



IOI GROUP

ENHANCING BIODIVERSITY TRANSITIONING TOGETHER

SUSTAINABILITY REPORT **2024**



PATHWAY TO NET ZERO BY 2040

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Feedback and Comments

IOI Group is always open and transparent to receiving any comments, feedbacks and ideas from all our stakeholders. Readers may also access this report online on our corporate website <https://www.ioigroup.com>. Any feedback related to our sustainability performance and management approach, as well as other matters regarding the report may be addressed to:

About This REPORT

The Focus of This Report

In this year's report, the theme "Enhancing Biodiversity, Transitioning Together" further reaffirms IOI Corporation Berhad's ("IOI" or "The Group") belief that our Climate Change Action initiative ("CCAI"), from the clear mapping of our decarbonisation pathway to Net Zero by 2040, is firmly intertwined with the protection of biological diversity and their corresponding ecosystems. We also embrace the concept of circularity to help manage our natural resources and promote biodiversity within our operations. We are also aware that the success of these endeavours requires fostering an inclusive approach which meant the consultation and involvement of all relevant stakeholders. This report will further detail our purpose and activity driven efforts in mitigating climate and ecological impacts through various sustainability activities while simultaneously transitioning to a low-carbon economy to benefit our employees, stakeholders, and local communities in equitable manner. As in the past 3 years, IOI continues to align with the recommendations of the Task Force on Climate-Related Financial Disclosure ("TCFD") by consistently monitoring and disclosing our climate-related risks and opportunities. Our sustainability commitments and performances disclosed in this report are also in alignment with IOI's Five-Year Strategic Priorities. Details on our progress in safeguarding the well-being of our workforce and the welfare of the surrounding communities and our commitment to upholding human rights will be disclosed in this report. All these topics disclosed throughout this report reflect our commitments toward Economic/Environmental, Social, and Governance ("EESG"). We measure, as well, our performance against the set targets and goals of the six United Nations Sustainable Development Goals ("UN SDG")s deemed most relevant and impactful to our operations.

Reporting Period and Scope

IOI's Sustainability Report was prepared based on national and global standards. The content of this report consists of IOI Group's sustainability management approach and performance data, reflecting to a certain extent the impacts where relevant, together with the risks and opportunities of our EESG material matters for the reporting period from 1 July 2023 to 30 June 2024 which is IOI's 2024 financial year ("FY2024"). IOI's Sustainability Report 2024 ("SR2024") is published together with Annual Report 2024 ("AR2024") as part of IOI's Annual Integrated Reporting. During this reporting period, there are no changes to IOI's size or supply chain, and any changes involving the structure and ownership can be found in AR2024.

This report was prepared in accordance with the Global Reporting Initiatives Sustainability Reporting Standards ("GRI") 2021 and GRI 13: Agriculture Aquaculture and Fishing Sectors 2022. This report has also been prepared with reference to the Bursa Malaysia Sustainability Reporting Guide (3rd Edition), which sets out the sustainability-related disclosure obligations 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. IOI continues to report our climate-related disclosures in line with the TCFD recommendations. This year's report is also in reference to the Accountability Framework Initiatives ("AFI"). Additionally, we are in preparation to report following the recommendation



elements from the International Financial Reporting Standard ("IFRS") S1 and S2, Corporate Sustainability Reporting Directive ("CSRD") as well as European Sustainability Reporting Standards ("ESRS").

The information and figures in this report are based on the most up-to-date data available for the reporting period. The data may differ from other reports, such as the RSPO Annual Communication of Progress ("ACOP"), due to varying reporting periods (e.g. the annual assessment period from January 2023 to December 2023). Where applicable, data and information have been included in this report. In some cases, figures from previous years' Sustainability Reports have been restated to reflect improvements in our data collection and analysis.

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 (estates and mills) and Resource-Based Manufacturing refineries ("IOI Refinery"), IOI Oleochemical Industries Berhad ("IOI Oleo") operation activities in Malaysia, Indonesia, and Germany and palm wood factory, IOI Palm Wood. This report excludes IOI Group Sales Offices, and the Group's 20% owned associate company, Bunge Loders Croklaan (formerly known as IOI Loders Croklaan).

This report is intended to be read together with our AR2024. Throughout this report, there are sustainability-related disclosures that are also or would be referred to in our website.

Assurance and Forward-looking Statement

This report has been reviewed by our Chief Sustainability Officer ("CSO"), approved by the Group Managing Director ("GMD") and Chief Executive, and presented to the IOI Board Sustainability Committee ("BSC"). In further strengthening the credibility of the Sustainability Statement, this Sustainability Statement has been subjected to review by the Internal Audit to obtain a reasonable assurance of the data presented in the Sustainability Statement. The scope of review includes review of the processes and internal controls for collating and reporting of the various environmental and social indicators and that the data is consistent with the underlying records. It covers various business divisions and operating units of the Group.

In connection with the audit of the financial statements of IOI Group contained in the financial section of IOI Corporation Berhad's AR2024, BDO PLT, the external auditors, have read the other information in accordance with ISA 720 (revised) *The Auditor's Responsibilities Relating to Other Information*.

While we plan to engage a third-party assurance in the next two years for the information in this report, we believe that our multiple certification audits including but not limited to Roundtable on Sustainable Palm Oil ("RSPO"), Malaysian Sustainable Palm Oil ("MSPO"), and ISO-related assurance audits such as ISO14064-1 and ISO45001, have lent credibility to the performance data we present to our stakeholders. We are committed to continually enhancing our reporting disclosures to ensure transparency in our operations. We aim to broaden the scope of our assurance processes by potentially engaging external verification, in line with our dedication to building trust by being transparent.

Message from Our GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE

Dear Stakeholders,

As at end June 2024, global temperatures during the past few months have risen above last year's readings and year 2024 promises to outrank 2023 as the hottest year on record. In fact, climate change has resulted in this year's average global temperature exceeding the 1.5 deg. C limit outlined in the Paris Agreement on climate change. As a responsible and sustainable corporation, IOI aspires to do our part in combating climate change by addressing various societal and environmental issues, and have taken up the challenge of achieving net zero by the year 2040.

DATO' LEE YEOW CHOR
Group Managing Director and Chief Executive



Riparian reserve in Meliau Estate, Sabah



Solar panels installed on the rooftops @ IOI Oleo Prai

Understanding the amount of ESG data that needs to be recorded and analysed to appropriately understand their impacts, we introduced the "IOI ESG" digital platform. This digital platform streamlines the collection, calculation, and consolidation of our sustainability data in a centralised repository with real-time monitoring and analytical capabilities. IOI ESG also supports data auditability and reporting that adheres to both Malaysian and global standards, and frameworks like Bursa Malaysia, GRI, TCFD, etc.

DECARBONISATION PATHWAY TO NET ZERO (Details in pages 42-53)

When IOI first introduced our CCAi in 2019, we started to develop a decarbonisation pathway. Resource and waste utilisation have been an important component of this decarbonisation pathway.

Besides our palm wood venture which started commercial production early this year, we have recently partnered with Nextgreen Global Berhad to develop a 150,000 tonne/ year paper pulp plant using Empty Fruit Bunch ("EFB") as the raw material. We continue to generate 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. There are also other initiatives such as replacing diesel-powered agricultural machines with electric-powered machines, rooftop solar power generation and conversion of the effluent in our manufacturing facilities to fertilisers. I am pleased to announce that as at end June 2024, we have already achieved our short-term goal of reducing the GHG emission intensity of our operations by 40% in 2025 when compared to 2015 baseline.

Where our Scope 3 emissions are concerned, the mapping of our supply chain will enable us to understand the impact of our suppliers' GHG emissions on our net zero target. We will introduce policies and guidelines on decarbonisation to help our suppliers navigate the pathway to net zero with us.

“
As at end-June 2024, we have already achieved our short-term goal of reducing the GHG emission intensity of our operations by 40% in 2025 when compared to our 2015 baseline.”

 Partnered with Nextgreen Global Berhad to develop a **150,000** tonne/ year paper pulp plant using EFB as the raw material

 **Established** and funded the Women Empowerment Committees across the headquarters' office, plantations, and manufacturing facilities within the Group

MESSAGE FROM OUR GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE

ON SUSTAINABLE AGRICULTURE, MANAGING NATURAL RESOURCES AND ENHANCING BIODIVERSITY

(Details in pages 56-66)

As an agriculture-based company, managing our natural resources well is at the heart of our operational success. In Malaysia, we are the pioneer in producing organic palm oil on a plantation scale and have recently received certification from RSPO for our organic palm oil. The lessons learnt in managing the organic plantation are invaluable to further improve our best management practices in our plantation operations.

In FY2024, IOI introduced our nature-based solutions approach. Part of this nature-based solutions approach is to establish a carbon sequestration baseline for all forested and non-forested conservation areas within IOI's concessions. This baseline will then allow us to develop our reforestation and rehabilitation programs to increase the biodiversity and carbon sequestration value of these conservation areas.

Our philosophy of valuing natural resources is extended to our resource-based manufacturing division as well. To reduce the consumption of water, we recycle our processed water and harvest rain water for non-critical usage.

We are also cognizant of our operations' dependencies and impacts on biodiversity and the ecosystems. Our various initiatives for reforestation and rehabilitation at forest buffers and riparian zones having been making good progress over the years. Recently, we set aside 284 ha in one of our plantations in Lahad Datu for conservation due to its rich biodiversity. The area has been found to have two near-threatened bird species and two vulnerable mammalia, namely sambar deer and bearded pig.

In Peninsular Malaysia, we are currently working in collaboration with Management and Ecology of Malaysian Elephants ("MEME") in planting an alternative food source for the elephants which is at the boundary of our estates.



Some of the wildlife found within our set-aside areas

“ We are the pioneer in producing organic palm oil on plantation scale. ”

ENHANCING EMPLOYEE WELLBEING AND RESPECTING EMPLOYEE RIGHTS

(Details in pages 70-81)

At IOI, we have established appropriate policies and taken actions to protect the health and safety of our workers. We noticed that climate change has been causing more frequent and extreme heatwaves which particularly impact our plantation workers. The extensive introduction of mechanisation within our plantation operations has resulted in reduced physical labour and lower exposure to sun and heat for our workers, while increasing their productivity and enabling them to earn higher wages. We have also undertaken an online assessment of a pre-alert grievance system for our workers. This assessment enables clear and actionable monitoring of their working conditions and wellbeing.

We continue in our effort to ensure that our recruitment process does not allow exploitation of our workers by conducting audits based on an adapted version of ILO's Global Business Network Toolkit for Conducting Due Diligence. So far, we have completed one round of third-party audits on our recruitment agents in Indonesia, Nepal, and India. To empower our women employees, we established and funded the Women Empowerment Committees across the headquarter's office, plantations, and manufacturing facilities within the Group.

Moving Forward

With the completion of our Five-year (2020-2024) Strategic Plan by the end of this year, the new strategic plan to be tabled next year will have sustainability more firmly integrated into our strategy. This is in line with the recently revised and renamed IOI Group Sustainability Policy ("IOISP"), which was previously known as IOI Group Sustainable Palm Oil Policy. The strengthened IOISP incorporates more explicit sustainability requirements such as strong governance, climate change mitigation and adaptation, net zero, etc., and covers business operations beyond palm oil.

Central to all that we have attained in our sustainability journey is the zeal and commitment of the IOI teams from around the world. As we transition towards net zero, we are conscious that we are not just navigating the present, but also actively contributing to shaping the future of our next generations. We look forward to your support in taking this meaningful journey together.



Mayvin Palm Oil Mill - Sandakan Region

From the Desk of the CHIEF SUSTAINABILITY OFFICER

Despite the many developments occurring globally, from the shifting geopolitical dynamics to climate change-related disasters, I am happy to say that IOI has remained steadfast in our commitments to sustainability. At the core of IOI's sustainability is our people's commitment and their belief that their actions matter to the organisation. Furthermore, our Sustainability Management philosophy, based on People, Planet & Prosperity ("3Ps") plus Partnership, has enabled us to put into action various initiatives. These are the driving force behind our activity and impact-driven approach to business despite the rapid changes occurring within our operational environment, such as increased regulatory (CSRD, European Union Deforestation Regulation ["EUDR"], etc.) and disclosure requirements like IFRS S1 & S2, Science-Based Targets Initiative Forest, Land and Agriculture ("SBTi-FLAG").

IOI's pledge to be net zero by 2040 as part of our CCAi is testament to our belief that together we can effect change. The evidence that together we can succeed is shown by the GHG emission intensity reduction results that we have achieved for this financial year, which is 42% emission reduction ahead of the target year (FY2025). We are also intensifying our efforts surrounding rehabilitation and reforestation with the aim of increasing our carbon sequestration and enhancing biodiversity and its



DR. SURINA ISMAIL
Chief Sustainability Officer

Introduction of an
ESG Digital platform
to analyse environmental and social-related data



“
At the core of IOI's sustainability is our people's commitment and their belief that their actions matter to the organisation.”

ecosystem. A satellite mapping of areas such as buffer zones, riparian, etc., are currently in progress to enable us to identify the areas that require the necessary actions. As we forge forward to create further transformations across our operations, we also understand the importance of embracing digital transformation. The introduction of our IOI ESG Digital platform is one such initiative as it facilitates the analysis of our environmental and social-related data to identify gaps, trends, and issues within our operations so that we can devise effective actions to address their impact.

Finally, our ability to implement our goals and aspirations goes hand in hand with our strategic engagement with relevant stakeholders to provide clarity in our journey ahead. With our valued workforce, the communities where we operate and our identified partners, we are transitioning together by collaborating to achieve our sustainable goals and harness growth opportunities that are material not only to us but to all involved in this journey. I hope that as you go through this Sustainability Report, despite the foreseen and unforeseen challenges that IOI have faced, you will be as pleased as we are with the positive impact that we have made with our presence.

