

STRENGTHENING CLIMATE AND WORKFORCE RESILIENCE AT IOI

IOI CORPORATION BERHAD SUSTAINABILITY CONSULTATION FORUM 2025 PUBLIC SUMMARY

Background and overview

On 25 August 2025, IOI Corporation Berhad ('IOI' or the 'Group') hosted its fifth annual Sustainability Consultation Forum (SCF) titled 'Strengthening Climate and Workforce Resilience at IOI'. The hybrid forum brought together a total of 39 participants inclusive of IOI Board of Directors and Board Sustainability Committee (BSC) representatives, IOI senior management and division heads, customers, as well as representatives from industry bodies and NGOs.

The SCF was structured into two key sessions designed to explore risks and opportunities related to climate and the workforce, with a focus on impacts on employees and communities. This covered:

1. **Strengthening climate resilience:** IOI's climate mitigation roadmap, and the well-being of IOI's workforce and surrounding community members affected by climate change; and
2. **Developing a sustainable and holistic workforce strategy for IOI employees:** considerations for a workforce strategy as IOI transitions to mechanised, digitalised, and automated operations; as well as wider barriers related to local and female participation in the plantation industry workforce, and career development opportunities in general.

The session was facilitated by Helikon Advisory—a UK and Malaysia-based sustainability advisory firm specialising in disclosure, policy, and strategic advisory with a strong foothold in the palm oil industry.¹ Insights from the SCF will support the development and execution of strategies/programmes for IOI's plantation operations.

Key discussion points

Session 1: Strengthening Climate Resilience at IOI

The palm oil industry is a significant contributor to global greenhouse gas (GHG) emissions, driven primarily by land-use change, palm oil mill effluent (POME), agronomic activities such as fertiliser application, and fossil fuel combustion during processing. As climate change intensifies, millions of vulnerable people are susceptible to disproportionate risks including loss of employment, food and water insecurity, and displacement.

Part 1A: High-level overview of IOI's GHG mitigation efforts

IOI's decarbonisation pathway clearly defines short-, mid-, and long-term targets. The Group set an initial goal of reducing Scope 1 and 2 emissions intensity by 40% by 2025, using 2015 as the base year, and is now on the roadmap to meet carbon neutrality for Scope 1 and 2 emissions by 2030,

¹ Prior to the forum, interviews were conducted with ten internal and external stakeholders selected by IOI based on their knowledge, perspectives, and expertise related to climate change and social justice relevant to the palm oil industry. A preparatory pre-read document based on feedback from the interviews, IOI's existing disclosures, as well as publicly available commentaries and reports on IOI's sustainability efforts was circulated to all participants.

and net zero across Scope 1, 2, and 3 emissions by 2040. It is promising to see that IOI's emission intensity target was surpassed ahead of schedule, with a 46% reduction achieved as of FY2025.

The Group's 2030 and 2040 emission targets adopt a value chain approach. Upstream operations are focused on methane capture installations and optimising biomass for renewables, while downstream initiatives are centred on efficiency, innovation, and resource optimisation. Scope 3 emission reductions remain a key challenge, with IOI actively engaging suppliers to encourage the adoption of lower carbon practices. Despite these efforts, the reality of meeting said goals requires addressing challenges beyond any one company's control, needing wider sector coordination and/or governmental intervention. Main Forum discussions revolved around:

Challenges faced and IOI's response	Recommendations
There is a lack of harmonisation relating to carbon sequestration accounting, with discrepancies across methodologies and reference values which presents barriers to a widespread recognition of definitions, and agreement of companies' progress towards net zero goals. In response to these discrepancies, IOI is aligning RSPO PalmGHG values—referencing IPCC methodologies—with those used by Malaysian industry bodies.	Greater alignment is needed between PalmGHG values with national and global standards, through peer-reviewed research and integration into Malaysia's reporting frameworks.
Despite representing a critical opportunity for national-level decarbonisation, supply chain adoption of methane capture is constrained by high capital costs and limited grid access. Most of IOI's 10 mills are equipped with methane capture facilities which supply power and reduce diesel consumption.	Sector-wide transformation will require effective industry collaboration for mandated adoption of methane captures, active policy advocacy to secure financing and incentives, and reforms to grid integration that would establish biogas as a core part of Malaysia's renewable energy transition.

Part 1B: Climate adaptation for IOI

IOI has identified several physical risks that may impact its operations across Malaysia and Indonesia, including water stress, heatwaves, as well as rising sea levels and flooding under low- to high-impact climate change scenarios to 2050. While this takes into account operational considerations, there is deep recognition that IOI employees and surrounding communities are affected. In response, IOI has published a [Just Transition plan](#) that upholds a strong commitment to social equity and inclusivity and implemented operational level climate adaptation initiatives. One of IOI's long-term solutions is the adoption of mechanisation as a means to safeguard worker health, specifically reducing heat exposure and phasing out labour-intensive tasks. Some Forum discussions and recommendations included:

- Concerns regarding worker health in high heat conditions, with a need to formalise responses into a policy, guidelines, or safety handbooks, and extend similar approaches to other climate-related risks, taking into consideration site-specific needs.
- Implementing formal heat-adjusted work schedules with guidance from best practice protocols such as International Labour Organization (ILO) thresholds.
- Consideration of worker pay compensation related to work stoppages and lost productivity hours linked to climate, given that workers in the field are paid on a piece rate basis.
- Consideration of community programmes beyond reactive corporate social responsibility (CSR) initiatives, that can anticipate climate risks and loss of traditional livelihoods.²

² One example of a proactive response is the Bukit Leelau Mini Landscape project in Peninsular Malaysia, where IOI has partnered with the Global Environment Centre (GEC) and local communities to block canals, rewet peat, and promote assisted natural regeneration, which has led to the elimination of peat fires and fire risks.

