DRIVING NATURE POSITIVE IMPACTS

Sustainability Report 2023
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 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 period, unless noted in the text.

The report was prepared with reference to the Bursa Malaysia Sustainability Reporting Guide (3rd Edition), which sets out the sustainability-related disclosure requirements prescribed in the Main Market Listing Requirements of Bursa Malaysia Berhad and reporting framework recommendations. 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 TCFD recommendations, with reference to International Sustainability Standards Board ("ISSB") standards. This year’s report is also in reference to the Accountability Framework Initiative ("AFI").

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”, emphasises 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 commitments are also measured against the set targets of our six adopted United Nations Sustainable Development Goals (“UN SDGs”).

Feedback and Comments

IOI Group is open and committed to listening to our stakeholders’ opinions and ideas. Aside from making this report accessible online on our corporate website at https://www.ioigroup.com, the Group also encourages feedback from our readers. Any comments pertaining to our sustainability performance and management approach, as well as other matters regarding the report can be addressed to:

Address: Corporate Sustainability Department
Email: lissaisalin@ioigroup.com

The scope of this report covers entities included in our consolidated financial statements. These entities are our headquarters in Putrajaya, Malaysia, and core businesses, including IOI Plantation (jatropha 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).

In connection with the audit of the financial statements of IOI Corporation Berhad (“IOI”) for the year ended 31 December 2023, BDO PLT, the external auditors, have read the Sustainability Report 2023 of the Group and have considered the information and data stated in this report for the periodJanuary 1, 2022 to December 31, 2023, in connection with their audit of the financial statements for the year ended 31 December 2023 and their report dated 28 March 2024, and have expressed their opinion thereon. This report also contains forward-looking statements that are subject to risks and uncertainties. These statements are not guarantees of future performance and, accordingly, actual results could differ significantly from those expected or implied in these statements. Readers are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. The Group undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.
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

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To achieve these goals, we further intensified activities surrounding our 7R’s (Reduce, Repurpose, Reuse, Reycle, Repair and Recovery) of circularity by:

- Repurposing oil palm trunks (“COT”) into premium palm-based wood products under the “COT2Wood” with the consent of our palm wood factory. The idea of repurposing COT 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 refineries 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 Cogeneration ("Cogen") plant, which substantially reduces the consumption of fossil fuel, has been installed at our Pont 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 target. 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 Group’s sustainability agenda, commitments and issues are effectively deliberated and implemented.

In our efforts to ensure that our recruitment agents in the source countries adhere to our “No Recruitment Fee” policies, IOI collaborated with one of our multinational customers, to conduct audits on our recruitment agents in Indonesia and Nepal. These audits, conducted by a 3rd party auditor on behalf of the customer, utilized an adapted version of ILO’s Global Business Network Toolkit for Conducting Due Diligence and were completed in March, 2023. Based on the learnings from these audits, the customer and IOI have jointly decided to conduct further audits of other recruitment agents in the upcoming financial year. We continue to work with the International Organisation for Migration (“IOM”) on social related climate change and environment degradation with the objective of comprehending how environmental factors can impact the migrant workers. We also collaborate with IOM to establish a pre-employment orientation programme for our migrant workers in their home countries before their departure to Malaysia.

We recognize our migrant workers hard work and understand the challenges that their families had undergone during the pandemic. As such, we made several gratuity payments to them since August 2020 as part of our “Shared Prosperity” scheme. We continue to ensure their well-being by building 90 new houses in FY2023 as well as upgrading 12% of existing housing facilities for our workers.

On matters related to the IOI Pelita land dispute raised by RSPO in 2010, I am pleased to say that in July, 2022, the RSPO Complaint Panel officially declared the closure of the complaint on this land dispute grievance. In the final settlement, IOI Pelita will excise more than 12% of existing housing facilities for our workers.

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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 practising 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

<table>
<thead>
<tr>
<th>Nature-Based Solutions</th>
<th>Engineered Solutions</th>
<th>Supply Chain Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Deforestation, No New Planting on Peat, &amp; No Social Exploitation (&quot;NOSEP&quot;)</td>
<td>Technology &amp; Innovation</td>
<td>Supplier Awareness &amp; Capacity Building</td>
</tr>
<tr>
<td>Restoration, Rehabilitation &amp; Protection of Conservation Areas</td>
<td>Renewable Energy</td>
<td>Climate-related Procurement Standards &amp; Principles</td>
</tr>
<tr>
<td>Reforestation, Rehabilitation &amp; Protection of &amp; No Social Exploitation (&quot;NDPE&quot;)</td>
<td>7Rs of Circularity</td>
<td>Effluent Green Supplier Selection Process</td>
</tr>
</tbody>
</table>

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

**METRICS AND TARGETS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Scopes 1 &amp; 2</th>
<th>Scopes 1 &amp; 2 GHG emissions against 2015</th>
<th>Net-Zero emissions commitment to 2040 &amp; near-term reduction target by 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2019</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>2021</td>
<td>Adoption of TCFD</td>
<td>Commitment to Science Based Target initiative (&quot;SBTi&quot;) Forest, Land and Agriculture (&quot;FLAG&quot;)</td>
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</tr>
<tr>
<td>2023</td>
<td>Commitment to Science Based Target initiative (&quot;SBTi&quot;) Forest, Land and Agriculture (&quot;FLAG&quot;)</td>
<td>2025 (short-term target) To achieve 40% reduction in Scopes 1 &amp; 2 GHG emissions against 2015 carbon intensity emissions</td>
<td>2030 (mid-term target) To achieve carbon neutral for Scopes 1 &amp; 2 via innovation, rehabilitation &amp; sequestration</td>
</tr>
<tr>
<td>2025</td>
<td>(short-term target) To achieve 40% reduction in Scopes 1 &amp; 2 GHG emissions against 2015 carbon intensity emissions</td>
<td>2040 (long-term target) To achieve Net-Zero for Scopes 1, 2 &amp; 3</td>
<td>2021 Adaption of TCFD</td>
</tr>
</tbody>
</table>

To have more of our CCAi, refer to page 34 - 41 of our Sustainability Report 2023.
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 ("CCA") in 2019 as part of an 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 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 in the ASEAN Energy Awards 2022 for their "Improved Steam Distribution to Reduce Steam Loss and Enhance Green Energy Generation" project, a special submission invited by the ASEAN Centre for Energy ("ACE").

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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><strong>Sustainability</strong></td>
<td>IOI's ESG risk rating score has improved from 25 to 24.7. Our company has “Medium” risk with strong management of relevant issues and is ranked fifth from over 100 worldwide Agriculture companies.</td>
</tr>
<tr>
<td><strong>S&amp;P Global Corporate Sustainability Assessment</strong></td>
<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 Indices’s (“DJSI”) assessment of corporations to be included in its Index.</td>
</tr>
<tr>
<td><strong>CDP</strong></td>
<td>Our score for this financial year for Water Security is B and for both Forest and Climate Change the score is C.</td>
</tr>
<tr>
<td><strong>EcoVadis</strong></td>
<td>IOI Oleochemical sites i.e., IOI Acechem (&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>
</tr>
<tr>
<td><strong>Moody’s ESG Solutions</strong></td>
<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>
</tr>
<tr>
<td><strong>FTSE4Good Index Series</strong></td>
<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>
</tr>
<tr>
<td><strong>SPOTT Palm Oil Assessment</strong></td>
<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>
</tr>
<tr>
<td><strong>MSCI</strong></td>
<td>IOI's ESG Rating score remained &quot;BBB&quot; for 2023 Morgan Stanley Capital International (&quot;MSCI&quot;) rating.</td>
</tr>
</tbody>
</table>

**PERFORMANCE IN GLOBAL ASSESSMENT, INDICES AND RATINGS**

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.
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**
IOI first committed to contributing towards six of the United Nations’ Sustainable Development Goals (“UN SDGs”) in 2018. Since then, we have been monitoring our performance against the relevant UN SDG targets.

We continue to measure our performance for this financial year against the targets first set in 2020.

<table>
<thead>
<tr>
<th>TARGET 2.4</th>
<th>IOI Contribution to SDGs</th>
<th>IOI Targets based on 5-year Strategic Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>High yielding clonal palms from IOI Biotech for replanting</td>
<td>Adopt circular economy model to ensure sustainable food production and ensure food security</td>
<td>In order to meet global food security for oil and fats, improving OER by at least 13% from our clonal palms compared to conventional scadings will result in higher oil yield</td>
</tr>
<tr>
<td>Continue to achieve OER over 23.5% from our clonal palms</td>
<td>Conduct R&amp;D to produce high-yielding oil and crops with less chemical use, drought resistance, etc.</td>
<td>Continuous optimisation of nutrient uptake by the oil palm tree through fertiliser management and soil microbial enhancement</td>
</tr>
<tr>
<td>Implementation of Integrated Pest Management (“IPM”) with biological controls</td>
<td>Use non-harmful agricultural methods to mitigate human-wildlife conflict; to ensure soil management to prevent soil erosion and degradation, etc.</td>
<td>‘Plant Your Own Food’ initiative whereby plots of land, seedlings, etc., are allocated within our plantation to encourage fruits and vegetable plantings by our employees</td>
</tr>
<tr>
<td>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</td>
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**Performance FY2023**

- High yielding clonal palms from IOI Biotech for replanting
- Continue to achieve OER over 23.5% from our clonal palms
- 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

<table>
<thead>
<tr>
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<th>IOI Contribution to SDGs</th>
<th>IOI Targets based on 5-year Strategic Priorities</th>
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<tbody>
<tr>
<td>Provide capacity building to IOI plantation workers to ensure our workforce is updated with new skills, efficient and productive</td>
<td>Provide capacity building to IOI plantation workers to ensure our workforce is updated with new skills, efficient and productive</td>
<td>Trainer Programme to cultivate employee potential</td>
</tr>
<tr>
<td>Invest in R&amp;D on our crops to increase productivity and decrease dependence on natural resources</td>
<td>Invest in R&amp;D on our crops to increase productivity and decrease dependence on natural resources</td>
<td>Use of technology to improve yields and productivity while contributing to upskilling workforce</td>
</tr>
<tr>
<td>Introducing mechanisation, automation and digitalisation especially in the labour-intensive parts of our operations</td>
<td>Introducing mechanisation, automation and digitalisation especially in the labour-intensive parts of our operations</td>
<td>IOI’s five-year strategic blueprint as stated in our Integrated Report</td>
</tr>
</tbody>
</table>

**Performance FY2023**

- High yielding clonal palms from IOI Biotech for replanting
- Continue to achieve OER over 23.5% from our clonal palms
- 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

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 UNSDG 8 which is target 8.7.