Performance on IOI FIVE-YEAR STRATEGIC PRIORITIES



Mechanised Geo Sprayer for pest control

IOI first introduced our Five-Year Strategic Priorities in 2020 to provide a clear direction for the Group to become a high value-added and diversified palm-based products producer with the objective of increasing our resilience while remaining a competitive industry player. When considering each strategic priority, aside from the business targets, IOI has ensured that sustainability continues to be one of the core requirements in the development of these strategic business priorities.

Strategic Priority 1- Increase Yield

The growing global demand for palm oil, pushed mainly by increase in global population, is likely to drive further need for this strategic commodity. The targeting of increased yield per hectare reduces IOI's immediate need for land expansion, which may have environmental impact such as increased GHG emission from land use change ("LUC"). Furthermore, in alignment with the UN SDG 2 - Zero Hunger, IOI is committed to increasing our yields as part of our efforts to contribute to a sustainable global food security. Throughout the past 5 years, our achievements towards this goal include:

Achieving oil extraction rate ("OER") higher than the Malaysian average (19.9%) through planting high-yielding clonal palms and superior third-generation hybrid palm seedlings, which can achieve OER up to 23%-25%.

Utilisation of geographical information system ("GIS") technology and drones as part of IOI's Precision Agriculture practices to assess field performance, track yield and monitor our plantations to increase yield, through the optimisation of resource use.

Electronic plantation monitoring system ("ePMS") assists in monitoring the quality of harvested Fresh Fruit Bunches ("FFB").

Integrating the mechanised mainline FFB evacuation system with the mechanical assisted infield collection to assist estates for efficient crop evacuation and ensure traceability of FFB from every field and origin.

Implementation of mechanisation which reduces harvesting intervals, resulting in improved freshness of FFB, reduced losses, and increased yield by an average of 1 MT FFB/ ha groupwide.

Strategic Priority 2- Optimise Workforce

As highlighted in our IOISP, we are committed to upholding the human rights of our workforce together with ensuring the care and wellbeing of our workers. A key component to achieving this priority is automation and digitalisation for some of our processes as well as to increase mechanisation within our operations. These initiatives can contribute both to improved working conditions with increased productivity, and subsequently, increased income among our workers. In addition, upskilling of our workers generally leads to enhanced performance in their jobs.

Automation in our resource-based manufacturing, including digitalisation and data automation in both the Refinery and Oleochemical divisions, helps our operators monitor the performance of multiple facilities simultaneously, ensuring real-time oversight of critical processes. This approach aligns with the Fourth Industrial Revolution (IR 4.0), which focuses on automation and data exchange in manufacturing technologies and processes.

Mechanisation reduces physical labour while enhancing worker productivity. Overall, it boosts workforce efficiency across IOI plantations, helping to achieve the ideal land-labour ratio with an average of 1:9 ha.

An example of successful mechanisation is the implementation of the Mini Tractor Grabber ("MTG") at our estates, which has achieved a targeted harvester ratio ranging from 1:20 to 1:23 ha compared to conventional harvesting.

Mechanisation will increase workers' productivity and eventually enable them to earn better wages. For example, MTG implementation at some of our estates allowed a harvester to increase his earnings by more than 20%.

Continuous training is provided to our estates' personnel helps to upskill our workers and provide job specialisation, such as training on using mechanisation and digitalisation such as ePMS and the new IOI ESG Digital Sustainability Data Collection Platform to increase efficiency and productivity of our workforce. This in turn, can potentially widen our pool of workers to include locals to work in the plantation, reducing our dependencies on foreign labour.

Strategic Priority 3- Diversify Crops

IOI recognizes the importance of biodiversity and its ecosystem to our agricultural business. For example, the increased variety of plants results in a wider range of insects and microorganisms, creating a more complex and resilient ecosystem. Natural predators that are attracted to the diverse ecosystem can, in turn, be used as a biological control for this ecosystem. Crop diversification is one of our regenerative agriculture practices, through which we seek to enhance biodiversity within our operations.

Intercropping of different cash crops, such as banana (568 ha) and pineapple (49 ha), with coconut (3,131 ha) and durian (87 ha) contribute to improved soil structure and microbial diversity, which are fundamental for supporting diverse plant and animal life.

Enhanced biodiversity and pollinator habitats meant the availability of pollen and nectar throughout the year.

Successfully certified 1,128 ha of organically grown oil palm planting at our Pamol Kluang estates, which contributes towards enriching soil biodiversity and health, disruption of disease cycles, as well as reduce outbreaks and the need for chemical controls.



Signage to indicate organic palm planting

PERFORMANCE ON IOI FIVE-YEAR STRATEGIC PRIORITIES

Strategic Priority 4- Increase the Non-Crude Palm Oil (“CPO”) Segment

IOI embraces a “no-waste” culture throughout our business operations via managing our natural resources and having waste management plans. We adopted the practice of circular economy by implementing the 7Rs (“Rethink, Repurpose, Reduce, Reuse, Recycle, Repair, and Recover”) of Circularity.

Utilisation of oil palm trunks (“OPT”) to produce a higher value-added product like palm wood implements the principle of circularity by deriving revenue from a biomass generally used in burning or composting. IOI Palm Wood’s facilities have the capacity to produce up to 80,000 m³ palm-based wood products per annum.

Throughout the palm wood production process, we also attempt to minimise wastage by repairing lower grade materials into higher grade, and saleable products.

Nextgreen IOI Pulp has the capacity to produce 150,000 MT per annum of paper pulp from EFB using the patented Preconditioning Refiner Chemical-Recycle Bleached Mechanised Pulp (“PRC-RBMP”) technology by converting biomass into sustainable value-added products.

Biogas from methane capture plants at our mills are used as renewable fuel to replace fossil fuels as source of energy contributes to reduction of GHG emissions.

IOI generates revenue by selling biomass such as Palm Kernel Shell (“PKS”) from our Plantation mills that can be used as raw materials in other industries. For example, the PKS sold to some of our third-party buyers have been used as activated carbon in filtration process.

Waste products from our operations such as Spent Bleaching Earth (“SBE”) and Palm Fatty Acid Distillate (“PFAD”) from IOI Refinery are sold to third parties for biodiesel production, while boiler ash is also sold to be used in producing fertilisers.



IOI employees inspecting one of our Oleochemical facilities in Germany

Strategic Priority 5- Grow the Oleochemical Segment

One of the ways to grow our oleochemical segment is by expanding the certified sustainable palm oil products.

In FY2024, 13% of total Oleochemical sales were RSPO-certified products consisting of Mass Balance (“MB”) and Segregated (“SG”) grades such as fatty acids based on customer demand.

Established a new production plant at IOI Acidchem in Prai, able to produce 350 MT/ Day of Fatty Acids and 60 MT/Day of USP Glycerine which are sold as more sustainable alternatives to animal fats and petrochemicals.

Sold our side-stream product such as crude Glycerine gel as material for producing biogas and fertilisers to reduce bio-waste disposal through implementation of circularity.

Organisational OVERVIEW

As a leading integrated and sustainable palm oil company, IOI Corporation Berhad (“IOI” or “the Group”) has a global presence in several countries across Asia, Europe, Africa, and America. Headquartered in Malaysia, IOI has an integrated value chain business comprises of our upstream Plantation and downstream Resource-Based Manufacturing Divisions.

At IOI, our commitments towards sustainability, including EESG matters throughout our operations and supply chain, are embedded within our IOISP. This is further reflected by the fact that we are a constituent of the FTSE4Good Index since 2018. Additionally, we are committed to adopting six of the UN SDGs most relevant to our business which are SDG 2 (Zero Hunger), SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 15 (Life on Land) and SDG 17 (Partnership for the Goals). The 7Rs of Circularity are also implemented throughout our value chain as part of our efforts to reduce our environmental footprint and support our climate targets to achieve net zero by 2040. Our Value Creation Model in pages 16-17 clearly depicts how the 7Rs are implemented in our operations.

At our plantations, as part of our efforts to reduce our GHG emissions, the 7Rs of Circularity approach is fully embraced. Case in point, some of the mills equipped with methane capture facilities utilise biogas from POME for power generation to be used in our mills and estates,

with more facilities upcoming. More details on our efforts to reduce emissions can be found in page 47 of this report. Our Research Centres and Palm Biotech facilities support the Plantation division in research and development in practicing regenerative agriculture, such as through the promotion of organic oil palm planting, producing high yielding clonal palm, etc., with more information about their activities being disclosed within this report and our website. Our Resource-Based Manufacturing division comprises of our refinery in Malaysia, and Oleochemical with operations in Malaysia and Germany, which produce high-quality, sustainable palm products. In recent years, IOI has also worked towards expanding the non-CPO segment with the addition of IOI Palm Wood, which utilises palm trunks to produce high-value wood products, and Nextgreen IOI Pulp, producing pulp and paper from palm biomass (page 60).

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 122-126 of our AR2024.

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

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

- IOI CORE VALUES**
- Integrity**
Doing the right things in all circumstances
 - Commitment**
Taking ownership and putting our heart into what we do
 - Team Spirit**
Collaborating with each other in the greater interest of the organisation
 - Cost Efficiency**
Getting the best value for what we spend
 - Innovation**
Embracing new technologies and different ways of doing things
 - Excellence in Execution**
Taking effective actions to deliver high performance in everything we do

Awards AND RECOGNITION



Achievements of IOI Corporation

Won a second consecutive Gold Award in the Plantation Sector under the Equities Category at The Edge Malaysia ESG Awards 2023

Gold Award in the Best Executive Coaching Programme at the 3rd Employee Experience Awards ("EXA") and received the Silver Awards in both the Best Succession Planning Strategy and Best Soft Skills Training Programme



Won Best Corporate Responsibility ("CR") Initiatives Award in Plantation Categories at The Edge Billion Ringgit Club ("BRC") Awards 2023



IOI has won the 2023 ASEAN Innovation Business Platform ("AIPB") Enterprise Innovation Award



Awarded as Company of the Year (Best in Green, Education and Social Initiatives) under the Conglomerate – Plantation category at the Sustainability and CSR Malaysia Awards 2023

Achievements by IOI Group's subsidiaries



IOI Pan-Century Oleochemicals Sdn Bhd (IOI Pan-Cen Oleo) scored Gold in the Community Awareness and Emergency Response Code as well as Employee Health and Safety Code categories at 16th Responsible Care Awards 2021/2022 that was held in August 2023

IOI Pan-Century Oleochemicals Sdn Bhd has received a Best Employer Award 2023 from the Employee Provident Fund ("EPF") of Johor in November 2023



IOI Oleo GmbH has won Silver for Innovation Zone Best Active Ingredient Award at in-cosmetics Asia Awards in November 2023

IOI Plantation Services Sdn Bhd's (Morisem 3 Estate) was among the winners of the National Occupational Safety & Health Awards 2022 held in October 2023

Performance in GLOBAL ASSESSMENT, INDICES AND RATING

Our commitment to Environmental, Social, and Governance ("ESG") practices across all divisions of IOI is reflected in our achievements and the accolades we have received from various global ratings and assessment agencies. We continually review our ESG initiatives by utilising insights gained from these international evaluations, ratings, and indices. Furthermore, this approach helps us to identify gaps within our sustainability performance and subsequently enable us to implement the necessary actions to address these gaps. Gains from these insights also allow us to further communicate effectively with further clarity regarding our sustainability performance.

Sustainalytics

IOI has further improved from 24.7 to **23.3** in the ESG risk rating score.



S&P Global Corporate Sustainability Assessment

IOI's score **36** for the overall company score in the 2023 S&P Global Corporate Sustainability Assessment.



CDP

Our CDP score for Forest has increased from C to **B** and scored **C** for both Water Security and Climate Change.



EcoVadis

IOI Oleo GmbH has won its fourth consecutive **Gold** Sustainability Rating while IOI Oleo Pan-Century Oleochemicals has also won its second **Gold** Sustainability Rating from EcoVadis. IOI Esterchem earned a Silver Sustainability Rating for its first participation.



FTSE4Good Index Series

IOI remains as constituent company in the FTSE4Good Index Series with FTSE Russell ESG score of **3.6**. We are among the top 5 subsectors peers (farming and fishing) and achieved a perfect score for the Governance's theme which makes us the sole company among its top 5 subsectors peers to achieve such standing.



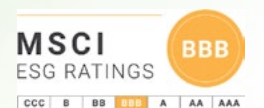
SPOTT Palm Oil Assessment

The percentage score of IOI has increased from 79.7% to **85.3%**.



MSCI

IOI maintained the ESG Rating score of "**BBB**" for Morgan Stanley Capital International ("MSCI") rating.



ISS ESG

IOI's score for ISS ESG Corporate Rating, as a first-time participant, is **C** in 2024.



Sustainability COMMITMENT & COMPLIANCE

At IOI, sustainability is more than a means to fulfil current business requirements, it has become the way we conduct our business and operations. Our sustainability commitments, which align with our three Pillar's of Sustainability (People, Planet, and Prosperity) plus Partnership, are driven by our conviction to not only meet the needs of the present without compromising that of the next generation, but to also strive for them to achieve a better future.

One of most existential challenges faced by us today is Climate Change. Therefore, for IOI to be part of the solution rather than the problem, we commit to achieve Net Zero by 2040 along with strengthening our focus on principles such as Enhancing Biodiversity and Just Transition.

