used;
TOPIC 13.14 RIGHTS OF INDIGENOUS PEOPLES

Additional sector disclosures
- Let the location of operations where indigenous peoples are present or affected by activities of the organisation

Report if the organisation has been involved in a process for any of the organisation’s activities, including, in each case:
- whether the process has been mutually accepted by the organisation and the affected indigenous peoples;
- how the organisation ensured that the constituent elements of FPIC have been implemented as part of the process;
- whether an agreement has been reached and, if so, whether the agreement is publicly available.

TOPIC 13.15 DIVERSITY AND EQUAL OPPORTUNITY

GRI 405: Diversity, Equity and Equal Opportunity
- 405-1 Diversity of governance bodies and employees
- 405-2 Ratio of hours paid and remuneration of women to men

TOPIC 13.16 FORCED OR COMPULSORY LABOR

GRI 406: Forced or Compulsory Labor
- 406-1 Incidents of forced labor and human trafficking
- 406-2 Ratio of hours paid and remuneration

TOPIC 13.17 CHILD LABOR

GRI 408: Child Labor
- 408-1 Incidents of child labor

TOPIC 13.18 FREEDOMS OF ASSOCIATION AND COLLECTIVE BARGAINING

GRI 409: Freedom of Association and Collective Bargaining
- 409-1 Incidents of violation of the right to freedom of association and collective bargaining

TOPIC 13.19 OCCUPATIONAL HEALTH AND SAFETY

GRI 403: Occupational Health and Safety
- 403-1 Work environment
- 403-2 Incident investigation of workers at risk
- 403-3 Prevention and mitigation of occupational health and safety
- 403-4 Workers covered by occupational health and safety
- 403-5 Worker participation, consultation, and communication on occupational health and safety
- 403-6 Workers covered by an occupational health and safety management system
- 403-7 Prevention and mitigation of occupational health and safety
- 403-8 Workers covered by an occupational health and safety management system
- 403-9 Work-related injuries
- 403-10 Work-related ill health
**ECONOMIC INCLUSION**

**GRI 203: Indirect Economic Impacts 2021**

- Topic 203: Indirect Economic Impacts 2021

**TOPIC 13.22 ECONOMIC INCLUSION**

- **Disclosures**
  - Sharing Prosperity
  - Additional sector recommendation

**ECONOMIC IMPACTS**

**Topic 203**

- Economic Indirect

**Additional sector disclosures**

- 201-3 Indirect economic impacts

- Expanding the impact

**TOPIC 13.23 SUPPLY CHAIN TRACEABILITY**

- **Disclosures**
  - Management Approach
  - Additional sector recommendation

**TOPIC 13.25 ANTI-COMPETITIVE BEHAVIOR**

- **Disclosures**
  - Incomplete
  - Unavailable/incomplete

**MARKET PRESENCE**

- 302.1 Ratios of standard entry level wage by gender compared to local minimum wage

**INDIRECT ECONOMIC IMPACTS**

- 302.2 Proportion of senior management hired from the local community

- 302.3 Significant indirect economic impacts

**ECONOMIC PERFORMANCE**

- 201-3 Defined benefit plan obligations and other retirement plans

- 204-1 Proportion of spending on local suppliers

**ENERGY**

- 203-1 Energy consumption within the organization

- 204-2 Reduction of energy consumption

**SUPPLIER ENVIRONMENTAL ASSESSMENT**

- 301-1 New suppliers that were reviewed using environmental criteria

**APPENDIX**

- Incomplete
- Unavailable/incomplete
IOI CORPORATION BERHAD SUSTAINABILITY REPORT 2023

TOPICS IN THE APPLICABLE GRI STANDARDS DETERMINED AS NOT MATERIAL

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<th>GRI Standard</th>
<th>Disclosure</th>
<th>Section</th>
<th>Page Number</th>
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Malaysia’s National Policy on Forests (MPNF)

The MPNF provides the direction and framework for us to conserve our biodiversity and use it sustainably in the face of rapid economic growth, population increase, climate change and other environmental pressures.

IOI’s Tropical Forests Certification Program (ITFCP)

A voluntary program that certifies IOI’s tropical forests to leading international standards.

ENHANCED BIODIVERSITY & Ecosystem

As an agricultural based company, the protection and enhancement of biodiversity and natural ecosystem are of immense importance to IOI’s operations. Our actions are guided by IOI’s Sustainable Palm Oil Policy ("SPOP") which together with the Environmental Management Guidelines ("EMG") and Zero Burning Policy are in full alignment with our newly made commitments towards the Science Based Target initiative, Forest, Land and Agriculture ("SBT FLA") Plan. This year, to further emphasise the importance that IOI placed on Biodiversity, the new revision of our previous Biodiversity and Conservation Guidelines will now also include ecosystem enhancement.

With this revised guideline, we should have a better assessment of our environmental impacts and thereby take more targeted steps to further minimise these impacts to the environment.

Our policies and guidelines for environmental management.