<table>
<thead>
<tr>
<th>TARGET 8.7</th>
<th>IOI Contribution to SDGs</th>
<th>IOI Targets based on 5-year Strategic Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>IOI’s Performance and Contribution to the UN SDG in FY2023</td>
<td>IOI’s Performance and Contribution to the UN SDG in FY2023</td>
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</tr>
<tr>
<td>• Operate in accordance with local and national laws, and adherence to international standards as stated in the SPOP</td>
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</tr>
<tr>
<td>• Collaborate with social, labour, and human rights experts to continuously identify and adopt best practices in labour practices – case study on Respecting People, Retaining Workers by Earthworm Foundation</td>
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</tr>
<tr>
<td>• Conducted Fair and Decent Wage Study together with Monash University</td>
<td>• Conducted Fair and Decent Wage Study together with Monash University</td>
<td>• Conducted Fair and Decent Wage Study together with Monash University</td>
</tr>
<tr>
<td>• Implement Occupational Health and Safety Management Systems that meet OHSAS 18001 Standard</td>
<td>• Implement Occupational Health and Safety Management Systems that meet OHSAS 18001 Standard</td>
<td>• Implement Occupational Health and Safety Management Systems that meet OHSAS 18001 Standard</td>
</tr>
<tr>
<td>• Certifying IOI Oiko under ISO 45001 for Occupational Health and Safety systems and have policies, guidelines &amp; procedures disseminated to all workers</td>
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</tr>
<tr>
<td>• Launched the Women and Empowerment Committee and have enhanced our guidelines on harassment at the workplace</td>
<td>• Launched the Women and Empowerment Committee and have enhanced our guidelines on harassment at the workplace</td>
<td>• Launched the Women and Empowerment Committee and have enhanced our guidelines on harassment at the workplace</td>
</tr>
</tbody>
</table>

**Performance FY2023**

- Continue to ensure all workers are paid at least minimum wage | 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 | 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 |
- Lost Time Injury Frequency Rate (“LTIFR”) for IOI Plantation, IOI Refinery and IOI Oleochemical in FY2023 has increased compared to FY2022 | Lost Time Injury Frequency Rate (“LTIFR”) for IOI Plantation, IOI Refinery and IOI Oleochemical in FY2023 has increased compared to FY2022 |
- Training for Safety and Health at the workplace continue to be conducted for all employees at all business divisions every year | Training for Safety and Health at the workplace continue to be conducted for all employees at all business divisions every year |
- Sharing best labour practices in workshops and webinars with International Labour Organisation (“ILO”), other growers and smallholders | Sharing best labour practices in workshops and webinars with International Labour Organisation (“ILO”), other growers and smallholders |

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 UNSDG 8 which is target 8.7.
**SUSTAINABILITY TARGET & CONTRIBUTION TO UN SDG**

**TARGET 12.4**

**IOI Contribution to SDGs**

- Adopts the circular economy model to minimise 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 water and increase reprocessing waste material and energy efficiency

**IOI Targets based on 5-year Strategic Priorities**

- Target to increase power generation from solid waste, fibre and EFB from plantation operations to be used for mill processing
- 100% treated POME for upcycling use for oil palm plantation operations
- Minimise pollution and waste generation

**Performance FY2023**

- Oil palm biomass waste such as PHS and EFB from plantation operations are utilised to generate power for the mill operations, used as fertilisers in our estates or sold for value added products
- Installed 10 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. Our upstream operations continue to achieve 68% recycling from the upcycling of organic wastes
- Continue to meet regulatory compliances for waste and application of the 7Rs Circularity in our plantations and resource-based manufacturing facilities
- 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

**TARGET 12.6**

**IOI Contribution to SDGs**

- Publish Annual Sustainability Report based on GRI Standards
- Collaborate with MPOB to support smallholders in attaining MSPO certification
- Support suppliers on their transformation towards NDPE policy commitments
- Frequent reporting from time to time in IOI website with regards to grievance list, third party supplier materiality, sustainability updates

**IOI Targets based on 5-year Strategic Priorities**

- IOI Oleo to be fully ISO 50001: Energy Management certified
- 100% MSPO and RSPO certification for estates and mills in Malaysia
- 100% RSPO certification for all IOI plantations by 2023
- To publicly disclose sustainability implementation progress on a regular basis

**Performance FY2023**

- IOI Oleo continuously carried out efficiency improvement projects via IOI 50001
- 100% RSPO certification for IOI mills and 100% MSPO certification for estates and mills including smallholders in Malaysia
- Current progress in line with 100% RSPO certification for all IOI plantations in Malaysia and Indonesia by 2025
- Regular public disclosure on sustainability implementation progress and initiatives via websites, talks, etc
- Publication and disclosures in the Annual Sustainability Report

**TARGET 12.A**

**IOI Contribution to SDGs**

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

**IOI Targets based on 5-year Strategic Priorities**

- Commitment to SBTi FLAG to achieve Net-Zero by 2040 in March 2023
- Continuous application of TCFD guidelines and ISSB guidelines for climate reporting
- Ongoing implementation of climate action strategy from upstream to resource-based manufacturing operations
- Ongoing implementation of climate action strategy from upstream to resource-based manufacturing operations
- Commitment to NDPE commitments
- New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments (HCV & GHG assessment, EIA, LUC analysis, soil suitability & topographic surveys) are conducted
- Implement collaborative & landscape approach, conservation & biodiversity projects

**Performance FY2023**

- Moratorium on deforestation based on our commitment on No Deforestation, No new planting on Peat, No Exploitation (“NDPE”) in all our operations since 2016 and reported no deforestation or development on peat for the current reporting year
- A total of 2,742.97 hectares of HCV areas and other conservation areas of 6,360.10 hectares in Malaysia and Indonesia were identified to be protected in FY2023
- IOI continues to utilise the High Conservation Resource Network (“HCRN”) and High Carbon Stock Approach (“HCSA”) tools to help identify and conserve HCV and HCS areas in all our operations
- Continuous adoption of recognized best management practices such as RSPO's Best Peatland Management Practices, etc
- Introduction of the new Biodiversity and Ecosystem Enhancement Guideline
- Ongoing reforestation and rehabilitation projects (eg RELeaf project, Laran tree project)

**IOI Contribution to SDGs**

- As stated in our SROP, we have set aside peatland and conservation areas to be managed and protected
- Committed to NDPE commitments
- New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments (HCV, HCS & GHG assessment, EIA, LUC analysis, soil suitability & topographic surveys) are conducted
- Implement collaborative & landscape approach, conservation & biodiversity projects

**Performance FY2023**

- The group-wide emissions reduction for 2023 is at 19.7%
- Continuous application of TCFD guidelines and ISSB guidelines for climate reporting
- Ongoing implementation of climate action strategy from upstream to resource-based manufacturing operations
- Commitment to NDPE commitments
- New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments (HCV & GHG assessment, EIA, LUC analysis, soil suitability & topographic surveys) are conducted
- Implement collaborative & landscape approach, conservation & biodiversity projects

- Commitment to protection of peatland and rehabilitation and conservation of land where we operate
- Identification and protection of HCV areas
- Following best management practices in peatland management and biodiversity & conservation

**TARGET 15.1**

**IOI Contribution to SDGs**

- Ongoing implementation of climate action strategy from upstream to resource-based manufacturing operations
- Commitment to NDPE commitments
- New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments (HCV & GHG assessment, EIA, LUC analysis, soil suitability & topographic surveys) are conducted
- Implement collaborative & landscape approach, conservation & biodiversity projects

**IOI Targets based on 5-year Strategic Priorities**

- To publicly disclose sustainability implementation progress on a regular basis
- To publicly disclose sustainability implementation progress on a regular basis
- To publicly disclose sustainability implementation progress on a regular basis
- To publicly disclose sustainability implementation progress on a regular basis

**Performance FY2023**

- Ongoing implementation of climate action strategy from upstream to resource-based manufacturing operations
- Continuous application of TCFD guidelines and ISSB guidelines for climate reporting
- Commitment to SBTi FLAG to achieve Net-Zero by 2040 in March 2023
- Continue to implement the principle of circularity within our operations to reduce waste generation and GHG emissions
- Installed 10 methane capture facilities at major mill operations since 2013 with plans to install another 4 in the coming years
- Group-wide emissions reduction for 2023 is at 19.7%
- Continuous application of TCFD guidelines and ISSB guidelines for climate reporting
- Ongoing implementation of climate action strategy from upstream to resource-based manufacturing operations
- Commitment to NDPE commitments
- New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments (HCV, HCS & GHG assessment, EIA, LUC analysis, soil suitability & topographic surveys) are conducted
- Implement collaborative & landscape approach, conservation & biodiversity projects

**IOI Contribution to SDGs**

- As stated in our SROP, we have set aside peatland and conservation areas to be managed and protected
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- New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments (HCV, HCS & GHG assessment, EIA, LUC analysis, soil suitability & topographic surveys) are conducted
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**Performance FY2023**

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- Continuous adoption of recognized best management practices such as RSPO's Best Peatland Management Practices, etc
- Introduction of the new Biodiversity and Ecosystem Enhancement Guideline
- Ongoing reforestation and rehabilitation projects (eg RELeaf project, Laran tree project)

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- As stated in our SROP, we have set aside peatland and conservation areas to be managed and protected
- Committed to NDPE commitments
- New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments (HCV, HCS & GHG assessment, EIA, LUC analysis, soil suitability & topographic surveys) are conducted
- Implement collaborative & landscape approach, conservation & biodiversity projects