Decarbonisation Pathway to Net Zero by 2040

- Aim to manage climate related risks and opportunities through our CCAi
- Equip our operations to adapt to changing circumstances arising from climate change

Enhanced Biodiversity and Ecosystem

- Limit environmental footprint of our operations through responsible use of natural resources and embracing the 7Rs of Circularity
- Build resilience towards the potential effects of climate change

Just Transition

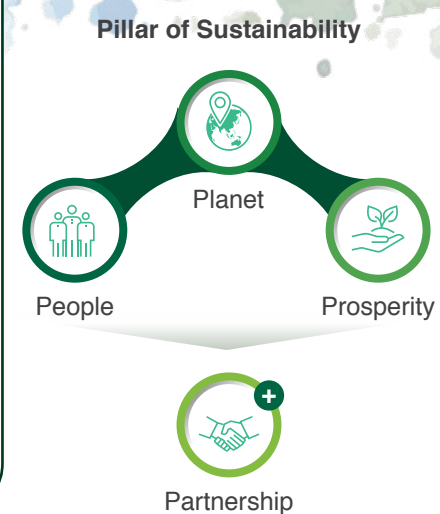
- Promote inclusivity by providing fair and equal opportunities for our workers and communities throughout our decarbonisation journey.
- Upskilling of our workforce by providing relevant training

IOI GROUP SUSTAINABILITY POLICY ("IOISP") KEY COMMITMENTS

This year, IOI has revised its IOISP, formerly known as the SPOP, to incorporate new or enhanced sustainability requirements, our target to achieve Net Zero by 2040 as well as to now include our business operations beyond palm oil. The IOISP was also updated to incorporate governance and the role of the Board in IOI's sustainability matters.

Some key new commitments of the IOISP are:

Governance	<ul style="list-style-type: none"> • Additional statement on the board's direct involvement in overseeing the Group's sustainability matters through the BSC and the GSSC
Compliance to Policies and Regulations	<ul style="list-style-type: none"> • Commitment towards compliance to RSPO, MSPO, ISCC, and ISPO as well as the Supply Chain certification standards for our Resource-Based Divisions and work to strengthen these standards
Environment	<ul style="list-style-type: none"> • Implement decarbonisation programme to progressively reduce GHG emissions in line with IOI's Pathway to Net-Zero by 2040 • Protection of natural ecosystem and promote circularity • Adopt environmentally friendly and energy efficient processes to ensure efficient use of natural resources and reduce environmental impact • Practice responsible water stewardship in accordance with the IOI Group Water Policy
Social	<ul style="list-style-type: none"> • Promote children's rights to ensure they are safe from harm and any form of exploitation



Regulatory and THIRD-PARTY COMPLIANCE

CERTIFICATIONS & REGULATIONS

Plantation

- 100% IOI Mills RSPO certified.
 - Malaysia: 13 Mills RSPO IP certified
 - Indonesia: 1 Mill RSPO MB certified
- 99% Malaysian and 73% Indonesian Estates 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
- 5.4% certified under ISO45001: 2018 (Occupational Safety & Health Management Standards)

Refineries

- All our refineries are ISCC certified under the Point of Origin scope for waste and residue
- Both refineries are MSPO SCCS and RSPO SCCS certified
- 100% ISO45001:2018 certified
- GHG emissions have been verified under ISO14064-1:2018 (Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals)

Oleochemical

- 100% of our Oleochemical operations are certified ISO45001:2018
- GHG emissions verified under ISO14064-1:2018
- All Malaysian operations are certified MSPO SCCS and RSPO SCCS

2024 Highlights

- IOI Plantation has begun the verification process for ISO45001: 2018 and successfully certified 6% of our Plantation operations.
- IOI Pan-Century Edible Oils ("PCEO") refinery obtained their ISCC certification in June 2024.
- IOI Oleochemical and PCEO completed ISO14064-1:2018 verification for FY2024 GHG emissions while IOI Edible Oils ("IEO") completed verification for FY2023 GHG emissions.

IOI is also committed to complying with international regulations such as the EUDR and aligning with the AFI. EUDR commitments are communicated to our suppliers through suppliers' engagement such as the Tools for Transformation ("T4T") as we aim for a deforestation-free supply chain.

Additionally, this year, we have started engaging with relevant regulators to align with the Corporate Sustainability Reporting Directive ("CSRD").

We continue to actively monitor the upcoming regulations such as:

- EU Forced Labour Regulation
- Corporate Sustainability Due Diligence Directive ("CSDDD")

Legal Compliance

In line with the commitments stated in our IOISP and requirements of various sustainability certifications, compliance with all applicable local and international legislations are a priority at IOI. This is to protect our business and our people against the risk of any legal liability as well as to fulfil our duty as a responsible corporate citizen.

This year, IOI recorded one fine from the Department of Environment ("DOE") and one fine from Department of Safety and Health ("DOSH").

The fine from DOE was due to an overflow of wastewater at one of our mills into an adjacent stream after experiencing a particularly heavy rainfall. All the necessary remediation and mitigation actions including construction of a sump to trap excess waste water and prevent flow into the stream have been taken.

The fine from DOSH was due to a work-related accident at one of our mills last year. Following the incident we have introduced and implemented an additional Safe Operating Procedure to prevent reoccurrence of similar incidents in the future.

Value Creation MODEL

OUR VISION IS TO BE A LEADING AND SUSTAINABLE

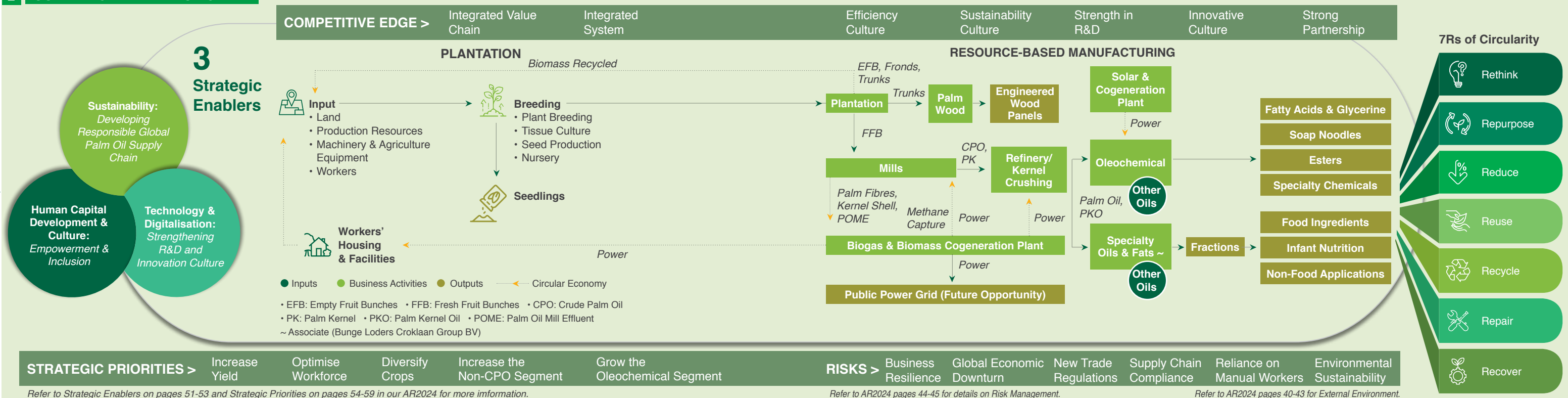
MALAYSIAN BUSINESS CORPORATION WITH GLOBAL PRESENCE.

1 CAPITAL INPUTS

- Human**
 - Strong leadership and governance
 - ≈ 28,000* talented and diverse people
 - Succession and business continuity planning
 - Training and upskilling opportunities to develop employees
- Natural**
 - 98 estates
 - 205,073 hectares of landbank
 - Seeds, plants and healthy soil to cultivate oil palm trees and other crops
- Financial**
 - Access to capital for investments in future success
 - RM17.9 billion of total assets
 - RM11.7 billion of shareholders' equity
- Manufactured**
 - 14 mills
 - 2 refineries
 - 4 oleochemical plants/complexes
 - 1 palm wood factory
 - 1 biotech centre
 - 4 Research and Development ("R&D") centres
- Social and Relationship**
 - Strong long-term relationships with shareholders, customers, suppliers, financial institutions, non-governmental organisations ("NGOs"), regulators and communities to create shared values
- Intellectual**
 - R&D capabilities and intellectual property
 - Brand values and good reputation
 - Best agronomy practice and estate management practices

* Refer to Corporate Governance Overview Statement on page 100 for more information.

2 OUR INTEGRATED VALUE CHAIN



Refer to Strategic Enablers on pages 51-53 and Strategic Priorities on pages 54-59 in our AR2024 for more information.

Refer to AR2024 pages 44-45 for details on Risk Management.

Refer to AR2024 pages 40-43 for External Environment.

3 VALUE DELIVERY & IMPACT

- Human**
 - Good employee career development and progression
 - Healthy workforce
 - Safe and conducive workplace
- Natural**
 - Sustainable palm oil practices support climate action and maintain ecosystem health
 - 14 mills RSPO - certified in Malaysian and Indonesian operations
 - No deforestation and protection of High Carbon Stock ("HCS") and High Conservation Value ("HCV")
 - Towards Group-wide Net Zero by 2040
- Financial**
 - Sustainable and profitable growth
 - Good dividend pay-out
 - Green and responsible investment
 - Better economies of scale
 - Resilient earnings from fully integrated business model
- Manufactured**
 - State-of-the-art, certified and accredited manufacturing facilities
 - Significant operational efficiencies and synergies
 - First-of-its-kind palm wood factory
- Social and Relationship**
 - Quality and customised products at competitive cost for customers to support quality of life and improve nutrition
 - Improve livelihoods and uphold land rights of local communities
- Intellectual**
 - High-yielding germplasm
 - Developed 15 new personal care applied formulations
 - Filed a patent for pharmaceutical, nutrition and cosmetic applications and another patent for novel suppositories
 - OnCore® engineered wood panels



In alignment with our three pillars of sustainability (People, Planet, Prosperity) + Partnership, together with the six adopted relevant United Nations Sustainable Development Goals ("UN SDGs").

Sustainability GOVERNANCE

Integrity is about the ethics of a good governance process and is part of IOI's core values. As such, governance is held to the highest of standards at IOI. Accordingly, we have in place a strong Sustainability Governance Framework to ensure the effective and successful implementation of our sustainability commitments in accordance with the relevant policies and guidelines. Additionally, effective board governance is crucial for the resilience and sustainability of the organisation.



IOI Corporation Berhad 54th Annual General Meeting

OUR SUSTAINABILITY GOVERNANCE STRUCTURE



As can be seen from our governance structure, we have clear lines of accountability, which starts at the very top, that is, the IOI Board of Directors ("Board"), together with well-defined roles and responsibilities. Board competencies are important to ensure that the Board can make informed decisions, provide effective oversight, and contribute to the overall success of the organisation. More details regarding the Board's competencies and experiences can be found in the Annual Report, including information about the composition of the Board, such as board diversity, age, gender, ethnicity, etc, the position of the chair of the highest governance body, and how conflicts of interest are prevented and managed.

ROLES AND RESPONSIBILITIES

Board Sustainability Committee ("BSC")

This year, we have a new appointment to the Board who also sits in the BSC. In total, we have three Independent Non-Executive Directors seated in the committee. The BSC is accountable to the Board in the performance of its duties and responsibilities and enables the Board to have a more focused oversight over the Group's sustainability matters, including EESG matters. The Committee is specifically responsible for overseeing sustainable development within the IOI Group and supporting the Board in establishing high-level direction and

strategic focus on sustainable business models. This includes developing strategies to manage ESG risks and opportunities, including those related to climate change. In addition to reviewing sustainability-related risks, the committee is also tasked with reviewing and approving matters of sustainability materiality (refer to page 31-36 for more details). This includes determining the topics to be disclosed in the sustainability report, covering but not limited to:

- Environmental protection, including No Deforestation, No New Planting on Peat, and No Social Exploitation ("NDPE") and protection of biodiversity and ecosystem
- Climate change, especially in the management of its GHG emissions from all its businesses and operations
- Human rights, including safeguarding the well-being 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 that our Group's sustainability agenda, commitments, and issues are effectively discussed, approved, and implemented. They discuss sustainability highlights, divisions' performance, and responsibilities for managing the ESG impacts overall. The committee will also exercise its responsibilities by reviewing policies, standards, and sustainability risks, ensuring the efficient functioning of IOI's Grievance Mechanism, and reviewing the contents of the Annual Sustainability Report as required under various local and international standards.

Sustainability Advisory Panel ("SAP") and Sustainability Consultation Forum ("SCF")

The SAP comprises NGOs, international brands, subject-matter experts, as well as representatives from senior management at IOI Group. The panel is responsible for advising the Group on its sustainability commitments. They are also the core external panel members of the SCF, which is a platform that IOI introduced for our own internal stakeholders to discuss and gather feedback on

complex sustainability topics with external stakeholders such as subject-matters experts, government agencies, customers, etc.

IOI Climate Change Action ("CCA") Financial Disclosure Committee ("CFDC")

The committee is responsible to systematically track and document financial investments or projects that aim to reduce and/ or remove GHG emissions throughout IOI's operations in alignment with the recommendations on TCFD. It is chaired by the Group Chief Financial Officer ("GCFO") and includes project leads from relevant departments such as Finance, Sustainability, and Operations.

Chief Sustainability Officer ("CSO")

The CSO is responsible for corporate sustainability and leading the Group's sustainability initiatives. Reporting directly to the GMD, the CSO also helps to align the Group's strategy and ensures the implementation of all sustainability commitments, policies, and guidelines across the Corporation, Plantation, and Resource-based divisions through the GSSC.

Sustainability Leads (for each business segment)

The sustainability lead within the division assists in integrating and implementing sustainable practices, initiatives, and compliance across the business operations. They are also responsible for overseeing the day-to-day practices of sustainability-related matters at their respective business segments.

Executive Remuneration

We have integrated remuneration into our executives' sustainability KPIs to emphasise the importance of sustainability matters to IOI. We defined two main measurable performance targets as means of evaluation, as shown:

GHG Reductions Target (Annualised)

The connection between GHG and climate change is direct and significant and is a critical component for our 2040 Net Zero target.

ESG Ratings Score

We have identified several ESG ratings that are reviewed by some of our stakeholders, such as investors, customers, etc., and have set a baseline score as our key performance target. We chose this approach because ESG ratings are established by reputable third-parties and serve as reliable indicators of our sustainability practices' performance.