Session 2: Developing a Sustainable and Holistic Workforce Strategy for IOI

Maintaining a safe and stable working environment continues to be a critical focus area for the plantation sector. This requires companies to adapt to changing environmental and social factors to strengthen workforce retention and provide greater job security.

Part 2A: A holistic workforce strategy for IOI employees

Mechanisation is transforming plantation operations by reducing reliance on manual labour and protecting workers from harsh weather conditions, resulting in greater safety and comfort, improved productivity, and ultimately contributing to a healthier and more resilient workforce. As manual roles evolve, IOI and other companies are increasingly investing in retraining and upskilling existing workers, while also exploring ways to attract underrepresented groups into plantation roles. Discussions and recommendations from the Forum and pre-Forum interviews are as follows:

Challenges faced and IOI's response	Recommendations
▪ <u>Locals in Malaysia</u>: Plantation roles can be made more attractive through higher salaries, professional job titles, and clear pathways for training and career development. ▪ <u>Women</u>: Machine operation offers a practical entry point. IOI has rolled out roadshows and open days at plantations to encourage women participation in manning mechanised vehicles. Strong female role models will be key to shifting existing perceptions and enabling women to progress into supervisory or managerial roles. ▪ <u>People with disabilities; aging population</u>: Mechanisation offers workforce participation for this overlooked group, providing a new, valuable labour pool to address Malaysia's current demographic shifts. ▪ <u>Foreign workers</u>: As plantations aspire for greater local participation and mechanisation, the future role of foreign workers requires careful consideration.	▪ Position plantation work as a professional career with structured training, competitive pay, attractive job titles, and in-kind benefits through communication of full compensation packages, to strengthen job appeal. ▪ Promote inclusivity by expanding outreach to locals and accessibility for people with disabilities and older workers. ▪ Support a responsible transition for foreign workers through upskilling and reskilling efforts for mechanised roles, and reintegration programmes in home-country economies, with a particular focus in green jobs. ▪ Strengthen education pipelines by partnering with Technical and Vocational Education and Training (TVETs) and universities, and offering hands-on training through apprenticeships, complemented by roadshows and career days. ▪ Advocate for stronger government and industry support to fund research and development (R&D) needed to further mechanisation efforts. ▪ Set measurable workforce strategies and targets with appropriate baselines to track progress.

Part 2B: Attraction, retention, and career development

IOI has taken steps to grow its local workforce, promote gender inclusivity, and provide meaningful career advancement opportunities across all employee groups. However, the sector continues to struggle in its efforts to attract locals despite competitive wages due to negative perceptions, remote locations, and competition from urban jobs. While mechanisation offers one strategic pathway to broaden participation, other factors need to be considered. Discussions and recommendations from the Forum and pre-Forum interviews covered several focus areas grouped thematically below.

Themes	Challenges faced and IOI's response	Recommendations
Women		
Women's safety	Safety remains a major barrier for women in the field, with gender-based violence (GBV) widely underreported due to cultural stigma, fear of retaliation, and lack of trust. IOI is proactive in addressing this through its main grievance	This could be further improved with greater transparency in how cases are classified and resolved, along with feedback from complainants on the efficiency of the grievance process.

	mechanism, the Mesra App, a Women and Empowerment Committee, awareness programmes, and empowerment initiatives.	
Family-friendly practices (FFPs)	Work environments that promote shared caregiving responsibilities improve employee retention for both men and women. The provision of housing and schools have reduced worker turnover in Sabah and Indonesia for IOI, where workers often migrate with families. In Peninsular Malaysia however, younger single workers on short contracts show little interest in long-term retention.	Demonstrating case studies can help the palm oil sector and government see the value of FFPs. References such as the United Nations Population Fund's (UNFPA) Return on Investment (ROI) toolkit can be supportive tools for companies to calculate and project returns from investing in FFPs.
Locals		
Job rotation	Some level of mobility exists where workers shift between roles at estates across different locations, but these processes are not part of a formalised rotation programme.	Career mobility across estates, mills, and IOI's headquarters through formal pathways, especially at supervisory and managerial levels, may help build talent and improve long-term retention. In contrast, foreign workers experience limitations in building long-term career pathways due to legal and contractual restrictions.
Internal migrants	Although less common in Sabah and Peninsular Malaysia, internal migrants particularly from Indigenous communities face added vulnerabilities. IOI currently has policies for its foreign workers such as the Code of Conduct on Ethical Recruitment and Responsible Employment and Social Management Guidelines .	Extending similar protections and measures to internal migrants, while accounting for their cultural, social, and economic circumstances would promote fairness and equity across the workforce.
Other recommendations for improved worker retention (local and foreign workers)		
Mental health and well-being	Physical health risks are seen as more immediate, however mental health among workers has not been widely reported or discussed. While there are programmes being rolled out at IOI's headquarters, there is room to improve specific mental health support at the estate-level beyond social support and improving communication infrastructure at estates.	
Recognising on-the-job skills through certification	Formalising workers' practical expertise through partnerships with accredited bodies may enhance employability within the sector. Examples from Indonesia show how returning workers are able to leverage on their plantation experience to secure better pay.	
Social issues and certification standards	It was raised that independent verification of workers' rights and social indicators is key to ensuring credibility and managing risks across different regions to support long-term workforce retention.	

The above is a short summary of the main discussion points and recommendations from IOI's 2025 Sustainability Consultation Forum. We value any feedback or questions you may have. Please contact, ioisustainabilityteam@ioigroup.com.