**IOI Targets based on 5-year Strategic Priorities**

- To publicly disclose sustainability implementation progress on a regular basis
- To publicly disclose sustainability implementation progress on a regular basis
- To publicly disclose sustainability implementation progress on a regular basis
- To publicly disclose sustainability implementation progress on a regular basis

**Performance FY2023**

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- Continuous adoption of recognized best management practices such as RSPO's Best Peatland Management Practices, etc
- Introduction of the new Biodiversity and Ecosystem Enhancement Guideline
- Ongoing reforestation and rehabilitation projects (eg RELeaf project, Laran tree project)
## OUR SUSTAINABILITY APPROACH

### TARGET 15.2

<table>
<thead>
<tr>
<th>IOI Contribution to SDGs</th>
<th>IOI Targets based on 5-year Strategic Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rehabilitation of forest reserve through Mini Landscape Level Approach for Peatlands adjacent to our Bukit Leelau Estate</td>
<td>Identifying and protecting HCV and HCS areas in where we operate</td>
</tr>
<tr>
<td>Committed to NDPE commitments</td>
<td>Uphold and promote NDPE throughout our third-party suppliers</td>
</tr>
<tr>
<td>Socialisation, dialogue and awareness programmes on fire prevention in forests to stakeholders</td>
<td>Adopting Landscape Level Approach (“LLA”) where applicable by working in partnership with communities</td>
</tr>
<tr>
<td>Identification of High Carbon Stock (“HCS”) forests</td>
<td></td>
</tr>
<tr>
<td>Utilises Global Forest Watch platform to map our concession areas, obtain daily information about forest fires, and obtain longer-term climate trends</td>
<td></td>
</tr>
<tr>
<td>Partnered with Earthworm Foundation to establish a near real-time deforestation monitoring capacity where IOI’s suppliers are operating</td>
<td></td>
</tr>
<tr>
<td>Identifying and protecting HCV and HCS areas in where we operate</td>
<td></td>
</tr>
<tr>
<td>Uphold and promote NDPE throughout our third-party suppliers</td>
<td></td>
</tr>
<tr>
<td>Adopting Landscape Level Approach (“LLA”) where applicable by working in partnership with communities</td>
<td></td>
</tr>
</tbody>
</table>

**Performance FY2023**

- Regular in-depth training for our employees on HCV and HCS identification and monitoring  
  - Page 48
- Ongoing protection of HCV, HCS and conservation areas within our operating units based on our policy commitments and specific developed guidelines  
  - Page 48
- Continuous application of T4T assessments and collaboration with Earthworm Foundation on engagement programmes for suppliers and deforestation monitoring  
  - Page 42
- 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  
  - Pages 53 - 54

### TARGET 15.3

<table>
<thead>
<tr>
<th>IOI Contribution to SDGs</th>
<th>IOI Targets based on 5-year Strategic Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments</td>
<td>Strengthening our Environmental Management Guidelines by having clear specific stages in handling fire, peat and biodiversity within our operations</td>
</tr>
<tr>
<td>Uses natural and non-harmful agricultural methods to mitigate human-wildlife conflict</td>
<td>Working with relevant authorities on biodiversity conservation and protection of RTE species</td>
</tr>
<tr>
<td>Employs forest rangers and collaborates with local society and regulators to monitor RTE species</td>
<td></td>
</tr>
<tr>
<td>Collaboration with HUTAN-PONGO for Ecological Study on Orangutan Population at Kinabatangan</td>
<td></td>
</tr>
</tbody>
</table>

**Performance FY2023**

- Introduction of the Biodiversity and Ecosystem Enhancement guideline  
  - Page 53
- Continuous implementation of IOI’s Peat Protection and Management guideline  
  - Page 50
- All operations continue to adhere to IOI’s No Open Burning Policy  
  - Fact sheet
- Collaborative projects with NGOs and local authorities in protections of RTE species  
  - Pages 54 - 55

### TARGET 17.16

<table>
<thead>
<tr>
<th>IOI Contribution to SDGs</th>
<th>IOI Targets based on 5-year Strategic Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborate with industry experts to share information and solve challenges in social and environmental projects</td>
<td>Collaborate with other palm oil producers, processors, food companies, NGOs and governmental bodies in improving industry-wide palm oil sustainability commitments</td>
</tr>
<tr>
<td>Key partnerships and associations include ProForest, Earthworm Foundation, Global Environment Centre, MPOA, Sustainable Palm Oil Choice Member, International Sustainability &amp; Carbon Certification (“ISCC”), a Board of Governor and Member of RSPO</td>
<td>Collaborate with various stakeholders including suppliers, customers, civil societies, governments and independent verification bodies in the implementation of our SPOP commitments</td>
</tr>
</tbody>
</table>

**Performance FY2023**

- Collaboration with various stakeholders including civil societies, regulatory bodies, and local authorities in joint sustainability projects  
  - Page 39
- Sharing our expertise with the industry and other external stakeholders (NGOs, Customers, Investors, etc)  
  - Page 39

### TARGET 17.17

<table>
<thead>
<tr>
<th>IOI Contribution to SDGs</th>
<th>IOI Targets based on 5-year Strategic Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>New oil palm developments are only allowed following comprehensive stakeholder engagement and assessments</td>
<td>Active collaboration for capacity building to create awareness on sustainability matters</td>
</tr>
<tr>
<td>Collaborate with industry experts to share information and solve challenges</td>
<td>Active collaboration with academia, industrial associations and working groups for information sharing and drive sustainability agenda</td>
</tr>
<tr>
<td>Key partnerships and associations include civil societies, MPOA, ISCC, and RSPO</td>
<td></td>
</tr>
</tbody>
</table>

**Performance FY2023**

- Collaboration with various organisations (eg Earthworm Foundation, IOM, ILO) to improve capacity building for our suppliers, smallholders and workers  
  - Pages 66 - 67
- Continuous engagements and collaborations with HUTAN KOCP, Seratu Aatai, & Nestle  
  - Page 55
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.

Board Sustainability Committee (“BSC”) – The 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 (“NDDP”) 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
- Circularity including the efficient utilisation of resources
- Long term sustainability of business operations from the above perspectives

Group Sustainability Steering Committee (“GSSC”) – The GSSC 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 aligns 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 website.1

### EMPLOYEES

<table>
<thead>
<tr>
<th>Activities FY2023</th>
<th>Output/Values Created</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<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>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>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>
<td>Page 64</td>
</tr>
</tbody>
</table>

### CUSTOMERS

<table>
<thead>
<tr>
<th>Activities FY2023</th>
<th>Output/Values Created</th>
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</tr>
</thead>
<tbody>
<tr>
<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>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>

### COMMUNITIES

<table>
<thead>
<tr>
<th>Activities FY2023</th>
<th>Output/Values Created</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<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>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>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>

### SHAREHOLDERS & INVESTORS

<table>
<thead>
<tr>
<th>Activities FY2023</th>
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</tr>
</thead>
<tbody>
<tr>
<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>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>

### INDUSTRY ASSOCIATION/CIVIL SOCIETY

<table>
<thead>
<tr>
<th>Activities FY2023</th>
<th>Output/Values Created</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<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 34</td>
</tr>
<tr>
<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>

### STAKEHOLDER ENGAGEMENT

1 https://www.ioigroup.com/Content/SStakeholders
IOI Corporation Berhad Sustainability Report 2023

Our Material Sustainability Matters

Sustainability Material Matters

Materiality Assessment

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

1. Identification
   A total of 36 sustainability material matters are considered in the broad areas of Economics and ESG, based on our assessment process.

2. Stakeholder Engagement
   Engagement with various categories of internal and external stakeholders was established via multiple channels such as direct interviews, questionnaires, workshops, forums, working groups, meetings, etc.

3. Prioritisation of Each Matter
   Prioritisation was done after considering the sustainability impact to our stakeholders and company as well as financial impact on material matters to IOI business.

4. Validation
   Materiality assessment and top 10 prioritised material matters were reviewed by the GMD and approved by the Board Sustainability Committee (BSC).

5. Reporting
   The top 10 materiality with Economic & ESG impact as well as significant financial impact shown in the materiality matrix are reported in adherence to the quality principles of comparability, accuracy, clarity, balance, transparency and timeline.

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 materiality matters will be disclosed and referenced in other sections throughout this report.

Sustainability Materiality Matrix

Double Materiality

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

Double Materiality Matrix

Top 10 Sustainability Material Matters

1. Health and Safety
2. Climate Change & Greenhouse Gas Emissions Management
3. Human Rights & Good Labor Practices
4. Grievance Mechanism & Transparent Communication
5. Traceability & Responsible Sourcing
6. Fire Management
7. Circular Economy & Waste Management
8. Energy Management & Operational Eco-efficiency
9. Regulatory and Third-party Compliance
10. Biodiversity & Conservation

Significance of Company’s Governance/Economic, Environmental and Social Impacts

Top 10 Sustainability Material Matters

1. Health and Safety
2. Climate Change & Greenhouse Gas Emissions Management
3. Human Rights & Good Labor Practices
4. Grievance Mechanism & Transparent Communication
5. Traceability & Responsible Sourcing
6. Energy Management & Operational Eco-efficiency
7. Regulatory and Third-party Compliance
8. Biodiversity & Conservation
9. Circular Economy & Waste Management
10. Fire Management

Significance of Company’s Governance/Economic, Environmental and Social Impacts

No Impact
Low Impact
Medium Impact
High Impact
Very High Impact

No changes in practices
Routine SOPs and Guidelines by management
Action and monitoring by relevant management
Close attention required by top management
Immediate action by top management and follow up by BSC
Why is this Topic Important to Business, Environment, and Society

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, 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.

Our Responses

• 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

Upholding human rights within our operations 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’ rights 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.

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

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

Our Responses

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

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

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

Our Responses

• Regular fire drills and awareness sessions with employees and local communities
• Fire prevention teams were established to execute the fire monitoring and control plan
• Policies and guidelines were regularly communicated
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 repurposing materials for other uses, reducing the need for new raw materials, and minimising environmental impact. Waste management is one of the critical areas that has legal requirements and sustainability standards that we must comply. Failure to do so can result in a negative impact on the environment, society, reduced marketability, and the risk of fines imposed by the authorities.