SUSTAINABILITY GOVERNANCE

BOARD SUSTAINABILITY COMMITTEE REPORTS

Summary of Work of the BSC

The BSC, first formed in June 2023, held its inaugural meeting in August 2023, where the governance structure of the BSC was formally approved. The BSC is now fully empowered to act on its mandate, providing strategic guidance and ensuring that sustainability remains a core consideration in all aspects of the company's operations. This enhanced governance framework positions IOI to be proactive in addressing sustainability challenges, ensuring that the company not only complies with evolving sustainability standards but also sets new benchmarks for the industry. This stance is particularly critical within the oil palm industry, where sustainability challenges, including deforestation, biodiversity loss, and social impacts are continuously under scrutiny by NGOs, regulators, consumers, and relevant stakeholders.

The main matters that the BSC considered in driving IOI's sustainability agenda and in ensuring that its initiatives are well-executed, measurable, and impactful for FY2024 are described below:

Risk Management

The responsibility for monitoring the effectiveness of the Group's sustainability-related risk management and internal control system has been delegated by the Board to the BSC. This delegation underscores the Board's commitment to integrate sustainability into the core operational framework of the Group. The Group Sustainability Department plays a crucial role in this effort, as it is tasked with identifying, managing, and implementing the internal control system as part of the overall risk management process.

The Group Key Registers serve as a comprehensive repository of sustainability risks across the organisation, encompassing both IOI plantations and the resource-based manufacturing divisions. During the meeting, the BSC evaluated key areas and the effective implementation of the control system, receiving presentations from the Group Sustainability team. The key risks identified include: 1) deviations in the implementation of policies, guidelines, and procedures by operating units due to a poor understanding of sustainability practices; 2) adverse reporting or grievances made publicly; 3) challenges in implementing RSPO P&C requirements; 4) fire risks; 5) compliance with regulations and reporting frameworks; 6) unresolved issues related to human rights; 7) progress in mitigating climate change; and 8) the impact of biodiversity loss and water stress, along with additional requirements from external parties.

These evaluations, along with an additional layer of review, enable the BSC to further scrutinise key risks, identify emerging trends, and define adequate and practical mitigation action plans.

To ensure ongoing effectiveness, a biannual review of the effectiveness of the risk management and internal control processes is conducted by the Audit and Risk Management Committee ("ARMC") before conclusions are drawn and presented to the BSC. Further details can be found in the ARMC report in AR2024.



Board Sustainability Committee meeting

In FY2024, the BSC assessed the current sustainability-related risk management process and deemed it effective in identifying, assessing, and monitoring the Group's sustainability-related risks.

Approval of Sustainability Material Matters

The BSC reviewed the materiality assessments and further approved the material matters for disclosure in the Sustainability Report. The top 10 material matters identified from a total of 30 included 5 out of the 11 common material matters recommended by Bursa Malaysia. The 6 common material matters recommended by Bursa Malaysia that were not included in our top 10 material matters considerations will nonetheless be reported and referred to in the sustainability report. Further details can be found in page 33-36.

This year, the assessment has also placed significant emphasis on financial evaluations across the Group, recognising the critical role that financial elements play in overall organisational sustainability disclosure and performance. The financial materiality assessment this year was based on the operating profits of the company, providing a concrete basis for evaluating financial performance. Results from the financial materiality assessment indicate that most categories fall under medium impact, suggesting that while these areas are important, they do not pose immediate or critical risks to the Group's financial stability. Several categories have also been classified as low impact, and therefore, do not currently require immediate action, just further monitoring. Please see details on our materiality assessment in page 32.

Policy Endorsement

The BSC conducted an evaluation and provided strategic guidance on the necessity for both policy revisions and the creation of new policies to respond to evolving market demands, enhance regulatory compliance, and align with the global adoption of the SDGs. This includes compliance with the EUDR regulations and meeting broader EESG expectations, which are becoming increasingly important for stakeholders and investors alike.

The BSC has officially endorsed the revised IOISP, formerly known as IOI SPOP. The updated policy integrates a range of new and critical elements such as the protection and rehabilitation of natural ecosystems, which underscores the company's commitment to biodiversity conservation and landscape-level interventions. Another major addition to the policy is the inclusion of IOI's Pathway to Net Zero by 2040. Additionally, the policy features expanded governance statements, clarifying the roles and responsibilities of the BSC and the GSSC in overseeing and driving these sustainability commitments forward. For further details refer to page 18-19.

In addition to these revisions, the BSC has recently endorsed a new comprehensive Water Policy for the Group. This policy reinforces IOI's compliance with national legislation in all the regions where the company operates, and can help to mitigate water-related risks by setting robust standards for water stewardship. It ensures that IOI is actively managing water consumption, reducing water waste, and protecting water quality, while also supporting the broader sustainability goal of safeguarding water resources for future generations.

Climate Change Action Initiative

The BSC has direct oversight of the company's CCAi and its ongoing performance to achieve our net zero target (Scopes 1, 2, and 3) by 2040. The Group Sustainability team has presented this year's GHG reduction and removal performance for both plantations and resource-based divisions. This year, the group has achieved 42%, essentially exceeding both the 2024 annual target of 36% as well as the 2025 short-term target of 40%. Details of this remarkable milestone can be found in the section Metrics and Targets, page 51-53. Additionally, the Group Sustainability Department shared updates on efforts to define carbon sequestration in conservation areas using satellite technology, as well as the preparation for submission to SBTi-FLAG.

CFDC

The BSC has mandated the CFDC to develop a comprehensive financial module. This module is designed to translate the physical risks identified through the TCFD assessment across the group into measurable financial values. Furthermore, the BSC has advised the GCFO to take on the role of chair for this committee to ensure financial considerations are integrated into the organisation's sustainability strategy and that there is a coordinated approach to addressing climate risks within financial planning and reporting.

In the previous BSC meeting, the CFDC presented their work plan and progress to the BSC. The CFDC plans to disclose capital expenditures on property, plant, and equipment related to sustainability projects in the upcoming financial statements of the Annual Report, while qualitative disclosures will be included in the Sustainability Report.

Sustainability Initiatives

Overall, the GSSC ensures the implementation of all sustainability initiatives across the IOI Group in alignment with the Group's broader EESG directives. As such, the progress and performance of every initiative are thoroughly reviewed and discussed at multiple levels within the GSSC. This process ensures that any challenges or achievements are identified and addressed. Once all relevant information is evaluated and consolidated, the outcomes are then brought to the attention of the BSC for further consideration, strategic decision-making, and resource allocation, if necessary.

During the recent BSC meetings, the Group Sustainability Team has presented a range of initiatives, including those related to climate change, biodiversity and conservation, the environment, digitalisation, women empowerment, and labour. Details of these initiatives are reported in the appropriate sections of this sustainability report and on our website. Overall, the BSC expressed satisfaction with the progress updates presented, and acknowledged the positive impact of these initiatives on both the community and the organisation's sustainability goals.



Board Retreat

Stakeholders' ENGAGEMENT

As part of our approach to sustainability and to align our commitments stated in our IOISP, IOI has proactively engaged with both internal and external stakeholders across our operations and business divisions. All our engagements with our stakeholders are aimed towards addressing their needs and concerns while effectively managing the expectations of all key parties. The input from our stakeholders also provides a broader perspective and helps us to take a holistic approach in addressing sustainability related risks and impacts. Together with the valued feedbacks of key stakeholders, understanding global trends and concerns allow us to remain a resilient and competitive global player as we endeavour to manage our significant material matters. This year, IOI continues to initiate various activities to address the trends of concerns and gather perspectives of our stakeholders. The values created through these stakeholder engagements are communicated transparently to illustrate our accountability in fulfilling these purpose driven initiatives. More information on our stakeholder engagements is also reported regularly in our website¹.

Employees		
Activities FY2024	Output/ Values Created	Reference Page
• Collaboration with IOI City Farm for the IOI Urban Garden initiative	• Leveraging on expertise from IOI City Farm regarding plant health and biodiversity	77
• Launch of IOI Cares initiative	• Wellness app which caters to overall wellbeing of our employees including topics on physical and mental health	77
• Launch of Women and Empowerment Committee (“WEC”) for IOI Group	• Champion women’s empowerment and women’s rights for all our female staff across all IOI’s operations and business divisions including IOI HQ, IOI Oleo, IOI Refinery and IOI Palm Wood	76
• Just transition for IOI workers in our decarbonisation journey	• IOI has offered retraining programs to equip our workers with new skills to remain relevant as we transition towards a green economy	76
• GHG related trainings, workshops and awareness programmes for employees	• Equip our employees with knowledge to better understand their part in contributing towards reducing GHG emissions	49
• Assessing employee satisfaction using the Kincentric Employee Engagement Survey	• IOI had gathered feedback on our employees’ satisfaction towards company culture and management leadership among other topics to help understand our employees’ perceptions	77

Customers		
Activities FY2024	Output/ Values Created	Reference Page
• Collaborations with Nestlé on RELeaf Project	• Together with Nestlé, IOI has planted more than 100,000 trees 35 ha of land. The reforestation project contributes to IOI’s net zero target by enhancing carbon sequestration while providing habitats for biodiversity to flourish	67
• Life Cycle Assessment (“LCA”) with Bunge Lodders Croklaan	• LCA on 13 of IOI’s IP mills, including their associated supply base and estate operations to evaluate the environmental impacts and GHG emissions of our products throughout their life cycle	65
• Conducted recruitment agent audit assessment together with one of IOI’s customers	• IOI is continually engaging with our recruitment agencies on the findings and recommendations from the audit process to ensure all agencies align with our policies and best practices	73

Communities		
Activities FY2024	Output/ Values Created	Reference Page
• Conduct workshops on RSPO and ISPO for plasma smallholders	• Help to increase plasma smallholders’ understanding and preparedness for RSPO and ISPO certification	79
• Conservation efforts with indigenous community via Bukit Leelau mini landscape level approach	• There have been zero reports of peat fires reported in the rehabilitated area over the past 5 years as a result of this project. IOI continues to engage with the community to enhance their livelihood and collaborate in fire prevention and biodiversity conservation efforts	66
• Uplifting communities via South Ketapang Landscape	• Continued efforts to upskill IOI and local wildlife department staff as well as forest communities to equip them for wildlife conservation and landscape management practices, with plans to conduct two new assessments on community livelihood and carbon stock to add value to the project	66
• Animal protection efforts with communities via MEME and PERHILITAN	• Contributed innovative solutions to reduce Human-Elephant Conflicts (“HEC”) with communities and smallholders such as through the possibility of establishing food banks for elephants away from human settlements	66
• Various programmes and initiatives by IOI Oleo to uplift communities through Corporate Social Responsibility (“CSR”)	• Talks, donation drives, and community clean-up projects with communities to increase awareness on sustainability topics and assist in improving their standard of living	65, 80
• Donations to charity, hospitals and schools through our operating units as well as IOI’s charity arm- IOI Foundation	• Contributes to our surrounding communities by supporting better education and medical treatment	81

Suppliers		
Activities FY2024	Output/ Values Created	Reference Page
• Traceability to Plantation Pilot Engagement and NDPE Socialisation	• Increased transparency and traceability of FFB sources and assist suppliers to address gaps in the implementation of our NDPE commitments	50
• Conduct trainings on fair labour practices	• Create awareness on addressing issues surrounding indicators of forced labour	71
• Continue to collaborate with Earthworm Foundation to engage with suppliers using the T4T	• Empowers suppliers to conduct self-assessment and evaluate their practices and environmental performance in alignment with NDPE requirements	50

Regulators		
Activities FY2024	Output/ Values Created	Reference Page
• Adhering to relevant government and international policies and regulations as well as engagement with EU delegates	• Ensure compliance with industry standards as well as relevant local and international policies and regulations such as the EUDR, especially with the ever-tightening regulatory landscape in Europe	21
• Collaboration with Sabah Biodiversity Centre (“SaBC”) via Biosphere project	• Developing action plans to protect and preserve biodiversity along the Kinabatangan River	67

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

STAKEHOLDERS' ENGAGEMENT

Shareholders and Investors		
Activities FY2024	Output/ Values Created	Reference Page
<ul style="list-style-type: none"> Respond to Sustainability related inquiries from our shareholders and investors Disclosure on ESG ratings and assessments, as well as respond to specific disclosure requests by investor groups 	<ul style="list-style-type: none"> Addresses investors' points of interest and provides better understanding on our ESG practices Transparent disclosures on IOI's sustainability performance increases confidence among investors and shareholders as well as enhances IOI's reputation through continuous improvement on our ratings 	- 13
Industry Association/Civil Society		
Activities FY2024	Output/ Values Created	Reference Page
<ul style="list-style-type: none"> Membership Engagement with industry associations relevant to our business to discuss sector issues and concerns Active participation with RSPO governance formulation and organisation Continuous engagement with MSPO and MPOB Engagement with Malaysian Timber Industry Board ("MTIB") for IOI Palm Wood Various collaborations with Seratu Aatai, Proforest and HUTAN Engagement with International Labour Organisation ("ILO") in championing child rights Joint research and collaborations with the International Organisation for Migration ("IOM") Active participation and contribution to the Palm Oil Collaboration Group ("POCG") 	<ul style="list-style-type: none"> Collaboration with industry peers allows IOI to contribute effectively to public consultations issued by regulators and address concerns that are industry specific IOI plays a leadership role in RSPO Board of Governors, Standing Committee, Working Group and Taskforce (e.g. RSPO P&C Standard Revision Taskforce and RSPO Palm GHG Working Group). More information can be found in RSPO's website Contribution towards MSPO standards development and revision as well as participation in taskforce to ensure industry progress towards EUDR compliance Ensures palm wood products are of the highest quality and meet industry standards Conservation efforts such as installation of camera traps for wildlife monitoring and management of human-wildlife conflicts and advocacy to ensure protection of ecologically significant areas in Sabah IOI participated in a workshop introducing the project on 'Promoting Socio-Economic Inclusion through Enhanced Access to Education for Children and Training Opportunities for Young Workers on Oil Palm Plantations in Sabah' to discuss child rights and challenges faced by children and young workers in plantations In progress to develop a pre-employment orientation programme with IOM for migrant workers ensures workers are equipped with knowledge on workers' rights and prepare them for work with IOI Completed the external verification of the Implementation Reporting Framework ("IRF") to monitor and provide information on NDPE compliance throughout the supply chain 	50 - - - 67 78 78 50

Sustainability Target & CONTRIBUTION TO UN SDG

In FY2018, IOI first adopted the United Nations Sustainable Development Goals ("UN SDGs") most relevant to our business to provide focus in setting our targets throughout the Group. IOI has set specific targets and contributions for each UN SDG, some of which are aligned with our 5-years strategic priorities. Since then, we have been monitoring our performance for each UN SDG annually.

