



IOI GROUP

RESPONSIBLE SOURCING POLICY

INTRODUCTION

IOI Corporation Berhad (“IOI” or “the Group”) is dedicated to building a traceable, transparent and sustainable palm oil supply chain. Our actions are guided by the IOI Group Sustainability Policy (“IOISP”), which reflects our current best practices and incorporates input from other stakeholders.

IOI is committed to a responsible and sustainable palm oil supply chain. In alignment with our IOISP, we have implemented the **No Deforestation, No New Planting on Peat and No Social Exploitation** (“NDPE”) commitments across our supply chain, and we continuously support our suppliers in delivering on these commitments. IOI also encourages our supply chain partners to adopt the additional commitments outlined in the IOISP to further enhance their sustainability efforts and integrate environmental, social, and governance (“ESG”) initiatives into their operations.

SCOPE

IOI’s Responsible Sourcing Policy (“Policy”) applies to any existing or potential supplier to IOI, whether direct or indirect through a trading partner. With regards to potential suppliers, IOI will conduct due diligence on their operations and, where appropriate, identify measures that must be taken prior to entering any contract with them.

There are two ways that IOI sources its palm oil products:

1. **Direct supply:** procured directly from IOI’s mills and third-party mills.
2. **Indirect supply:** procured from trading partners and other third-party processing facilities, such as kernel crushing plants, refineries, and oleochemical plants, which in turn source kernels and oils from their own plantations or third-party suppliers.

In relation to both direct and indirect supplies, IOI recognises two different levels of sustainability risks in its supply chain:

1. **Policy non-compliance** at the supplying mill level.
2. **Policy non-compliance at the group level, wherever plantation operations are carried out by the sister companies of the supplying mills.**

IOI takes responsibility for ensuring that this Policy and IOISP are communicated to all our suppliers. IOI may delegate this responsibility to an implementation partner or trading partner (indirect supply) on a case-by-case basis.

IMPLEMENTATION

The key commitments in the IOISP can be categorised into the following focus areas:

- Environmental Management
- Climate Change and GHG Emissions
- Human Rights and Workplace



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- Community Development and Social Impact

IOI will take the following measures to ensure our suppliers comply with these commitments:

- Actively engage with our suppliers to promote our policy commitments and build their capacity to ensure compliance.
- Utilise appropriate assessment tools to prioritise areas for improvement and engage with our existing suppliers to drive transformation according to this Policy.
- Perform due diligence on prospective suppliers to assess compliance with our Policy and, if necessary, identify appropriate measures to be carried out prior to entering any purchase contract.
- Adopt a multi-stakeholder approach as the right way forward to transform the palm oil sector through collaborations with various stakeholders, including our suppliers, customers, non-governmental organisations (“NGOs”), governments, and independent verification bodies to implement our Policy.
- Ensure compliance and alignment with the Supplier Code of Conduct and the requirements outlined in the document.
- Maintain a transparent and systematic grievance mechanism and ensure all stakeholders have access to a resolution process and/or remedies.

The detailed implementation mechanism can be found in our Responsible Sourcing Guideline.

TRANSPARENCY AND REPORTING

In addition to the broader policy implementation measures detailed in our Annual Sustainability Reports, we will specifically publish and maintain the following on our website:

- An up-to-date list of all mills and refineries in our supply chain, including geo-referenced coordinates, controlling group/parent company (majority shareholder) and whether it is a “direct supply” or “indirect supply” (via named trading partners).
- A grievance log/tracker consisting of updates on the actions taken by non-compliant companies.

IOI will ensure these measures are implemented diligently and employ the appropriate digital platforms and technologies to augment these measures. We are hopeful that with the successful implementation of this responsible sourcing policy, we can contribute towards transforming the entire palm oil industry to be responsible and sustainable.

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Chief Executive

Dr Surina Ismail
Chief Sustainability Officer

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