Our Responses

- Waste management according to law and regulations
- Waste such as solid POME and EFB are converted to value-added products such as fertilizers 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 fuel and coal. Poor efficiency can result in high operational costs, affecting our bottom line and hindering our ability to reduce GHG emissions and avoid carbon taxes.

Our Responses

- Replacing energy needs with resources that are renewable, such as biogas, liquefied natural gas, and biomass
- Adopting an Energy Management System and green electricity
- Installing solar panels and cogeneration plants

REGULATORY AND THIRD-PARTY COMPLIANCE

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

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

Our Responses

- Compliance with sustainability certifications such as RSPO, GOSPO 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 Social?

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
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.

**ACCELERATING OUR CLIMATE CHANGE ACTION INITIATIVES**

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**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.
**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.**

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 are also in line with our 5 Strategic priorities, especially on improving our plantation 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 from 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 TCFD’s 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”).

**ACTIVITY Driven APPROACH and PERFORMANCE**

**Governance**

The 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 including 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 CCAi are overseen by the Group’s Independent Non-Executive Director.

**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 analyse, quantify and identify climate change vulnerability, incorporating our ‘7Rs of circularity & practising Precision & Regenerative Agriculture’**

**Risk Management**

IOI has conducted a quantitative group-wide climate-related transition and physical risks assessment of all material climate change risks (i.e., RCP 2.6, RCP 4.5, RCP 8.5) until 2050. The assessment was conducted using specific data from IOI, international climate organisations and relevant third parties with an expert on TCFD consultant. Out of the seven climate change indicators, IOI faces greatest exposure to 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 initiatives in alignment with TCFD recommendations.

**Net-Zero**

**To enable IOI to develop resilient strategies and financial plans in a more holistic way, a group-wide quantitative climate-related risks assessment**

**Our company can potentially create surplus carbon credits through technology- and nature-based solutions that can be traded on the VCM.**

**Mitigation and Adaptation**

One of our strategies of mitigation and adaptation for effective mitigation of GHG emissions as well as other pollutants within our operations involve the process of Rethink, Repurpose, Reduce, Reuse, Recycle, Repair and Recover. Our ‘7Rs of circularity’ involves the process of Rethink, Repurpose, Reduce, Reuse, Recycle, Repair and Recover and are fully embedded within IOI’s operations as demonstrated in our Value Creation Model (pages 20 - 21). These ‘7Rs have helped to create closed loop systems by improving waste management and resource efficiency and are enablers for IOI to align closely to UN SDG 12 “Responsible Consumption and Production”.

**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. Recognising 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 around 45 million m³ of biogas, 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 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. Currently, 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 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 recur.
**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”) programs. 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 rate of 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 team will intensify their work on molecular and genomic 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 their yield 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 ecosystem to further support the health of our crops and subsequent oil yields. Implementation of PA, coupled with RA practices can also result in GHG emissions reduction (“RA”) to enhance soil health, promote biodiversity as well as stabilise and give balance to the ecosystem to further support 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.

**Mechanisation**

Electrical Agriculture Machines (“EAM”) are actively being introduced to progressively replace our conventional fuel-based machinery in our plantations. Electric mechanical carts were added to IOI Plantation’s EAM 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 next year and would reduce the usage of fossil-based machinery and further improve efficiency in FFB evacuation. Mechanisation has also contributed to reducing GHG emissions through optimising the use of agrochemicals by using Geo-I 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).

**Oleochemicals**

IOI Oleo’s facilities in Malaysia are geared 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 (“Cogens”) 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 operation 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. Beyond 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 2040 (Refer to Pathway to Net-Zero at pages 6 - 7).

<table>
<thead>
<tr>
<th>Year</th>
<th>Group Carbon Intensity (tCO₂e/MT Product) (Baseline)</th>
<th>Group Carbon Intensity (tCO₂e/MT Product)(Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>-1.00</td>
<td>-0.977</td>
</tr>
<tr>
<td>2020</td>
<td>0.00</td>
<td>-1.50</td>
</tr>
<tr>
<td>2023</td>
<td>1.930 (-13.8%)</td>
<td>1.703 (-24.2%)</td>
</tr>
<tr>
<td>2025</td>
<td>1.152 (-48.7%)</td>
<td>1.00 (-74.0%)</td>
</tr>
<tr>
<td>2030</td>
<td>-0.977 (-144.0%)</td>
<td>-0.877 (-159.0%)</td>
</tr>
</tbody>
</table>

**Metrics and Targets**

In line with our CCAi, IOI has formalised our commitment to the Science Based Target initiative in the Forest, Land and Agriculture sector (“SBTi FLAG”) on 6th March 2023. We are currently at the second stage of SBTi FLAG target setting to develop and submit reduction targets for validation.

IOI committed to setting both short-term, medium-term as well as Net-Zero targets by 2040, in line with the SBTi FLAG requirements. Our commitment to the SBTi FLAG commitment also includes:

- All Land Use Change (“LUC”) since 1995 from the 2013 baseline, in accordance with the Greenhouse Gas Protocol draft on Land Sector and Removals.
- Commitment to No Deforestation, No New Peat, No Social Exploitation (“DNDF”) since 2016 and Zero Burning since 2014.

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ACCELERATING OUR CLIMATE CHANGE INITIATIVES

PLANTATION (ESTATE AND MILL)

Carbon intensity for plantation in 2022 reduced by -25.1% in comparison to 2015 baseline. The reductions were slightly lower compared to last year due to the breakdown of our two large biogas plants. However, we expect to achieve higher reductions for Plantation when the biogas plants are up and running together with the revision on the PalmGHG calculation tool that is targeted to be completed by end of this year.

In 2022, carbon intensity reduction for refineries is 37.7% in comparison to the 2015 baseline. The increase in 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 as Oleochemical has planned to accelerate their adoption of renewable energy (e.g., VPPA) and increase operation efficiency through digitalisation.

In 2022, carbon intensity for Refineries is 1.370 tCO₂e/MT Product. However, we expect to achieve lower compared to last year due to the breakdown of our refineries in the past few years due to reduced operational volume and of renewable energy (e.g., VPPA) and increase operation efficiency through digitalisation.

RESOURCES-BASED MANUFACTURING

In 2022, carbon intensity reduction 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 as Oleochemical has planned to accelerate their adoption of renewable energy (e.g., VPPA) and increase operation efficiency through digitalisation.

In 2022, carbon intensity for Oleochemical was 0.361 tCO₂e/MT Product by 2025, while challenging 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.

CLIMATE CHANGE ACTION ENGAGEMENT PROGRAMMES

MANAGEMENT APPROACH

As part of IOI’s overall stakeholder engagement activities, we continuously share and communicate our efforts, targets and expectations in combating climate change with our stakeholders. Constant engagement with our stakeholders as well as third party suppliers also enable us to understand their concerns and expectations as well as aid us in providing solutions to them when addressing the issue of climate change. In order to move forward together with our stakeholders in creating long-term positive solutions in battling climate change, we have included in our CCAi Programmes such events as the annually held Sustainability Consultation Forums (“SCF”), Panel Discussions, Webinars, etc.

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

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 2050 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 33 for detail). Finally, this year, our 3rd SCF was more focused towards Supply Chain Decarbonisation and Responsible Sourcing practices across IOI’s Supply Chain.

IOI’s senior management team in a discussion with stakeholders during the 2nd SCF.
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 (“IDHI”) on biodiversity and ecosystem enhancement projects (e.g., South Kengtung 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 regeneration 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 our 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 chains 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.

As shown in the table, the highest contribution for Scope 3 emissions is from our Resource-based manufacturing business which encompasses 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 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.

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 to enable us to identify the risks and opportunities associated with decarbonising our supply chain especially in context of our Net-Zero by 2040 target. Thus, to avoid greenwashing, our approach in this matter has been very measured, systematic and transparent.

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 and AFI 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 NERP 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) Refinery (tCO₂/MT Product)</td>
<td>3.03</td>
<td>3.13</td>
<td>3.36</td>
</tr>
<tr>
<td>b) Okochemical (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 a Group, 92% of our purchased goods and services were sourced locally, while 18% were sourced from our international suppliers.
IJO had long taken the crucial step of establishing a sustainable palm oil supply chain by committing and implementing NDPE together with a memorandum on deforestation since 2016. To ensure the success of this endeavor, 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, IJO 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 IJO 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 Emissions Trading System regulations have also drawn the attention of both the industry and the country. In response to this matter, IJO 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. IJO 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

### MANAGEMENT APPROACH

IJO’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, deforestation threat level, supplier engagement status, T4T’s result – time bound action plan status, portion of supply volume, etc. Based on the Prioritisation Profile, we aim to engage all the high priority suppliers to enhance their commitments towards IJO’s Responsible Sourcing Guidelines within 3 years.

IJO’s responsible sourcing team maintained our proactive approach of engaging suppliers to ensure their compliance with IOI’s policies and guidelines as well as improve our traceability scores. Primarily, the IJO responsible sourcing team maintained our partnership with the Earthworm Foundation to utilise the Tools for Transformation (“TFT”) 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 TFT 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 chalking suitable engagement programmes, the TFT 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 regarding 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.

### ACTIVITY DRIVEN APPROACH AND PERFORMANCE

Also on the basis of the prioritisation profile, IJO 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 webpages. Please refer to IJO’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 our suppliers are RSPO certified. For palm kernels (“PK”), all our suppliers are 100% MSPO certified while 38% 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 TFT self-assessment. This step aims to enhance transparency, as well as social and environmental performance.

Examples of engagement with suppliers includes:

1. **Supply Chain Mapping and Monitoring** - Sungai Kuhang POM, Meridan POM
2. **Ethical Recruitment, Human Rights Due Diligence** - UMB
3. **Labour Transformation Programme** - Kim Loong Sabah
5. **NDPE Socialisation and Compliance** - Taner R&D, Keningau and Perwira, Felcra Jayaputra, ROMP.

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 PalmOilio and GWP 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 GWP Pro.