Target 2.4	
IOI Targets and Contributions to the UN SDGs	
<ul style="list-style-type: none"> Adopt circular economy model to ensure sustainable food production and food security Conduct R&D to produce high-yielding oil and crops with less chemical use, drought resistance, etc. Use non-harmful agricultural methods to mitigate human-wildlife conflict; to ensure soil management to prevent soil erosion and degradation; "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 To meet global food security for oil and fats, improving the OER by at least 15% from our clonal palms compared to conventional seedlings will result in higher oil yield Continuous optimisation of nutrient uptake by the oil palm tree through fertiliser management and soil microbe enhancement 	
Performance FY2024	
<ul style="list-style-type: none"> Our current percentage of high yielding clonal palms planted across our Peninsular Malaysia estates is 33.3% while the percentage for Sabah estates is 15.8% Our Baturong mill achieved the highest OER of 25.18%, while Morisem mill achieved an average OER of 23.48% Increasing the number of beneficial plants in the estate and introducing new species such as <i>Crotalaria</i> sp. as part of maintenance of the understory vegetation to enhance soil carbon and tree sequestration within our operations 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 Current commercial IOI DXP planting material is in its third generation. The planting material show precocious traits such as producing harvestable bunches after 2 years of planting Ongoing implementation of Regenerative Agriculture and introducing cultivation of organically grown oil palm trees Collaboration with IOI City Farm for the IOI Urban Garden to further enhance urban biodiversity, as well as conducting workshops for IOI HQ employees to encourage urban gardening as an extension of the "Plant Your Own Food" initiative that was introduced earlier to the Plantation operations. 	Page 57 Page 76 (AR2024) Page 57 Page 8 Page 57 Page 56 Page 77
Target 8.2	
IOI Targets and Contributions to the UN SDGs	
<ul style="list-style-type: none"> Provide capacity building to IOI plantation workers to ensure our workforce continues to be updated with new skills, efficient and productive Invest in R&D on our crops to increase yield Introducing mechanisation, automation, and digitalisation especially in the labour-intensive parts of our operations Trainer Programme to cultivate employee potential Use of technology to improve yields and productivity while contributing to upskilling workforce IOI's five-year strategic priorities that are in line with the UN SDG as stated in our AR 	
Performance FY2024	
<ul style="list-style-type: none"> Ongoing capacity building through IOI Grow and promoting employee wellbeing through IOI Cares IOI ESG digitalisation being launched and implemented for data collection and monitoring on sustainability performances Integration of IOI five-year strategic priorities and the progress of implementation are included in our AR2024 	Page 77 Page 39 Pages 8-10

SUSTAINABILITY TARGET & CONTRIBUTION TO UN SDG



Target 8.7

IOI Targets and Contributions to the UN SDGs

- Monitoring on good labour practices to eradicate forced labour
- Implementing various channels for all employees to report any concerns related to labour rights including children's rights
- Promoting education to migrant workers' children in Sabah to prevent child labour
- Continues engagement with education provider such as Humana and Community Learning Centers ("CLC") to ensure children's rights are protected
- Improve productivity and workforce stability by protecting labour rights
- Continues training and monitoring on labour rights within our operations including children in plantations
- Handling complaints promptly and with utmost confidentiality to maintain employee trust in our grievance mechanism

Performance FY2024

- | | |
|--|---------|
| • Due diligence audit for our recruitment agencies in collaboration with one of our multinational customers | Page 73 |
| • Digital grievance platform via IOI Mesra for plantation workers for transparent communication and efficient grievance handling | Page 71 |
| • Social Service Provider contracted by IOI, completed the fourth cycle of assessment on working condition and workers' wellbeing | Page 79 |
| • Consistently empowering children through the Child Education Initiative by providing Full-Day Zero Cost Education platform and improving digital accessibility at Humana and CLC schools | Page 78 |



Target 8.8

IOI Targets and Contributions to the UN SDGs

- Operate in accordance with local and national laws, and adherence to international standards as stated in the IOISP
- 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
- Conducted Fair and Decent Wage Study together with Monash University
- Implement Occupational Health and Safety Management Systems that meet OHSAS18001 Standard
- Certifying IOI Oleo under ISO45001 for Occupational Health and Safety systems and have policies, guidelines & procedures disseminated to all workers
- Support women's rights & empowerment - Launched the WEC for the IOI Group and have enhanced our guidelines on harassment at the workplace
- IOI targeted earnings of more than the minimum wage for each worker during normal working hours in Malaysia
- Reduce Lost Time Injury Frequency Rate at the operational level
- Proactively address elimination of forced labour by strengthening our recruitment process especially to avoid payment of illegal monies by workers

Performance FY2024

- | | |
|--|---------|
| • Continue to ensure all workers are paid at least minimum wage | Page 98 |
| • Various activities and programmes conducted by WEC to empower the women in our plantations | Page 76 |
| • Celebrated International Women's Day on 8th March 2024 across IOI Group and introduced IOI Group Women and Empowerment Committee which encompasses Corporate HQ and both Plantation and Resource-based Divisions | Page 76 |
| • Lost Time Injury Frequency Rate ("LTIFR") for IOI Plantation, IOI Refinery, and IOI Oleochemical in FY2024 has decreased compared to FY2023 by 58% | Page 83 |
| • Continuously provide training for Safety and Health at the workplace for all employees at all IOI business divisions | Page 74 |
| • Collaboration with IOM on matters concerning migrant workers | Page 78 |
| • Sharing best labour practices in workshops and webinars with ILO, other growers and smallholders | Page 78 |



Target 12.4

IOI Targets and Contributions to the UN SDGs

- Adopts the circular economy model to minimise waste generation and maximise recycling in the plantation operations
- Green initiatives in resource-based manufacturing to increase water recycling, reduce wastage, increase reprocessing waste material and energy efficiency
- 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 FY2024

- | | |
|---|---------|
| • IOI utilised oil palm biomass waste such as PKS and EFB from plantation operations to generate power for the mill operations, used as fertilisers in our estates or sold for value added products | Page 59 |
| • Installed 10 methane capture facilities with 2 additional facilities under development. Furthermore, IOI is also installing the boiler feed system to optimise power generation from the methane captured | Page 48 |
| • Treated dried POME residues are recycled and used as organic fertilisers in our plantation. Our upstream operations continue to achieve 49% recycling from the upcycling of organic wastes | Page 79 |
| • Continue to meet regulatory compliances for waste and application of the 7Rs Circularity in our plantations and resource-based manufacturing facilities | Page 58 |
| • In FY2024, both IOI Plantation and IOI Refinery Divisions recycled and reused 98% of waste produced, while IOI Oleo recycled about 56% of waste produced | Page 86 |



Target 12.6

IOI Targets and Contributions to the UN 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 commitments
- Frequent reporting and updates in IOI website with regards to grievance list, third-party supplier traceability and dashboard, sustainability updates
- IOI Oleo to be fully ISO50001: 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 FY2024

- | | |
|--|---------|
| • IOI Oleo continues to carry out efficiency improvement projects via ISO50001 | Page 53 |
| • 100% RSPO certification for IOI mills and 100% MSPO certification for estates and mills in Malaysia | Page 15 |
| • Current progress in line with 100% RSPO certification for all IOI plantations in Malaysia and Indonesia by 2025 | Page 15 |
| • IOI provides regular public disclosure on sustainability implementation progress and initiatives via our website, talks, etc | Page 21 |
| • Publication and disclosures in the Annual Sustainability Report | Page 1 |

SUSTAINABILITY TARGET & CONTRIBUTION TO UN SDG



Target 12.A

IOI Targets and Contributions to the UN SDGs

- Key oil palm player in Malaysia that is committed towards embedding sustainable approach in addressing our environmental and social footprint whilst 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

Performance FY2024

- | | |
|--|---------------------------|
| • Our Baturong mill achieved the highest OER of 25.18%, while Morisem mill achieved an average OER of 23.48%, which are higher than the national Malaysian average OER at 19.57% | Page 57 |
| • Our key research area remains on producing high oil yielding clonal palms to increase OER in palm oil mills. For FY2024, over 379,000 clonal palm ramets have been distributed to our estates in Peninsular Malaysia and Sabah to be replanted | Page 57 |
| • Products developed are in key applications like pharmaceutical, nutritional, cosmetics and personal care segments | Page 17, Page 82 (AR2024) |



Target 13.2

IOI Targets and Contributions to the UN SDGs

- Implement measures to reduce GHG emissions
- Under our NDPE commitment, no deforestation, and no new planting on peat
- New oil palm planting and developments only after comprehensive stakeholder engagement and assessments (including ESIA, HCV and HCS assessment, LUC analysis, GHG assessment, soil suitability and topographic survey)
- Fire Management implemented
- IOI is committed to a holistic approach in implementing its climate action strategy and reducing its GHG emissions
- Installation of 10 methane capture facilities at major mill operations
- Emissions reduction target of 40% by 2025

Performance FY2024

- | | |
|---|--------------|
| • Continued moratorium since 2016 on deforestation based on NDPE | Page 47 |
| • Continuous effort in implementing IOI's CCAi strategy throughout our integrated value chain | Page 21 |
| • Conducted gap analysis based on IFRS requirements and financial modelling on climate related physical risk | Pages 19, 42 |
| • Working towards submitting the SBTi-FLAG, Non-FLAG and net zero targets for validation | Page 51 |
| • Continue to implement the principle of circularity within our operations to reduce waste generation and GHG emissions | Page 58 |
| • Installation of two new methane capture facilities together with the installation of new boiler feed system is expected to further reduce IOI's carbon emission | Page 48 |
| • Group-wide emissions reduction for 2024 is at 42%, one year ahead of its short term target of 40% reduction by 2025 | Page 51 |



Target 15.1

IOI Targets and Contributions to the UN SDGs

- As stated in our IOISP, we have set aside peatland and conservation areas to be managed and protected
- Committed to No new planting on peat and its conservation, as part of the NDPE commitment
- New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments (HCV, HCS & GHG assessment, ESIA, LUC analysis, soil suitability & topographic surveys) are conducted
- Implement collaborative & landscape approach, conservation & biodiversity projects
- Committed to protection of peatland and rehabilitation where we operate
- Identification and protection of HCV areas
- Following best management practices in peatland management and biodiversity & conservation

Performance FY2024

- | | |
|---|---------|
| • No deforestation-related reports or fines were reported for FY2024 | Page 65 |
| • As of FY2024, IOI protects and manages 2,882.36 ha of HCV area and 6,343.21 ha of other conservation areas (non-HCVs) across our operations in Malaysia and Indonesia | Page 64 |
| • Continuous adoption of recognised best management practices such as RSPO's Best Peatland Management Practices, etc | Page 64 |
| • Implementation of the Biodiversity and Ecosystem Enhancement Guideline throughout our operations | Page 63 |
| • Identifying baseline carbon sequestration of IOI's conservation areas for our ongoing reforestation and rehabilitation projects (eg RELeaf project, Laran tree project) | Page 47 |



Target 15.2

IOI Targets and Contributions to the UN SDGs

- Rehabilitation of forest reserve through Mini Landscape Level Approach for Peatlands adjacent to our Bukit Leelau Estate
- Committed to No Deforestation as part of the NDPE commitment
- Socialisation, dialogue, and awareness programmes on fire prevention for relevant stakeholders especially local communities
- Identification, monitoring, and protection of HCVs and HCS areas
- Utilises Global Forest Watch platform to map our concession areas, obtain daily information about forest fires, and obtain longer-term climate trends
- Partnered with Earthworm Foundation to establish a near real-time deforestation monitoring capacity where IOI's suppliers are operating
- Identifying and protecting HCV and HCS areas in where we operated
- Uphold and promote NDPE throughout our third-party suppliers
- Adopting Landscape Level Approach ("LLA") where applicable by working in partnership with communities

Performance FY2024

- | | |
|---|---------|
| • Regular in-depth training for our employees on HCV and HCS identification and monitoring | Page 63 |
| • Ongoing protection of HCV, HCS and conservation areas within our operating units based on our policy commitments and specific developed guidelines | Page 63 |
| • Continuous application of T4T assessments and collaboration with Earthworm Foundation on engagement programmes for suppliers and deforestation monitoring | Page 50 |
| • New collaboration signed between IOI and IDH Indonesia for our Ketapang landscape level programme | Page 66 |

SUSTAINABILITY TARGET & CONTRIBUTION TO UN SDG



Target 15.5

IOI Targets and Contributions to the UN SDGs

- Aim to use natural and non-harmful agricultural methods to protect biodiversity and ecosystem
- Employs forest rangers and collaborates with local society and regulators to monitor RTE species
- Strengthening our Environmental Management Guidelines by having clear specific stages in handling fire, peat, and biodiversity within our operations
- Working with relevant authorities on biodiversity conservation and protection of RTE species