We have aligned our commitments of environmental stewardship to incorporate some of the relevant recommendations stated in the draft Science Based Targets Network ("SBTN") guidance for companies. For highlights of the revised guideline include:

Guideline aligned to SBTN guidance

The guideline now provides guidance for the development of a strategic management plan (when needed)

Emphasised the development of a strategic management plan and monitoring plan (when needed)

Emphasised the importance of ecosystem identification

BIODIVERSITY AND Ecosystem GUIDELINES

Biodiversity and Ecosystem Enhancement Guidelines is revised in order to provide guidance for the protection, conservation and enhancement of biodiversity and natural ecosystem in our operating sites. The guideline is in alignment with HCV-HCS assessment manual, RSPO Principle 7 & RSPO Indicators 5.4 and the recommendations from SBTN draft guidance, which comprised of four key steps as follow:

STEP 01: Setting up objectives and targets for the identified management areas

• Establishment of baseline data through assessment
• Defining activities through GOAP
• Stakeholder consultation and engagement programme
• Internal Assessment Report

STEP 02: Execution & Management

• Setting up objectives and targets for the identified management areas
• Development of strategic monitoring plan

STEP 03: Data Monitoring & Site Management

• Analyse and evaluate monitoring results based on indicator
• Re-evaluate Indicators if rigor not achieved to identify the gaps and root cause
• Establish a monitoring methodology
• Establish a communication mechanism
• Establish a communication mechanism to stakeholders concerned

STEP 04: Impact Evaluation, Mitigation, Monitoring & Reporting

With the revised guideline, we aim to:

1. Provide guidance for Biodiversity and Ecosystem assessment and execution of the management plan as well as continuous compliance towards national regulations
2. Provide guidance for biodiversity and ecosystem enhancement practices
3. Provide guidance for wildlife crisis management and handling
4. Provide guidance on reforestation and management practices
OUR ACTIONS

As part of our continued push towards Net-Zero and the conservation and enrichment of biodiversity and its ecosystems in areas that we operate in, IOI continues to work with various stakeholders in the projects featured below:

RELeaf project

- Ongoing collaboration with Nestle on rehabilitation of riparian buffers of the Kinabatangan River near our estates and completed tree planting in some of our area.
- Native saplings and seedlings will be used under the recommendation of Forestry Consultancy.
- All saplings and seedlings to be sourced from local communities to increase local, social inclusivity.

Laran Tree Planting Project

1. Introduced in flood-prone areas in Sabah’s Squirms 4 estate to facilitate rehabilitation.
2. Initial site survey was completed and the project has transitioned to the rehabilitation phase.
3. Positive biodiversity impacts were noted through sightings of wildlife like the Sambar Deer and Rufous-tailed Shama at the site.
4. Fruit trees that promote native wildlife return were found within the project site.

Achieving Coexistence with Elephants

2. Developed safety poster to handle HEC.
3. Continuing capacity building programmes with MEME to educate plantation communities on handling HEC.

Orangutan & Proboscis Monkey conservation in Sabah and Kalimantan

1. Ongoing collaboration with Balai Konservasi Sumber Daya Alam (“BKSDA”) for orangutan conservation by renewing our MOU.
2. Activities include relocation of orangutans to their habitat, continuous species monitoring and capacity building for staff members to handle human-wildlife conflict.
3. Collaboration since 2019 with HUTAN-Kinabatangan Orangutan Conservation Programme (“KOCP”), the Palm Oil & NGO (“PONGO”) Alliance & Sabah wildlife on monitoring the orangutan and Proboscis monkey population in Sabah.

Protecting RTE species in Sabah

1. Ongoing collaboration with Sabah Wildlife Department (“SWD”), HUTAN and Senai Aara to protect RTE species.
2. Conducted capacity building programmes for local communities, training plantation staff to be Honorary Wildlife Wardens & Honorary Forest Rangers.
3. Maintaining camera traps installed with HUTAN for wildlife research and species monitoring.

Picture of Elephant collaring at our plantation in Sabah

Picture of Proboscis Monkey and Orangutan in our area at PT BSS IOI Plantation and Nestle’s Project REleaf team conducted two full surveys in November 2021 and June 2022, respectively.
At IOI, we recognise that sustainability is a journey that demands ongoing dedication and collaboration. This year’s theme “Driving Nature Positive Impacts” is not only about further integrating sustainability into every facet of our business but also to implementing intensive measures across various aspects of our organisation to yield tangible results that can uniquely create nature positive impacts. For example, teaming up with relevant stakeholders, we are pioneering strategies to foster coexistence with elephants around our plantations. Looking at our regenerative agriculture approach, we champion biological control methods such as maintaining plants like Cassia cobanensis to foster the growth of natural predators. From a conservation perspective, the revitalisation of peat areas with the installation of canals to safeguard water tables and enriching the peat ecosystem can lead to a flourishing freshwater fish population. The cover of our sustainability report depicts these initiatives specifically designed to foster a nature-positive sustainable ecosystem for all. The precise lines and well-defined illustration form the backbone of this artistic rendition that embodies our commitment to redefining simplicity when the goal is clear, that is, enriching biodiversity contributes positively to the ecosystem.