All these efforts are helping us to be more well-prepared and compliant with EU EDR requirements. The EU’s Deforestation Regulation is significantly more stringent than IOI, mainly driven by the export 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.

### RESPONSIBLE SOURCING AND TRACEABILITY

![Image](https://www.ioigroup.com/sustainability/palm-oil-dashboard-traceability)
IOI CORPORATION BERHAD
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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 such as 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 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 help 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:

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RESPONSIBLE SOURCING AND TRACEABILITY

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 facilitators 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.

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Understanding our ground operations to identify GHG emissions reduction opportunities
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, managed and monitored using relevant methodologies like the HCS Toolkit and the HCV Assessment, etc. We are 100% RSPO certified and our mills and ropes 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 (“EUDEF”) and align with the AFI. All our HCV, HCS, and set-aside conservation areas are monitored for potential encroachment and fire incidents through drones, towers and patrolling as well as via geospatial imagery through the Starling satellite service.

IOI recognises our operations’ 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 EIA’s when replanting, as well as adopt responsible production 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 ELDR that came into force this year.

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 9,150.07 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 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 (ha)</th>
<th>Indonesia (ha)</th>
<th>Total Areas (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCV areas</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</td>
<td>3,538.23</td>
<td>2,821.87</td>
<td>6,360.10</td>
</tr>
</tbody>
</table>

1. See page 42 for responsible sourcing.

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 ELDR 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 Management1 approach to mitigating wildfires is a continuous loop process comprising of 3 stages as follows:

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

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 needed to monitor. From the outset, 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 39.3

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 instigate 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 waterways. IOI Refinery maintains high efficiency in its waste management and consumed water responsibly. The Group water consumption intensity increased slightly by 0.24% and 0.1%, respectively. This was due to lower production in both of our Resource-based manufacturing segments.

IOI is also committed to improve water consumption efficiency in our operations. The Group water consumption intensity was hovering between 3.70 to 3.97 m³/Mt Product. Water consumption intensity of palm oil mills has reduced by 5.6% this financial year. Reduced water consumption in our mills was due to improved efficiency in its operation such as optimisation of steam supply in the Fresh Fruit Bunch (“FFB”) sterilisation process. On the other hand, IOI Refineries and IOI Oleo water consumption intensity increased slightly by 0.24% and 0.1%, respectively. This was due to lower production in both of 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.

MAKING NATURE POSITIVE DIFFERENCE

Water Consumption Intensity (m³/Mt Product) FY2021 FY2022 FY2023

| Plantation (mill operations) | 1.35 | 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 |

Waste Management

IOI integrates 7Rs of Circularity 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 Refinery and IOI Oleo recycled and reused 97% of the non-hazardous waste. The recycled wastes are largely biomasses (e.g., empty fruit bunches and POME) that are produced from mill operations 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 fertiliser. 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 biodegradable 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.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IOI Plantation</td>
<td>493,152.56</td>
<td>14,959.73</td>
<td>441.08</td>
</tr>
<tr>
<td>IOI Refinery</td>
<td>10,216.69</td>
<td>221.02</td>
<td>72.22</td>
</tr>
<tr>
<td>IOI Oleochemical</td>
<td>3,011.90</td>
<td>381.62</td>
<td>13,287.20</td>
</tr>
<tr>
<td>Group Total</td>
<td>506,381.15</td>
<td>18,996.88</td>
<td>6,972.47</td>
</tr>
</tbody>
</table>


Peatland area near our operation in Indonesia.
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 Peninsular”). 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 bag can hold up to 5,000 pieces of used beverage cartons.

IOI Employee
by Tetra Pak.

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

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.

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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 SFOP 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 Kunming- Montreal Global Biodiversity Framework (“GBF”).

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

Our implementation and efforts to conserve and enhance biodiversity and ecosystems are embedded within our operations to create impacts that can affect our environment positively. As such, the landscape approach as well as stakeholder collaborations and initiatives involved commitments by multiple stakeholders to conserving and protecting biodiversity together with enhancing its ecosystem.

Landscape Initiatives

South Ketapang Landscape Initiative

The Ketapang Landscape initiative situated in West Kalimantan focuses on the areas within and surrounding our plantation concession in Indonesia. Focusing on this area facilitates connectivity and collaborative efforts in protecting the Cagar Alam Muara Kendawangan, particularly around the river buffer areas. The initiative engages significant partnerships with a range of multiple stakeholders, such as civil society organisations (“CSO”), government authorities, and local communities.

The primary objective of this collaboration is protecting biodiversity, and prevention and mitigation of forest and peat fires. In FY2023, our subsidiary, PT SNA continues its commitment to pursuing these objectives, collaborating closely with Balai Konservasi Sumber Daya (“BKSDA”) for biodiversity conservation and protection.

Moreover, this marks an important year of collaboration, representing a new milestone where we have elevated project objectives to a higher level of cooperation. We have embarked on a new collaboration engagement with IDH Indonesia to incorporate the Production, Protection, Inclusion (“PPI”) compact concept into the Ketapang Landscape. This includes additional project objectives and activities, such as increasing the productivity of smallholder communities, implementing measures to conserve forests and other natural resources, and enhancing the livelihood of local communities, etc.

The focus areas of the landscape projects remain within IOI and its surrounding areas, as well as the neighboring communities. Value-added activities and project objectives have been proposed for the new collaboration journey.

Simultaneously, we renewed our MOU with BKSDA and further strengthened our commitment to support wildlife protection, particularly focusing on the Orangutan and elephant populations in our concession.

Activities on the ground include providing neighboring communities with heavy machinery assistance for land preparation to discourage the use of fire for land clearing and thereby reduce the risks of wildfires and peat fires occurring. We are also working together to rehabilitate set-aside peat and conservation areas so that communities will see that they are part of the solution to ensuring the protection of the environment.

In addition to the existing project implementation, with the new collaboration with IDH, we are looking into the potential of reforestation, carbon assessment and evaluation to increase the greening value of our conservation areas.
that have helped the peat ecosystem around the areas. The positive impact of this project can be seen by the zero incidence of recorded peat fires since the area concerned was adjacent to our Bukit Leelau Estate in Peninsular Malaysia. The pioneering undertaking encompassed fire prevention & control, forest & peat rehabilitation, and empowerment programmes for the Orang Asli indigenous communities, CSO, the Pahang state government and Indonesia where IOI plantations are located.

Peatland rewetting at Bukit Leelau. IOI’s tree nursery at Bukit Leelau (Inset)

In 2019, a visionary multistakeholder project was initiated, involving our company since the area concerned was adjacent to our Bukit Leelau Estate in Peninsular Malaysia. The pioneering undertaking encompassed fire prevention & control, forest & peat rehabilitation, and empowerment programmes for the Orang Asli indigenous communities, CSO, the Pahang state government and Indonesia where IOI plantations are located. The positive impact of this project can be seen by the zero incidence of recorded peat fires since the area concerned was adjacent to our Bukit Leelau Estate in Peninsular Malaysia.

Fast forward to 2023, the Bukit Leelau mini landscape project serves as a successful example of how to prevent peat fires and to revitalise the peat ecosystem around the areas. The positive impact of this project can be seen by the zero incidence of recorded peat fires since the implementation of this project.

To ensure the continuation of this positive legacy, IOI has remained involved in the efforts of rewetting the natural peat areas. IOI has reinstalled three canals blocking to rewet the peat areas. This will enhance the maintenance of the water table and the enrichment of the peat ecosystem. Not only does it effectively prevent peat fire, but it also enhances the stability of the entire peat ecosystem, leading to an enrichment in the population of freshwater fish. This has led to increased fishing activities conducted through the canal blocks that have helped the Orang Asli in terms of food security and safer environment due to the reduced risk of fire occurrence.

Managing Biodiversity and RTE Species Within Our Operation

IOI has 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 many human-wildlife conflicts with wild Asian elephants. To help manage 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 both within the public and private sectors. Following this, HEC management and safety procedures are also 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.

Elephant collaring with the help of SWD initiative for more details.

Indonesia - A Collaboration with BKSDA

IOI and Nestle together have initiated and successfully completed the planting of indigenous forest trees in the hilly area around 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 hilly area around the Kinabatangan River 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.

Reforestation Programme

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

IOI-Nestle RELeaf Project During FY2022, IOI undertook a reforestation programme with Nestle. This collaboration called “IOI-Nestle RELeaf” project aims to enhance biodiversity in the conservation areas, particularly in the critical hilly forest areas within the Kinabatangan River in Sabah (IOI

Latan Tree Planting Project

Also reported in ASR 2022, the Latan tree project, due to its fast-growing nature, was initiated as a agroforestry planting initiative to address agriculture planting in the flood-prone area. The IOI team is continuing with the biodiversity survey and studies in the Latan area to establish good quality data for biodiversity protection and conservation purposes, as well as to look for opportunities to further enhance the forest cover in the area. Steps taken include survey planning, fieldwork and data collection, data analysis, identification of threats, as well as conservation planning and evaluation for further forest enhancement. All the approaches are to be aligned with the newly revised IOI Biodiversity and Ecosystem Enhancement Guidelines. For further details, please refer to the fact sheet.

Consultation with Global Frameworks - Kunming-Montreal GfB and SBTN

The consultation programme for developing the NPBDR is in alignment with the Kunming-Montreal GfB was supported by the Ministry of Natural Resources, Environment and Climate Change (“NEGCC”) that aimed to develop outputs as follows:

• A blueprint for the Strategic Roadmap for the Business and Private Sector in Kenya

Business Action Plan for the Implementation of the Kunming-Montreal GfB

As mentioned earlier, IOI has participated, as part of the BAG, in helping to maintain biodiversity at the national level by engaging in several seminars for Small and Medium Enterprise (“SME”), investors, etc. and to share with the participants IOI’s own alignment with Malaysia’s proposed NPBDR.

We are also part of the SBTN – Corporate Engagement Working Group which comprise of companies from South East Asia (“SEA”) region, public sectors, consultants as well as CSOs. Among others, the goals of the working group are to build capacity of regional NGO partners and other stakeholders to support companies in setting targets using SBTN methodology.
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 (Bioscience, Q4).