Performance FY2024

- | | |
|---|-------------|
| • Introduction of the Biodiversity and Ecosystem Enhancement guideline | Page 63 |
| • Continuous implementation of IOI's Peat Protection and Management guideline | Page 64 |
| • Implementation of IOI's No Open Burning Policy through landscape level fire management involving engagements with government bodies, communities and neighbouring companies and encouraging shared-responsibility | Page 64 |
| • Established fire belts consisting of trenches or roads at estate boundaries to prevent the spread of potential fires into or out of our estate boundary, when necessary | Page 64 |
| • IOI collaborated with various organisations (e.g. Seratu Aatai, HUTAN, MEME, Sabah Wildlife Department) for the protection and conservation of RTE species | Pages 66-67 |
| • A list of RTE species was published in our SR2024 | Pages 87-89 |



Target 17.16

IOI Targets and Contributions to the UN SDGs

- Collaborate with industry experts to share information and solve challenges in social and environmental matters
- Key partnerships and associations with Technical Service Organisations, Industry Associations like MPOA, MOMG, Voluntary Sustainability Organisation like RSPO
- Collaborate with other palm oil producers, processors, food companies, NGOs and governmental bodies in improving industrywide palm oil sustainability commitments
- Collaborate with various stakeholders including suppliers, customers, civil societies, governments and independent verification bodies in the implementation of our IOISP commitments

Performance FY2024

- | | |
|--|-----------------|
| • Collaboration with various stakeholders including civil societies, regulatory bodies, and local authorities in joint sustainability projects | Pages 22-24 |
| • Sharing our expertise with the industry and other external stakeholders including NGOs, Customers and Investors | Pages 19, 22-24 |



Target 17.17

IOI Targets and Contributions to the UN SDGs

- New oil palm developments are only allowed following comprehensive stakeholder engagement and assessments
- Collaborate with industry experts to share information and solve challenges
- Key partnerships and associations include civil societies, MPOA, ISCC, MPOB, MSPO, and RSPO
- Active collaboration for capacity building to create awareness on sustainability matters
- Active collaboration with academia, industrial associations and working groups for information sharing and drive sustainability agenda

Performance FY2024

- | | |
|---|-------------|
| • Collaboration with various global organisations like IOM and ILO, governmental and state agencies, to improve capacity building for our suppliers, smallholders, and workers | Page 24 |
| • Continuous engagements and collaborations with environmental NGOs like HUTAN, Proforest and Seratu Aatai, etc. on conservation efforts including wildlife monitoring and management of human-wildlife conflicts | Pages 66-67 |
| • Chairing the RSPO GHG Working Group and member of MSPO GHG Working group | Page 24 |

Sustainability MATERIAL MATTERS

To help a company prioritise the EESG issues most integral to its business success, it is imperative that the relevant sustainability materiality matters are identified. Addressing these issues improves risk management, aligns corporate and business strategies with sustainability goals, strengthens stakeholder trust, and enhances long-term financial performance. By focusing on matters most material to the company, resources can be allocated more effectively, more value created for shareholders and society, and risks associated with issues such as climate change, regulations, and evolving social expectations can be mitigated.

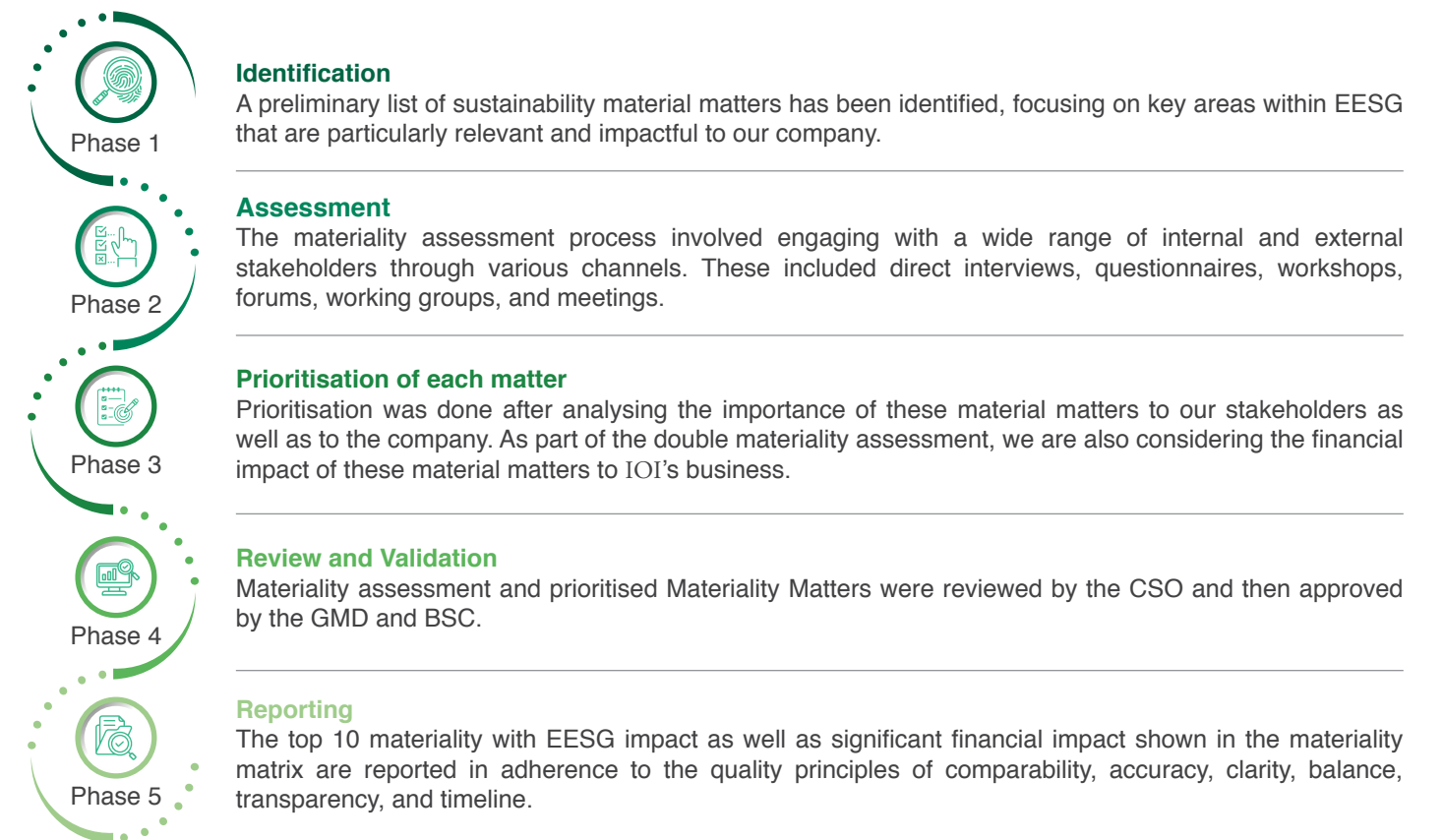
MATERIALITY ASSESSMENT

To identify our materiality matters, we conducted a comprehensive materiality assessment 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. Our assessment

also incorporates the latest global sustainability trends in palm oil and related sectors, evolving ESG rating agency requirements, and stakeholders feedback. This ensures that our material issues reflect current industry practices, align with sustainability standards, and address stakeholder concerns effectively.

Generally, we conduct a full materiality assessment at least every two years. Since we had conducted a full materiality assessment last FY and there have been no significant business changes, we only revisited our initial key material matters to ensure that they remain relevant. As a result of this review, we confirmed that all our top 10 material issues remain significant and relevant to our business and stakeholders. It is to be noted that under our governance framework, these materiality matters have been approved by IOI's Board

The process of determining these material matters is as follows:

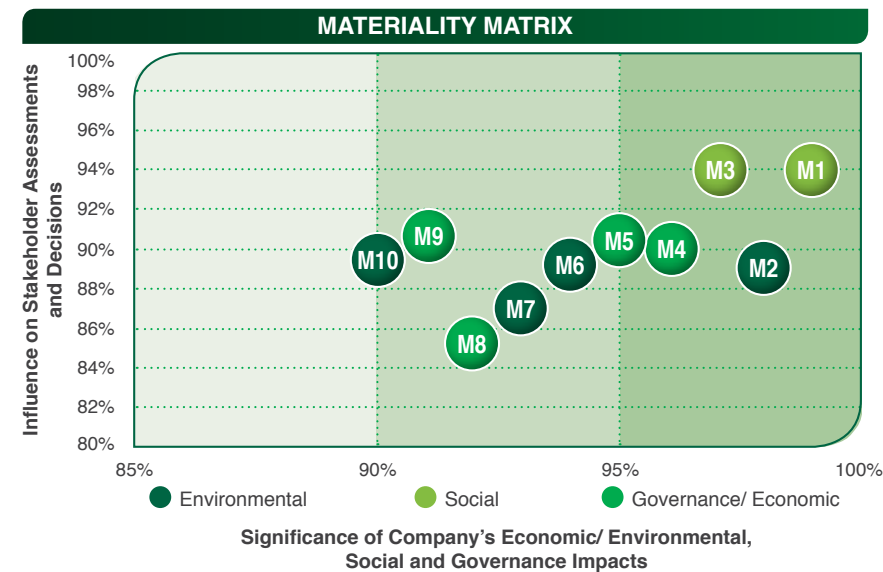


SUSTAINABILITY MATERIAL MATTERS

PRIORITISATION OF MATERIAL MATTERS

Prioritised sustainability material matters are disclosed in the matrix below where we highlight the relative importance of each issue by taking into consideration the importance to our stakeholders and to the company's EESG. Please refer to page 37 for a full list of our EESG matters including 11 common sustainability matters by Bursa Malaysia. The 11 common sustainability have been considered by IOI and five of them (in bold) are included in our top 10 material matters. Details of why these matters are important to IOI, our responses, additional material matters to comply with Bursa Malaysia, links to the relevant UN Sustainability Development Goals, stakeholders, etc., can be found in the next section (page 33).

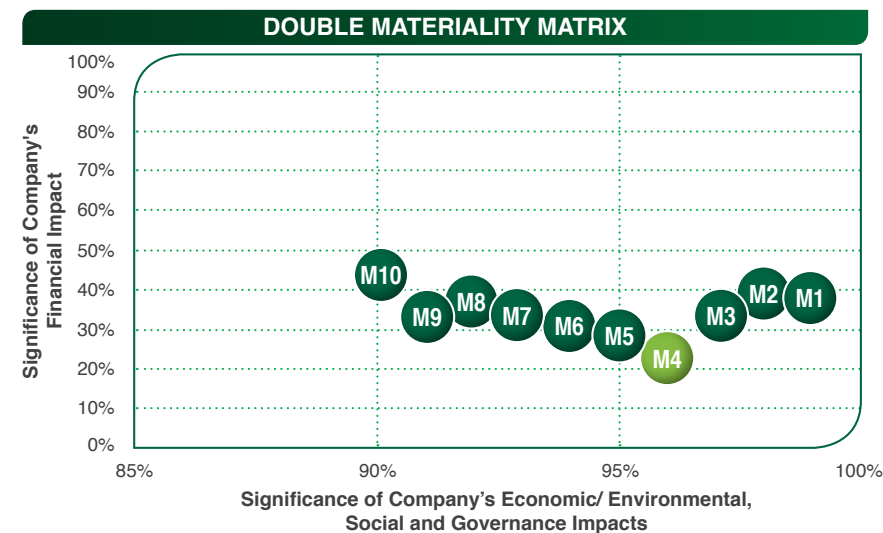
The materiality matrix for this year as presented in graph below:



DOUBLE MATERIALITY

Double materiality emphasises the two-way impact of EESG matters on a company's financial performance and its influence on society and the environment. This concept is gaining prominence in sustainability reporting regulations such as CSRD. A financial materiality assessment was conducted to identify sustainability issues that could affect IOI's financial performance, such as risks to profitability and the ability to create economic value. After considering advise from the Finance Department and acknowledgment by our GMD, a reassessment of financial impact was conducted based on how EESG risks affect our operating profit. This assessment involved relevant departments, including finance and operations and selected senior managements across IOI Group. The responses were categorised into five levels following our Enterprise Risk Management ("ERM") Framework. The results from these risk assessments are used to develop a risk mitigation action plan, with responsible individuals assigned to ensure its implementation, if any. It is important to note that the assessment of financial impacts is not reflected in the financial statements, where the magnitude of financial effects may result from higher operating expenditure, increased raw material costs, or loss of revenue.

The matrix of financial impact is illustrated in the graph below.



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

Top 10 Sustainability Material Matters		
M1 Health and Safety	M5 Traceability and Responsible Sourcing	M8 Energy Management and Operational Eco-efficiency
M2 Climate Change and GHG Emission Management	M6 Fire Management	M9 Regulatory and Third-party Compliance
M3 Human Rights and Good Labour Practices	M7 Circular Economy and Waste Management	M10 Biodiversity and Conservation
M4 Grievance Mechanism and Transparent Communication		

* Common sustainability matters by Bursa Malaysia (in bold)

Top 10 Sustainability Material Matters AND OUR RESPONSES




The identification of the top 10 sustainability material matters is an essential step towards aligning our business operations with environmental stewardship, social responsibility, and long-term economic growth. These material matters reflect the core areas where our actions have the most significant impact on EESG and the business itself. By addressing these issues, we ensure that we not only fulfil our corporate and sustainability commitments but also contribute to the well-being of the relevant stakeholders and the ecosystems we depend on. The table below highlights why each of these material matters is important and outlines our strategic response to them.




Navigation Icons					
Stakeholders		Capitals		Corporate Risks	
	Employees		Customers		Human
	Communities		Suppliers		Social and Relationship
	Regulators		Shareholders and Investors		Manufactured
	Industry Associations/ Civil Societies		Natural		Financial
			Intellectual		R1 Business Resilience
					R2 Global Economic Downturn
					R3 New Trade Regulations
					R4 Supply Chain Compliance
					R5 Reliance on Manual Workers
					R6 Environmental Sustainability




M1 Health and Safety	Why is this Topic Important to environment, society, and business	Output/ Values Created
	Ensuring a safe and healthy work environment is critical for our employees to deliver high-quality work, contribute to higher productivity and overall well-being. Workplace safety risks can result in health problems, injuries, high turnover, absenteeism, and reduced earnings. Serious safety issues may also disrupt operations, end in serious injuries and even fatalities at our plantation and manufacturing sites. Failure to comply with health and safety regulations may also lead to fines, legal liabilities, reputational damage, and overall negative effects to our business.	<ul style="list-style-type: none"> Implement robust accident prevention practices Regularly review and update our policies, guidelines, and SOPs in a timely manner Conduct safety training and campaigns according to the training programme Continue implementation of safety management system based on ISO45001 Risk management using Hazard Identification, Risk Assessment and Risk Control Regular internal audits and meetings by the safety team
	<p>Link to Stakeholders</p>	<p>Link to Capital Input and UN SDG</p>
	<p>Links to Corporate Risks</p>	<p>Page Reference</p> <p>73-75</p>




M2 Climate Change and Greenhouse Gas Emission Management	Why is this Topic Important to environment, society, and business	Output/ Values Created
	Operating without a comprehensive GHG management plan in a rapidly evolving environment will not only accelerate the effects of climate change but also heighten our vulnerability to climate-related risks. Neglecting GHG emissions exposes us to increased threats to business resilience, potential reputational damage, and significant financial burdens due to carbon taxes.	<ul style="list-style-type: none"> Commit to SBTi - FLAG Monitoring our roadmap to achieve net zero target by 2040 Implement Climate Change Actions in line with TCFD Engaged a consultant on climate-related financial disclosure No deforestation and conversion of natural ecosystem areas to increase carbon sequestration Optimisation of methane capture facilities Continue to explore latest technology and innovations to adapt and mitigate climate change
	<p>Link to Stakeholders</p>	<p>Link to Capital Input and UN SDG</p>
	<p>Links to Corporate Risks</p>	<p>Page Reference</p> <p>42-53</p>




TOP 10 SUSTAINABILITY MATERIAL MATTERS AND OUR RESPONSES




M3 Human Rights and Good Labour Practices			
Why is this Topic Important to environment, society, and business	Output/ Values Created		
<p>It is crucial to uphold human rights within our operations to ensure a safe working environment and protect our workforce from instances of forced labour, including child labour. Failing to respect human rights can lead to unfair treatment and increased workforce turnover. Additionally, the company may face significant legal and reputational risks, suspension from sustainability certifications including import bans on our palm oil products from other countries like Europe, USA, etc.</p>	<ul style="list-style-type: none"> • Sharing good labour practices with other industry players • Monitor workers' right through a human rights' due diligence service provider • Continue socialisation and monitoring on the adherence and implementation of our policies, guidelines, and good practices on labour. • Improve children's rights commitment in IOI Group Sustainability Policy. • Protecting children's rights by providing clean and healthy environment, basic education, medical, etc. • Monitoring good labour practices by conducting an ethical recruitment audit 		
<p>Link to Stakeholders</p> 	<p>Link to Capital Input and UN SDG</p> 	<p>Links to Corporate Risks</p> 	<p>Page Reference</p> <p>70-78</p>

M4 Grievance Mechanism and Transparent Communication			
Why is this Topic Important to environment, society, and business	Output/ Values Created		
<p>An effective grievance mechanism gives our workforce a safe space to share their concerns and feel heard. By fostering open communication, accountability, and transparency, it helps build trust and strengthen relationships. On the other hand, ignoring grievances can not only harm the company's reputation but also lead to lost business and higher costs to resolve issues. Transparent communication is also important as it builds trust between our stakeholders and IOI</p>	<ul style="list-style-type: none"> • Establish multiple grievance channels for reporting at their convenience (e.g., Whistleblowing, IOI Mesra Application, etc.) • Monitor and update the status of grievances in a timely manner • Uphold a commitment to fairness and transparency throughout the grievance resolution process. • Disclosures in our reports and websites as well as social media such as LinkedIn, Instagram, etc. 		
<p>Link to Stakeholders</p> 	<p>Link to Capital Input and UN SDG</p> 	<p>Links to Corporate Risks</p> 	<p>Page Reference</p> <p>71-73</p>

M5 Traceability and Responsible Sourcing			
Why is this Topic Important to environment, society, and business	Output/ Values Created		
<p>Responsible and transparent sourcing not only drives positive social impact, such as preventing forced and child labour and the upholding of human rights, but also helps prevent environmental harm like deforestation and the destruction of natural ecosystems. Ensuring our products are traceable and responsibly sourced is crucial to safeguarding our business from potential sanctions and maintaining our ethical commitments.</p>	<ul style="list-style-type: none"> • Traceability information is updated regularly and published in our dashboard • Continued supplier engagements for NDPE compliance and monitoring • Strengthen labour rights practices of our suppliers by collaborating with several civil societies, technical service providers, customers, etc. 		
<p>Link to Stakeholders</p> 	<p>Link to Capital Input and UN SDG</p> 	<p>Links to Corporate Risks</p> 	<p>Page Reference</p> <p>50</p>

M6 Fire Management			
Why is this Topic Important to environment, society, and business	Output/ Values Created		
<p>Apart from the financial disaster that fires have on our plantation, the impact on wildlife, biodiversity, and local communities are just as severe. Therefore, measures need to be in place to not only protect our surrounding plantations and communities but also preserve our business continuity by minimising the risk of legal actions, fines, and potential sanctions. Ensuring a proactive approach to fire management is essential for maintaining our safety, business reputation and securing long-term operational stability.</p>	<p>To mitigate these risks, we have implemented comprehensive fire prevention and monitoring programs across our plantations and resource-based manufacturing operations such as:</p> <ul style="list-style-type: none"> • 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 on fire prevention were regularly communicated • Installation and maintenance of fire towers for fire monitoring, especially in Indonesia 		
<p>Link to Stakeholders</p> 	<p>Link to Capital Input and UN SDG</p> 	<p>Links to Corporate Risks</p> 	<p>Page Reference</p> <p>64</p>

M7 Circular Economy and Waste Management			
Why is this Topic Important to environment, society, and business	Output/ Values Created		
<p>Irresponsible production and consumption can lead to the overexploitation of natural resources, increase cost of doing business, jeopardising biodiversity, and the well-being of future generations. Waste management is a critical area governed by strict legal requirements and sustainability standards. Non-compliance not only harms the environment and society but also diminishes our marketability and exposes us to significant fines and regulatory penalties.</p>	<p>To address this, we embrace the 7Rs of Circularity:</p> <ul style="list-style-type: none"> • Implementation of principles of 7R in our operations is an approach designed to reduce our GHG footprint and minimise environmental impacts • Waste management according to law and regulations • Waste such as solid POME and EFB are converted to value-added products such as fertilisers in plantations • GHG reduction through methane capture facilities at palm oil mills • IOI Palm Wood converts oil palm trunks into commercial products • Installing water recycling systems and redirecting treated wastewater for reuse 		
<p>Link to Stakeholders</p> 	<p>Link to Capital Input and UN SDG</p> 	<p>Links to Corporate Risks</p> 	<p>Page Reference</p> <p>48, 58-59, 65</p>

M8 Energy Management and Operational Eco-Efficiency			
Why is this Topic Important to environment, society, and business	Output/ Values Created		
<p>Effective energy management practices—such as reducing energy consumption, minimising resource use, and decreasing waste—are key to enhancing our operational efficiency and achieving GHG reduction targets. Embracing renewable energy sources further reduces our dependence on non-renewable resources, particularly fossil fuels, and coal. Conversely, poor efficiency can lead to elevated operational costs, directly impacting our profitability and limiting our capacity to mitigate carbon taxes.</p>	<ul style="list-style-type: none"> • 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 		
<p>Link to Stakeholders</p> 	<p>Link to Capital Input and UN SDG</p> 	<p>Links to Corporate Risks</p> 	<p>Page Reference</p> <p>48</p>

TOP 10 SUSTAINABILITY MATERIAL MATTERS AND OUR RESPONSES

M9 Regulatory and Third-Party Compliance			
Why is this Topic Important to environment, society, and business		Output/ Values Created	
Adhering to regulatory and third-party requirements is essential for ensuring compliance with laws and regulations, particularly as a publicly listed company. Failure to comply can result in costly penalties, operational shutdowns, and a significant loss of productivity. Moreover, poor compliance can have serious negative consequences for both society and the environment.		<ul style="list-style-type: none"> Compliance with sustainability certifications such as RSPO, MSPO, and ISCC as well as ISPO, ISO Regular audits by internal and external parties, including third-party audits Adherence to all applicable local and national regulations Always be aware of upcoming new regulations so that we are better prepared to comply with it 	
Link to Stakeholders	Link to Capital Input and UN SDG	Links to Corporate Risks	Page Reference
		R1 R3 R4 R6	15

M10 Biodiversity and Conservation			
Why is this Topic Important to environment, society, and business		Output/ Values Created	
Protection of our biodiversity and conservation areas where we operate is crucial to safeguarding our environment. Any breach or non-compliance, especially in our plantation areas, will have a direct and significant impact on our operations, potentially affecting our reputation and long-term sustainability.		<ul style="list-style-type: none"> Monitoring NDPE compliance of our third-party suppliers through engagement, site visits and assessments Collaborating with other stakeholders on conservation efforts Implementing and regularly communicating guidelines related to biodiversity and conservation to our operations Monitoring identified HCV and conservation areas, including the practice of 'No Hunting' for RTE species Conducting patrols to prevent illegal encroachment, hunting and monitor biodiversity 	
Link to Stakeholders	Link to Capital Input and UN SDG	Links to Corporate Risks	Page Reference
		R1 R3 R4 R6	63, 66-67

ADDITIONAL SUSTAINABILITY MATERIAL MATTERS (COMMON MATERIAL MATTERS BY BURSA MALAYSIA)

Below is our response regarding the remaining common material matters identified by Bursa Malaysia that are not selected as the top 10 material matters to IOI. However, to comply with Bursa's requirement of reporting as well as our commitment towards transparency, we have included relevant responses and the relevant pages.

<p>M12 Supply Chain Management</p> <p>Our Responses</p> <ul style="list-style-type: none"> Adhering to ethical business principles in procurement practices (pg. 49). 	<p>M17 Diversity</p> <p>Our Responses</p> <ul style="list-style-type: none"> Increased percentage of women on the board from 37.5% to 43% (pg. 76). Commitment to diversity and inclusivity are stated in our IOISP (pg. 76). Ensuring board members being appointed from a wide variety of backgrounds, without discrimination based on gender, age, training, vocation, religion, and ethnic group as stated in Board Diversity Policy (AR2024 pg. 99).
<p>M15 Water</p> <p>Our Responses</p> <ul style="list-style-type: none"> Established an IOI Group Water Policy (pg. 61). Implementing green water conservation practices in our plantations (pg. 61). Continuous adoption of water-efficient technologies to reduce water withdrawal for our manufacturing processes (pg. 61). 	<p>M18 Community and Society</p> <p>Our Responses</p> <ul style="list-style-type: none"> Various corporate social responsibility programs by the resourced-based divisions (pg. 80). IOI Foundation continuously contributes via educational, medical, and community initiatives that enrich the lives of the less fortunate (pg. 81).
<p>M16 Anti-corruption</p> <p>Our Responses</p> <ul style="list-style-type: none"> Regular training and awareness on anti-corruption (AR2024 pg. 125). Assessment on anti-corruption for relevant business units (AR2024 pg. 125). Revision of Business Ethics, Compliance, Anti-Bribery and Anti-Money Laundering Policy, Gift and Hospitality Guideline and IOI Group KYC Form Guideline (AR2024 pg. 105, 109). 	<p>M19 Data privacy and security</p> <p>Our Responses</p> <ul style="list-style-type: none"> Regular training and awareness on cyber threat (pg. 38). Personal Data Protection Notice in accordance with the Malaysian Personal Data Protection Act 2010 ("PDPA 2010") (pg. 38).

Economic/Environmental, SOCIAL, AND GOVERNANCE

TOPICS MATERIAL TO IOI

In addition to the top 10 sustainability matters identified as significant to IOI, other common sustainability matters deemed material for Main Market listed issuers by Bursa Malaysia, are also considered and referenced in this sustainability report. This is to ensure a comprehensive approach to sustainability strategies, which also includes the implementation of any actions required.

By addressing these issues that are material to IOI in a transparent and accountable manner, together with a holistic approach to sustainability, we hope for continuous sustainable growth, while creating positive environmental and societal impacts. The material matters considered currently relevant to our company are shown here.

Economic	Page Reference
Low carbon technology	page: 44-45, 53
Digital integration and geospatial technology	page: 38
Sustainability certification	page: 15
Data privacy and security*	page: 38
Energy management* and operational eco-efficiency	page: 43, 48
Palm biotechnology and product innovation	page: 55



Environmental	Page Reference
Climate change and GHG emission management*	page: 42-53
No deforestation and sustainable land use	page: 47
Biodiversity and conservation	page: 66
Water* management	page: 61
Agrochemical management	page: 56
Regenerative and Precision Agriculture	page: 56
Circular economy and waste management*	page: 48, 58-59, 65
Fire Management	page: 64



Social	Page Reference
Health and Safety*	page: 73-75
Human rights and good labour practices*	page: 70-78
Ethical recruitment and responsible employment	page: 73
Diversity* , inclusivity and equal opportunity	page: 71, 76
Community* engagement and social responsibility*	page: 80-81
Child rights and no child labour	page: 78
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Smallholder development	page: 79



Governance	Page Reference
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* Common sustainability matters by Bursa Malaysia (in bold)

Customer Data Management AND DIGITALISATION



Training for ESG platform

IOI ESG platform dashboard

DATA PROTECTION, PRIVACY AND SECURITY

In this age of big data analytics, data protection has become essential for big corporations as it not only safeguards the organisation's data but also that of individuals and customers. By securing data privacy, we prevent breaches and unauthorised access that could result in significant financial losses, legal issues, and reputational damage. Protecting our customers' data privacy is essential for our company as it safeguards sensitive information, builds trust, and ensures compliance with legal regulations. In line with the Malaysian Personal Data Protection Act 2010 ("PDPA 2010"), we have established and communicated our Personal Data Protection Notice to ensure transparency and compliance. For this reporting period, we are

pleased to report that we received zero substantiated complaints regarding breaches of privacy. Below are several prevention measures in place to protect our data:

- Implementation of IT Governance policies for managing Customer/ Vendor related information within our IT landscape.
- Access Control (Role-Based Access Control) based on roles to ensure that employees only have access to the data necessary for their job functions within our ERP landscape.
- Endpoint Protection ("EPP") and Extended Detection and Response ("XDR") solution to monitor and respond to threats in individual devices, such as laptops, preventing malware and other forms of attack that could lead to data theft.
- Implemented firewall with built in Intrusion Detection/ Prevention to monitor and control incoming and outgoing network traffic, detecting and preventing unauthorised access or data exfiltration.
- Security Awareness Training & Phishing Simulations for educating employees to recognise phishing attacks and improve employee awareness and response to phishing attempts.