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/wesweet.

Palm Biotechnology

In line with Malaysia’s commitment to maintain 50% of its forest cover, IOI adopts a sustainable approach to maximize palm oil yields from its existing hectarage 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 Tissues 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 (“UNGC”) on human rights, etc. To further strengthen our commitment to safeguarding our workforce, IOI has adopted UNDG 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, ISCC, ESG requirements from Bursa Malaysia, rating agencies, and more to ensure that the rights of our employees are protected.

In terms of governance, we have Board oversight through the JCC, where issues related to human rights, including safeguarding the wellbeing of our workforce, safety, and health were tabled. Any critical concerns identified or actions required were subsequently discussed for implementation at the GSSC (Please refer pages 22 - 23 for details of governance). To ensure checks and balances, we exercise due diligence by conducting regular sustainability audits, health & safety audits as well as internal audits. Additionally, we collaborate and partner with external parties to identify and monitor the working conditions of our workers in the plantations.

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 SSR 2022, we had collaborated with one of our customers to conduct a 3rd party audit on our agencies. IOI completed the audits 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

Upholding workers’ rights is a fundamental human right. At IOI, a worker’s rights encompass various aspects, including freedom of association, collective bargaining, fair wages and compensation, decent working conditions, etc. About 78% of our workforce consists of foreign workers from different countries and backgrounds and most of them work in our plantations (refer to the pie chart on page 61 for Employee Nationality Breakdown). As such, IOI is very much aware of the impact the protection from exploitation and unfair treatment due to language and cultural barriers, gender equality and 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 socialised, guided by the SOP and related guidelines. In addition, we have posters and briefings as well as regular awareness trainings on topics such as physical and sexual violence, intiminations, 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 Plantation Director and NUPW for workers in Peninsular Malaysia in 2020. To date, we have about 820 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 served 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. 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.

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 attended 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, ECC/JCC, 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.

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 complaints through our whistleblowing channel. This channel applies to all IOI Group’s plantation, resources-based manufacturing, trading operations and all third-party suppliers. Currently, all grievances shown in our websites that are related to ESG 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 Complaint 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 details.

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.
Percentage of Reported by Category of Complaints

- Harassment: 2.47%
- Wage Related: 2.55%
- Others: 0.70%
- Work Related: 7.28%
- Safety: 84.55%
- Report/record/amnesty: 2.60%
- Others including IOI Mesra and Whistleblowing: 0.07%
- Internal Meeting: 0.07%
- Grievance Book (Buku Hijau): 7.96%
- External Stakeholder Request: 7.68%
- WEC: 26.30%
- ECC/JCC: 38.16%
- Others including IOI Mesra and Whistleblowing: 20.31%
- Vote: 0.07%
- Percentage of Report by Category of Complaints

These grievances or complaints are categorised into groups such as repairs/requests, complaints related to wage/related issues, work-related issues, harassment, etc.

For this year, we recorded 7,328 reports of complaints/requests/grievances through all available channels including IOI Mesra and Whistleblowing. Most of the reports were raised using the “Rekod Pembaikan/Kerosakan Rumah” followed by ECC/JCC. Most of the complaints are related to house and facilities’ maintenance, transportation, etc. Cases categorised as “Others” mostly involved suggestions for WEC activities, sport activities, etc.

Under IOI Mesra, almost all who reported when using this app, did so anonymously. The cases reported were found to be mostly legitimate and have been resolved fully according to our procedure. The majority of reported cases demonstrated that our grievance procedure is working well and employee have trust in our grievance mechanism.

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 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 held all the additional costs to conduct an independent land survey for the impending land excision process by hiring an independent surveyor. During fact-finding visits, especially during 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 neighbouring 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 neighbouring communities to work as IOI Plantation estate as an alternative source of 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 for ISO 45001:2018 this year. Other 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.

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

Safety and health training are conducted for all level of employees as part of the annual training programme which covered the implementation of specific SOP, Emergency Response Team/Plan (“ERT/F/P”), schedule waste management, firefighting, chemical handling, first aid, etc. The training was designed and delivered by experienced staff in a language understood by employees. Awareness and updates on training are also conducted through safety campaign, morning briefing, poster, digital tool and discussed directly during safety committee meeting, held every three months. 286 employees received external and paid training on specific topics such as Authorised Entrant & Standby Person for Confined Space, Authorised Gas Tester, First Aid, etc.

Since some of our plantations are located in remote areas with limited access to external medical facilities, we have installed clinics within our plantations. Currently, there are 67 clinics within our plantations which are accessible to all employees and their dependents. The communities can also access the medical services that is attended by the Estate Hospital Assistant and regularly visited by Visiting Medical Officers. All our employees including foreign workers, are insured under a regulated insurance scheme that covers both fatalities and work-related injuries.

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.

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 intended 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.
Apart from upholding human rights, IOI places a high emphasis on providing training and development to our people. The company also promotes gender equality including 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 uplifting 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 Emfiler 3 (Technology and Digitalisation), as outlined on page 45 of the AR.

**ACTIVITY DRIVEN APPROACH AND PERFORMANCE**

Gender Equality, Diversity, Inclusivity and Women Empowerment

Gender equality, diversity, inclusivity, and women’s empowerment are all important concepts that address matters of social justice and human rights. These principals are embedded in our sustainability practices. 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 whole workforce is 2.8:1, at our headquarters, the ratio is 1.25:1. At the plantation division, the ratio is 14:1. Although we encourage women to apply in all positions, they face challenges due to the remoteness of working in a vast estate and physical nature for them to join due to the remoteness of working in a vast estate and physical nature of the work.

One of our WEC's activities is a group-wide celebration spanning across our operations (plantation, refinery, and oilseedsmelacher) in Malaysia and Indonesia, is the annual International Women’s Day (“WFD”) celebration. This year’s celebration was centered around the theme of #EmbraceEquity, which emphasises the importance of gender equity and inclusivity in all aspects of society. The on-site activities encompassed health awareness talks, health screening, self-defence demonstrations, exhibitions, and more. Building on our social initiative “Women and Digitalisation” introduced in 2022, we organised more digital awareness talks covering topics such as 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 WFD celebration was the decision to establish a gender committee at the IOI Group level, which will be officially introduced in the upcoming financial year.

**Talent Development and Capacity Building/ Human Capital Development**

IOI have an unwavering commitment towards the growth and development of our employees. This commitment is evident through our talent development and capacity building programmes facilitated by the Human Resource Department at each division and the Corporate Learning & Organisational Development Department. The training programme was developed and delivered to cater both technical and soft skills relevant for employees’ respective roles and positions. This approach includes training sessions, online webinars, in-house training, e-learning platform, etc. At least 145 training had been organized and conducted by the Corporate Learning & Organisational Development Department who engaged both internal and external training providers. These trainings benefited about 1317 employees at the staff level and above.

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 Potentials”. 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.

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, Merchantad 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 Meera that we had developed in May 2022 (refer to details in AR 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 Bhd 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.
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 SDG 8.6. This is 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 see 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 is critical in addressing any disparities in understanding certain issues and in achieving good outcomes across the many different business cycles. This further affirms the stance IOI has towards multi-stakeholder partnerships and is in alignment with UNSDG 17. IOI has also been the first company from IOI Oleochemical mentions that ensuring positive social impact on people and communities can be achieved by supporting corporate social responsibility. Together with partnerships, constructive 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. The objective of this survey is to monitor the working and working condition 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.

Engaging with communities play a crucial role in the commitment to environmental protection, and social development. As a RSPO and MSPO certified company, our engagement with stakeholders, including communities, neighboring villages, and plantations, is a standard requirement that must be adhered to. Every plantation within our group conducts an annual stakeholder meeting during which particular focus on our migrant workers across our plantation operating units in Peninsular Malaysia.
Fostering a Positive Work Culture

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 SPOP 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 fulfills 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 Wikiimpact.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 to 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 through programmes related to education, social, and medical purposes. This year specifically, at least 1,837 students benefitted from the Foundation’s education programme while for the Social Programme and Donation, 46 recipients (individual or organisation) benefitted.

SUSTAINABILITY REPORT 2023

IOI CORPORATION BERHAD

Appendix

SUSTAINABILITY PERFORMANCE METRICS

ECONOMIC PERFORMANCE DATA

Refer to Annual Report page 54.

WORKPLACE PERFORMANCE DATA

Number of Employee and Diversity

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

Number of Employee by Employment Level

<table>
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<th>Employment Level</th>
<th>Number</th>
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</thead>
<tbody>
<tr>
<td>Males</td>
<td>13</td>
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<tr>
<td>Females</td>
<td>12</td>
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</table>

Employee Nationality Breakdown

<table>
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<th>Nationality</th>
<th>Number</th>
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<tbody>
<tr>
<td>Malaysian</td>
<td>12</td>
</tr>
<tr>
<td>Nepali</td>
<td>5</td>
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<tr>
<td>German</td>
<td>4</td>
</tr>
<tr>
<td>Filipino</td>
<td>3</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>3</td>
</tr>
<tr>
<td>Indonesian</td>
<td>2</td>
</tr>
<tr>
<td>Indian</td>
<td>1</td>
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<tr>
<td>Others</td>
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</table>

Total diversity employees: 38

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

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<tr>
<th>Employment Level</th>
<th>Average Training Hours</th>
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<tr>
<td>Males</td>
<td>195.00</td>
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<tr>
<td>Females</td>
<td>195.00</td>
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</table>

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE DATA

GRI 415-9 & GRI 415-10: Occupational Health & Safety Data

<table>
<thead>
<tr>
<th>Health &amp; Safety Performance-Employee²</th>
<th>Units</th>
<th>GRI Corporation Division</th>
<th>IOI Corporation Division</th>
<th>IOI Oleochemical</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>IOI Forestation</td>
<td>IOI Refinery</td>
<td>IOI Oleochemical</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hours</td>
<td>Hours</td>
<td></td>
</tr>
<tr>
<td>Total number of injuries</td>
<td>1,809.00</td>
<td>1,809.00</td>
<td>1,809.00</td>
<td>1,809.00</td>
</tr>
<tr>
<td>Total recordable injury frequency rate</td>
<td>31.51</td>
<td>31.51</td>
<td>31.51</td>
<td>31.51</td>
</tr>
<tr>
<td>Total recorded injuries</td>
<td>514.50</td>
<td>514.50</td>
<td>514.50</td>
<td>514.50</td>
</tr>
<tr>
<td>Total recordable injury frequency</td>
<td>31.51</td>
<td>31.51</td>
<td>31.51</td>
<td>31.51</td>
</tr>
<tr>
<td>Total number of lost time injuries</td>
<td>27,423.00</td>
<td>27,423.00</td>
<td>27,423.00</td>
<td>27,423.00</td>
</tr>
<tr>
<td>Lost time injury frequency rate</td>
<td>14.78</td>
<td>14.78</td>
<td>14.78</td>
<td>14.78</td>
</tr>
<tr>
<td>Total injury rate</td>
<td>50.75</td>
<td>50.75</td>
<td>50.75</td>
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<tr>
<td>Time lost as a result of ill health</td>
<td>1,377.75</td>
<td>1,377.75</td>
<td>1,377.75</td>
<td>1,377.75</td>
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<tr>
<td>Total absence as a result of ill health</td>
<td>1,377.75</td>
<td>1,377.75</td>
<td>1,377.75</td>
<td>1,377.75</td>
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<tr>
<td>Total absence as a result of accident</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>Total number of absences</td>
<td>1,377.75</td>
<td>1,377.75</td>
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² An individual who performs work for entity which provide services to IOI

³ Figures include consideration of both employees and workers unless otherwise stated
Environment Performance Data

Emissions

GRI 306-1 & GRI-301-4: GHG Emissions

Performance Indicator

<table>
<thead>
<tr>
<th>Unit</th>
<th>IOI Plantation</th>
<th>IOI Refinery</th>
<th>IOI Oleochemical</th>
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</thead>
<tbody>
<tr>
<td>Direct GHG (scope 1) emissions (tCO2e)</td>
<td>2,710,413.24</td>
<td>2,573,057.86</td>
<td>2,545,142.01</td>
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<tr>
<td>Indirect GHG (scope 2) emissions (tCO2e)</td>
<td>3,283.34</td>
<td>7,434.55</td>
<td>0.00</td>
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<tr>
<td>Total GHG emissions (scope 1 + 2) (tCO2e)</td>
<td>3,393,716.58</td>
<td>3,507,507.41</td>
<td>2,545,142.01</td>
</tr>
<tr>
<td>Emissions Intensity (tCO2e/MT Product)</td>
<td>0.34</td>
<td>0.37</td>
<td>0.34</td>
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</table>

Performance Indicator

<table>
<thead>
<tr>
<th>Unit</th>
<th>IOI Refinery</th>
<th>IOI Oleochemical</th>
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<tbody>
<tr>
<td>Direct GHG (scope 1) emissions (tCO2e)</td>
<td>3,317,056.71</td>
<td>3,010,358.36</td>
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<tr>
<td>Indirect GHG (scope 2) emissions (tCO2e)</td>
<td>432,239.44</td>
<td>689,369.73</td>
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<tr>
<td>Total GHG emissions (scope 1 + 2) (tCO2e)</td>
<td>3,749,296.15</td>
<td>3,699,728.09</td>
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<td>Emissions Intensity (tCO2e/MT Product)</td>
<td>1.17</td>
<td>0.88</td>
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Scope 1 Emissions

GRI 306-3, GRIHGS-4 & GRIHGS-3: Water Consumption & Water Discharged

<table>
<thead>
<tr>
<th>Water Consumption &amp; Discharged by Source Units</th>
<th>IOI Plantation</th>
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<th>IOI Oleochemical</th>
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<tbody>
<tr>
<td>Total Freight Water Withdrawal (≥ 1,000 mg/L Total Dissolved Solids)</td>
<td>6,694.85</td>
<td>6,693.04</td>
<td>6,694.85</td>
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<tr>
<td>Total Other Water Withdrawal (≤ 1,000 mg/L Total Dissolved Solids)</td>
<td>5,664,784.14</td>
<td>5,509,699.78</td>
<td>4,289,247.03</td>
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<tr>
<td>Total Water Discharge</td>
<td>3,415.42</td>
<td>3,414.98</td>
<td>3,415.42</td>
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<tr>
<td>Emissions Intensity (tCO2e/MT Product)</td>
<td>0.16</td>
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Water

GRI 306-2: Water Disposal

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<td>Total Domestic Waste</td>
<td>441.16</td>
<td>72.22</td>
<td>6,495.35</td>
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<td>Scheduled Waste</td>
<td>358.44</td>
<td>31.09</td>
<td>3,084.50</td>
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<tr>
<td>Recycle</td>
<td>122.85</td>
<td>18.30</td>
<td>1,509.71</td>
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<tr>
<td>Reuse</td>
<td>56.89</td>
<td>23.13</td>
<td>468.11</td>
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<td>Total Recovered Water</td>
<td>223.72</td>
<td>57.43</td>
<td>2,078.21</td>
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<tr>
<td>Total Non-Hazardous Waste Disposed</td>
<td>14,919.15</td>
<td>13,287.20</td>
<td>13,287.20</td>
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<tr>
<td>Emissions Intensity (tCO2e/MT Product)</td>
<td>0.00</td>
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Waste

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

<table>
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<th>Unit</th>
<th>IOI Plantation</th>
<th>IOI Refinery</th>
<th>IOI Oleochemical</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Waste Reuse/Recycled (including recycled hazardous waste)</td>
<td>80.97</td>
<td>97.21</td>
<td>45.68</td>
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</table>

Social Contribution

GRI 415-1: Operations with local community engagement, impact assessments, and development programme

| % of sites with Impact Assessments Conducted | 74.00% | 98.00% | 68.00% |
| % of sites with Development Initiatives | 52.00% | 52.00% | 52.00% |

For FY2023.

GHG emissions calculation for IOI Plantation is based on RSPO PalmGHC, calculation for refinery are based on IPCC methodology, calculations for oleochemical are based on the Intergovernmental Panel on Climate Change’s (“IPCC”) and the Institute for Global Environmental Strategies (“IGES”). Our operations land use change emissions is 1,720,965.70 tCO2e for FY2023.

Scope 1 emissions include report for FY2023.
### GRI CONTENT INDEX

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<th>Section</th>
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<th>Explanation</th>
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<td>2.19 Verification of the highest governance body</td>
<td>Corporate Governance Overview Statement</td>
<td>AR 2021, p. 70/71, 99</td>
<td>In line with Bursa CSF and TCFD/ISSB</td>
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<td>2.18 Delegation of responsibility for managing impacts</td>
<td>Corporate Governance Overview Statement</td>
<td>AR 2021, p. 70/71, 169-170, TCFD/ISSB</td>
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<td>2.16 Commitment to strong governance</td>
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<td>2.15 Process to determine material topics</td>
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<td>2.14 Role of the highest governance body in sustainability reporting</td>
<td>Corporate Governance Overview Statement</td>
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<tr>
<td></td>
<td>2.13 Delegation of responsibility for sustainability reporting</td>
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<td>2.12 Role of the highest governance body in overseeing the management of impacts</td>
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<td>2.11 Chair of the highest governance body</td>
<td>Corporate Governance Overview Statement</td>
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<td>2.10 Confirmation and election of the highest governance body</td>
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<td>2.9 Governance structure and composition</td>
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<td>2.8 Workers who are not employees</td>
<td>Employee Nationality Breakdown</td>
<td>AR 2021, p. 33, TCFD/ISSB</td>
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<td>2.7 Employees</td>
<td>Employee Nationality Breakdown</td>
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<td>2.6 Activities, value chain and other business relationships</td>
<td>Value Creation Model</td>
<td>AR 2021, p. 1 &amp; 20, TCFD/ISSB</td>
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<td>2.5 External assurance</td>
<td>About this report</td>
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<td>This report is not externally assured</td>
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<td>2.4 Statements on uses of the highest governance body</td>
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<td>AR 2021, p. 1, TCFD/ISSB</td>
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<tr>
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<td>2.3 Reporting period, frequency and format</td>
<td>About this report</td>
<td>AR 2021, p. 1, TCFD/ISSB</td>
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<td>2.2 Entities included in the organisation’s sustainability reporting</td>
<td>About this report</td>
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### TOPIC 1.1 EMISSIONS

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<th>Explanation</th>
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<tbody>
<tr>
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<td>3.2 List of material topics</td>
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### TOPIC 3.2 CLIMATE ADAPTATION AND RESILIENCE

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### APPENDIX

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<tbody>
<tr>
<td>GRI 13: Agriculture Aquaculture and Fishing Sectors 2022</td>
<td>305-1 Direct (Scope 1) GHG emissions</td>
<td>About this report</td>
<td>AR 2021, p. 94</td>
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<td>305-2 Energy indirect (Scope 2) GHG emissions</td>
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<td>305-3 Other indirect (Scope 3) GHG emissions</td>
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<td>305-4 GHG emissions intensity</td>
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<td>305-5 Reduction of GHG emissions</td>
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### APPENDIX

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### Additional disclosure

#### GRI 3: Material Topics 2021

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<td>Management Approach</td>
<td>Appendix ASR 2023, Pg. 48</td>
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<td>TOPIC 13.11 LAND AND RESOURCE RIGHTS</td>
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<td>TOPIC 13.14 RIGHTS OF INDIGENOUS PEOPLES</td>
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### TOPIC 13.14 RIGHTS OF INDIGENOUS PEOPLES

**GRI Standard**: GRI 3: Material Topics 2021

**Section**: 3-3 Management of material topics

**GRI 405**: Diversity and Equal Opportunity

**Discussion**: Additional sector recommendations

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**Additional sector disclosures**

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</table>

**Report** if the organization has been involved in a process for any of the organization’s activities, including, in each case:

- whether the process has been initiated by the organization and the affected indigenous peoples;
- how the organization ensured that the constituent elements of FPIC were included as part of the process;
- whether an agreement has been reached and, if so, whether the agreement is publicly available.

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**TOPIC 13.15 DIVERSITY AND EQUAL OPPORTUNITY**

**GRI 406**: Diversity and Equal Opportunity 2016

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**TOPIC 13.16 FORCED OR COMPULSORY LABOR**

**GRI 407**: Forced or Compulsory Labor 2016

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**TOPIC 13.17 CHILD LABOR**

**GRI 408**: Child Labor 2016

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**TOPIC 13.18 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

**GRI 409**: Freedom of Association and Collective Bargaining 2016

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### TOPIC 13.19 OCCUPATIONAL HEALTH AND SAFETY

**GRI 410**: Occupational Health and Safety 2016

**GRI 401**: Employment Practices

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**GRI 402**: Safety Management System

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**TOPIC 13.20 EMPLOYMENT PRACTICES**

**GRI 411**: Employment Practices 2016

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**TOPIC 13.21 LIVING INCOME AND LIVING WAGE**

**GRI 412**: Living Income and Living Wage

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**TOPIC 13.22 ECONOMIC INCLUSION**

**GRI 413**: Economic Inclusion 2016

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<td>TOPIC 13.22 ECONOMIC INCLUSION</td>
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<td>GRI 203:</td>
<td>Indirect Economic Impacts 2016</td>
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<td>203-1 Infrastructure investments and services supported</td>
<td>Sharing Prosperity</td>
<td>ASR 2023, Pg. 58</td>
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<td>TOPIC 13.23 SUPPLY CHAIN TRACEABILITY</td>
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<td>GRI 204:</td>
<td>Procurement Practices 2020</td>
<td>3-3 Management of material topics</td>
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<td>204-1 Proportion of spending on local suppliers</td>
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<td>GRI 201:</td>
<td>Economic Performance 2020</td>
<td>201-3 Defined benefit plan obligations</td>
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<td>201-4 Financial assistance received from government</td>
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<td>TAX</td>
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<td>207-3 Tax 2019</td>
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<td>207-5 Tax governance, control, and risk management</td>
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<td>MATERIALS</td>
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<td>301-1 Materials used by weight or volume</td>
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<td>301-2 Recycled input materials used</td>
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<td>ENERGY</td>
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<td>302-2 Energy consumption outside of the organization</td>
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<td>SUPPLIER ENVIRONMENTAL ASSESSMENT</td>
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<tr>
<td>GRI 306:</td>
<td>Supplier Environmental Assessment 2016</td>
<td>3PR 1: New suppliers that were screened using environmental criteria</td>
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### GRI Standard | Disclosure | Section | Page Number | Additional Information | Requirement/Commented on | Omission | Omission Reason
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| **LABOR/MANAGEMENT RELATIONS** |  |  |  |  |  |  |  |
| GRI 3.1 | Material | Topics 2023 |  | Information unavailable/incomplete |  |  |  |
| GRI 402 | Labor | Topics 2023 |  | Information unavailable/incomplete |  |  |  |

### CUSTOMER PRIVACY

| GRI 408 | Security Practices | Privacy 2023 |  | Information unavailable/incomplete |  |  |  |
| GRI 408.1 | Security Policies |  |  |  |  |  |  |

### TOPOICS IN THE APPLICABLE GRI STANDARDS DETERMINED AS NOT MATERIAL

#### GLOSSARY

**Accountability Framework Initiative (FAI)**
A roadmap for achieving ethical supply chain practices that protect forests, natural ecosystems, and human rights. This framework provides companies with guidelines for companies in the agri-food and forestry sectors.

**Business for Social Responsibility (BSR)**
A mission-driven non-profit organization focusing on innovation, impacts, and long-term positive change. It partners with business, civil society, and investors to create and implement solutions for a sustainable world.

**Carbon Dioxide Equivalent (CO₂e)**
A metric used to measure the emissions from various greenhouse gases based on their global warming potential.

**Carbon Neutral**
A state of net zero greenhouse gas emissions, balancing the greenhouse gas (GHG) that emitted into the environment and capturing the carbon dioxide with various approaches.

**Climate Change Action Initiative (CCAI)**
CCAI is IOI’s long-term action plans to mitigate and reduce GHG emissions from its diverse operations. The aim of this initiative is to achieve carbon neutral as a group.

**Crude Palm Oil (CPO)**
An edible oil derived from the pulp of oil palm.

**Deforestation Regulations**
Under the EU ETS, companies who first place products in the single market will be required to implement the dual diligence on their supply chain to ensure they are deforestation free. The institutional and technical measures will be the responsibility of the forest, commodity, and supply chain operators.

**Deforestation Reduction**
A standard-setting body under IFRS Foundation, whose mandate is the creation and development of sustainability-related financial reporting standards to meet investors’ needs for sustainability reporting.

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

**International Organisation for Migration (IOM)**
IOM is the United Nations agency that provides services and advice concerning migration to governments and migrants, including internally displaced persons, refugees, and migrant workers.

**Joint Committee on Civilian Service Standards (JCCS)**
One of the governance channels available within RIO Group across all operations that employees can use to submit their grievances.

**Landscape Level Approach (LLA)**
A term used to describe collaborative initiatives in specific places that span multiple sectors and go beyond the scale of individual, regional, or global level.

**Low Climate Change Scenario (LCP)**
Continuation of business are usual with emissions at current rates. This scenario is expected to result in warming in excess of 4 degrees Celsius by 2100.

**Medium Climate Change Scenario (MCPS)**
Medium climate change scenario characterized by a temperature change of 2°C above pre-industrial levels by 2100.

**Mitigation**
A United Nations agency that provides services and advises concerning migration to governments and migrants, including internally displaced persons, refugees, and migrant workers.

**Exposure to Climate Change**
The amount of climate change that is experienced by a specific group or community. This is often measured in terms of temperature increase or sea-level rise.

**Responsible Sourcing (ASR)**
A standard-setting body under IFRS Foundation, whose mandate is the creation and development of sustainability-related financial reporting standards to meet investors’ needs for sustainability reporting.

**Risk Management System (RMS)**
Supports the tracking and optimization of energy consumption to conserve in usage across an organization’s physical assets, including in factories and office buildings.

**Responsible Resource Planning (RRP)**
Enforce consistent practices for business activities around the world.

**Human-Elephant Conflict (HCV)**
HCVs are biological, ecological, social, or cultural values which are outstandingly significant or critically important at the national, regional, or global level.

**High Carbon Stock (HCS)**
Areas of temperate forests that hold large stores of carbon and biodiversity, which are released and lost when these forests are cleared.

**High Climate Change Scenario (HCS)**
Continuation of business are usual with emissions at current rates. This scenario is expected to result in warming in excess of 4 degrees Celsius by 2100.

**High Carbon Stock (HCS)**
Tropical forests that hold large stores of carbon and biodiversity, which are released and lost when these forests are cleared.

**High Climate Change Scenario (HCS)**
Continuation of business are usual with emissions at current rates. This scenario is expected to result in warming in excess of 4 degrees Celsius by 2100.

**High Conservation Value (HCV)**
Any human-use interaction which results in negative effects on human social, economic or cultural life, and/or on environmental conservation and the environment.

**Exposure to Climate Change**
The amount of climate change that is experienced by a specific group or community. This is often measured in terms of temperature increase or sea-level rise.

**World Wildlife Fund (WWF)**
A non-profit conservation organization that works to protect nature, wildlife, and communities around the world.
ENHANCED BIODIVERSITY & ECOSYSTEM

As an agricultural based company, the protection and enhancement of biodiversity and natural ecosystems are of immense importance to IOI’s operations. Our actions are guided by IOI’s Sustainable Palm Oil Policy ("SPOP") which together with the Biodiversity and Management Guidelines ("BMG") 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"). 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.

WITH THE REVISED GUIDELINE, WE AIM TO:

- Provide guidance for Biodiversity and Ecosystem assessment and execution of the management plan as well as continuous compliance towards national regulations
- Provide guidance for biodiversity and ecosystem enhancement practices
- Provide guidance for wildlife crisis management and handling
- Provide guidance on reforestation management and practices

Our policies and guidelines for environmental management.

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

1. Identification of Biodiversity & Conservation Value Areas
- Establishment of baseline data through assessment
- Definition activities through ISPO
- Stakeholder consultation and engagement programme
- Internal Assessment Report

2. Execution & Management
- Setting up objectives and targets for the identified management areas
- Development of biodiversity and ecosystem enhancement management plan
- Development of strategic monitoring plan

3. Threat Monitoring & Crisis Management
- Define monitoring techniques
- Crisis management plan
- Active communication & participation with relevant stakeholders
- Development of Integrated Management Plan
- Data management using SMART tool
- Crisis & disaster mapping

4. Impact Evaluation, Mitigation, & Communication
- Analyse and evaluate monitoring results based on indicator
- Re-estimate Indicator if there are not adequate to identify the gaps and cause
- Establish a sustainable framework
- Establish a transparent and accountable framework
- Establish a communication and participation framework whenever necessary
- HVC-ICS approach to determine the performance of planted (established / rehabilitated / reforested) area
**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 and promote local, social inclusivity.

**Laran Tree Planting Project**

1. Introduced in flood-prone areas in Sabah's Squirim 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 Sambur Deer and Rufous-tailed Shama at the site.
4. Fruit trees that promote native wildlife return were found within the project site.

**Protecting RTE species in Sabah**

1. Ongoing collaboration with Sabah Wildlife Department ("SWD"), HUTAN and Seni 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.

**Achieving Coexistence with Elephants**

1. Reducing and managing human-elephant conflict ("HEC") in collaboration with Management and Ecology of Malaysian Elephants ("MEME").
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 ("KOOP"), the Palm Oil & NGO ("PONGO") Alliance & Sabah wildlife on monitoring the orangutan and Proboscis monkey population in Sabah.

**Picture of a Sambar deer (Left) and Rufous-tailed Shama (Right) found within the project site.**

**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’Project REleaf team conducted two field surveys in November 2021 and June 2022, respectively.**

**Picture of a Laran tree (Left) and Riparian Buffer rehabilitation (Right) found within the project site.**
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.