SUSTAINABILITY-RELATED DIGITALISATION PROJECTS

Data management through digitalisation and the use of digital applications play a critical role in enhancing employees' well-being and overall productivity. By digitalising data management processes, companies can efficiently organise, access, and utilise vast amounts of information, leading to more informed decisions and streamlined operations.

Digital applications, on the other hand, are increasingly being used to directly support employees' well-being. These tools can offer personalised health and wellness programs, facilitate remote trainings and surveys, and provide easy access to grievances and online transactions. Outlined further, are some of the major sustainability-related digital platforms that we have implemented for our employees across the group:



During the launching of IOI Cares - Employee Wellness Programme

Data management initiatives

- **SAP Enterprise Resource Planning ("ERP") system**
In July 2018, IOI Group initiated the implementation of a group-wide SAP system to enhance overall operational efficiency. This system is designed to improve operational processes, reduce human errors and manual interventions, as well as ensure prompt and equitable wage disbursement. Following its successful full implementation in Malaysia in FY2024, we are now expanding this system to our operations in Indonesia.
- **IOI Group ESG Platform**
IOI started its journey to develop an ESG data platform in early 2023. By June 2024, the 1st phase of implementation was completed. The platform helps to streamline the collection, calculation, and consolidation of the Group's sustainability data in a centralised repository and provides real-time tracking, monitoring and, analytical capabilities. Additionally, the platform will enable auditability of our data while adhering to local and global sustainability reporting standards and requirements.

Labour's rights initiatives

- **E-wallet Salary Crediting System**
The disbursement of salaries to plantation workers via the Mechantrade e-wallet streamlines the payroll process by leveraging an online banking platform was introduced in February 2022. This simplifies the salary distribution process, and enables workers to transfer money to their home countries, make purchases at convenience stores, and conduct various online transactions which was particularly crucial during the MCO due to Covid-19 pandemic.
- **Grievance Channel Application**
The IOI Mesra application has been widely adopted by plantation workers since May 2022 for raising grievances, offering an innovative approach to workplace communication. Available anytime and anywhere, the app supports eight languages and features a user-friendly interface, ensuring anonymity and ease of use for all employees. To uphold trust, every report is handled with the highest levels of privacy and confidentiality.
- **Online Assessment for Pre-alert Grievance System**
This online survey conducted by an independent service provider, is to assist the plantation management to monitor the well-being and working conditions of our workers. This initiative which is targeted to be completed in Q4 2024, serves as an additional measure to identify and address any gaps in our labour practices, ensuring that our workers are supported and heard.

Employee development and well-being initiatives

- **Learning Platform**
Digital platform called IOI Grow, introduced in October 2020, embraces the concept of 'Learning Excellence, Unleashing Potentials,' providing a dynamic and engaging experience. It features interactive elements such as quizzes and games to deepen understanding. The platform also offers learning programs like Employee Onboarding, People Development, Risk & Compliance, etc., which are designed to enhance skills and support the personal and professional growth of our employees.
- **IOI Cares - Employee Wellness Programme**
IOI has introduced a digital health platform in April 2024 that provides personalised coaching and guidance across various aspects of well-being, including mental health, nutrition, fitness, and overall wellness. This program is designed to comprehensively support the well-being of IOI employees by offering tailored solutions exclusively for their benefit.

Decarbonisation Pathway towards

Net Zero by 2040

Solar panels at IOI Oleochemical, Prai.

IOI's journey to net zero began in 2019 with the launch of the Climate Change Action initiative. By 2021, we had adopted the TCFD recommendations, weaving them into a robust framework of Governance, Strategy, and Risk Management. We are currently ahead by a year of meeting our short-term target of 40% reduction by 2025 in Scopes 1 and 2 for the Group. Our next mid-term goal is to achieve carbon neutrality by 2030 in Scopes 1 and 2. Ultimately, we hope to reach our challenging and ambitious long-term goal of Net Zero carbon intensity by 2040 in Scopes 1, 2 and 3.

In this, our strategy is a blend of innovation, precision agriculture, and resilient practices. With expert guidance and strong collaboration, we have conducted comprehensive assessments to tackle GHG emissions within our operation and our supply chain, supporting these efforts with capacity building and awareness, cutting-edge technologies, and green procurement standards, ensuring a future that's as sustainable as it is strategic.



Drone view of IOI's methane capture facility.

Governance - TCFD



MANAGEMENT APPROACH

With our CCAi firmly established since 2019, IOI continued its journey of identifying climate risks and business opportunities in alignment with the TCFD across their four thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets. We identified early on that poor execution of projects related to our CCAi is a major sustainability issue and have classified this issue as high risk under our ERM framework. The significance of this assessment was further strengthened through the double materiality assessment, also based on our ERM framework, which showed significant financial impacts on the group's operations if the CCAi were not implemented. It became clear that we had to have a detailed implementation strategy with clear lines of accountability to ensure the success of our CCAi. Additionally, to better understand the financial impacts of climate change and to align with climate-related disclosure requirements like the IFRS S2, IOI established a working committee referred to as the CFDC. (Refer to the section on CFDC in page 19 for further details)

GOVERNANCE

IOI upholds strong corporate governance, maintaining high standards in Environmental, Social, and Governance commitments and accountability. At the same time, the group continues to implement the ERM framework to address climate-related risks identified through its risk management process. Additionally, IOI has adopted the UN SDG 13 Climate Action, which focuses on strengthening resilience and adaptive capacity, integrating climate measures into policies and strategies, and more.

In our corporate governance structure, the GMD holds a seat on the Board, as well as serving on the BSC. The BSC is accountable for overseeing the performance of the

GSSC in managing greenhouse gas emission across all its business and operations. Additionally, the BSC holds delegated authority to oversee the CFDC in delivering climate-related financial disclosures.

Meanwhile, the GSSC reports to BSC and will hold responsibilities to ensure the Group's sustainability agenda, commitments, and issues are effectively discussed, approved, and implemented. This includes implementing the CCAi and its strategies, KPIs, and incentives to achieve net zero target by 2040.

Since 2019, the incentives and remuneration of the GMD together with the management team are directly linked to the climate change metrics and targets. Specifically, this meant systematically reducing GHG emissions intensity by 4% each year with the objective to achieve a cumulative 40% reduction by 2025, using 2015 as the baseline, and to attain carbon neutrality by 2030, eventually achieving net zero by 2040.

IOI CFDC

Under the IOI Group Sustainability Governance Structure (page 18), the IOI CFDC is responsible for financial disclosures related to the CCAi. At the beginning of FY2024, the CFDC committee was tasked with translating the climate-related physical risks identified from the TCFD exercises into quantifiable financial values. Leveraging the support of an external climate expert team, the CFDC has successfully introduced a financial disclosure module at the close of FY2024. This information is reported in the AR2024, page 168.

Strategy - TCFD

The strategies for IOI Group's CCAi, based on the climate assessments that we conducted in 2020, were developed around the following commitments:

Reducing our climate impacts by committing to achieve net zero for carbon intensity by 2040

IOI aims to achieve net zero by 2040, addressing our Scope 1, 2, and 3 emissions through a well-defined roadmap with clear short-term, mid-term, and long-term pathways. For our Scopes 1 and 2, these meant enhancing existing carbon reduction and removal initiatives, while actively exploring new opportunities to minimise carbon emissions through operational efficiency and the utilisation of renewable energy. For our Scope 3, currently the highest contribution is attributed from our supply chain. So, efforts have been made to engage with our suppliers regarding our CCAi and to create awareness and capacity building regarding climate change as well as to effectively help our suppliers to embark in reducing their GHG emission (refer to the section on supply chain management for specific details, page 49).

Promoting climate change action plan and practices through innovation, improved efficiency, and support actions throughout the operations

IOI has adopted nature-based solutions to manage, rehabilitate, and even reforest areas such as our buffer areas, to increase carbon sequestration and increase the resilience of the rehabilitated areas (refer to the section on nature-based solution for specific details, page 47). At the same time, engineered solutions are also being introduced in plantation and resource-based manufacturing by incorporating the concept of 7Rs of Circularity, through best management practices, technologies, and innovations. (Refer to the section on engineered solution for specific details, page 48).

Increasing the resilience of our business by managing risk and opportunities, forecasting climate impact valuation, incorporating our 7Rs of Circularity & practising precision & regenerative agriculture

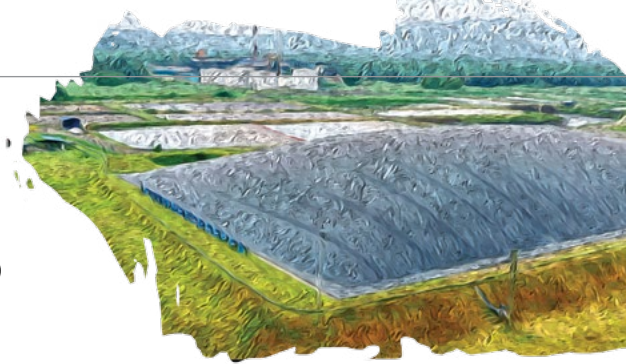
To ascertain IOI's risks related to climate change, the company has conducted both qualitative and quantitative, group-wide climate change assessment of transition and physical risks. IOI's strategies will prioritise mitigation over adaptation when addressing the identified risks while also exploring and managing new opportunities and pathways. For example, IOI has diversified its investments by embracing circularity. The most recent one is to repurpose biomass as raw materials for sustainable products such as paper and packaging. (refer to the section on engineered solution for more details, page 48).

IOI, as a sustainable agriculture-based company, will continue to focus heavily on precision agriculture and regenerative agriculture. Particularly, soil health is of utmost importance in agriculture and having practices that restore and maintain healthy, nutrient-rich soil is crucial to our ability to address risks posed by climate change such as prolonged drought. As a result, we have expanded our agricultural footprint to include organic oil palm farming. (refer to the section on regenerative and precision agriculture for more details, page 47).

As mentioned earlier, climate assessment considerations including integrated climate risks and opportunities had been incorporated into our decision-making process since IOI first formulated our 2020 - 2024 Strategic Priorities. Understanding the critical impact climate change will have to our business and operations, IOI will further integrate firmly these consideration for IOI's upcoming 5-year Strategic Priorities (2025 - 2029).

Risk Management

MITIGATION AND ADAPTATION - TCFD



Methane capture facility of our plantation in Sabah

Limiting global emissions to well below 2°C and preferably under 1.5°C requires significant changes to conventional business models. IOI is contributing towards these efforts through a series of mitigation and adaptation efforts. To understand IOI's alignment to the global temperature goal and TCFD recommendations, in 2020, we

engaged an expert to conduct climate-related scenario analysis. The outputs of these analysis enabled us to better prioritise necessary measures to be implemented, based on the magnitude of the risk, geographical location and time scale of impact. As a whole, our approach to the climate change crisis is to undertake mitigation measures where possible, rather than adaptation to address the climate risks that we are facing.

TRANSITION RISKS

For transition risks, through our ERM framework, the climate-related risks, impacts and opportunities were identified:

Transition Risk	Timeframe	Impact	Opportunities
Policy and Legal			
International environmental related regulations and compliance costs such as imposition of carbon tax or pricing	Short to medium-term	<ul style="list-style-type: none"> Potential trade restrictions, penalties, or fines Increased cost of doing business from GHG emissions due to higher compliance cost 	<ul style="list-style-type: none"> Reduce fossil fuel dependency through use of renewables while also utilising energy efficient processes to move towards a low carbon economy Continued implementation of best practices and emission reduction technologies to reduce likelihood of incurring fines/penalties
Technology			
Alternative products from innovation that are deemed more climate-friendly Increasing costs associated with outdated energy intensive systems	Medium to long-term	<ul style="list-style-type: none"> Products that are not climate friendly may not be competitive Higher capital expenditure required for investments into decarbonisation 	<ul style="list-style-type: none"> Innovating our products to be climate-friendly by adopting circular economy practices Upgrading outdated processes and machinery may lower operating costs and increasing profit margins
Market			
Growing demand of low-carbon products	Short to medium-term	<ul style="list-style-type: none"> Loss of market share and impacting bottom line 	<ul style="list-style-type: none"> Increasing production of low-carbon products may increase profit and the company's competitive advantage and brand recognition
Reputation			
Increased scrutiny on sustainability performance of palm oil industry players	Short to medium-term	<ul style="list-style-type: none"> Increased negative perceptions of the company, impacting shareholder and consumer confidence 	<ul style="list-style-type: none"> Transparent strategy, risk identification and management reduces the risk of climate litigation and increases shareholder, consumer confidence Brand recognition as a climate-friendly business

PHYSICAL RISKS

Physical risks resulting from climate change to the operating units were quantitatively and qualitatively assessed using climate modelling datasets and relevant hazard models based on different climate change scenario projections, as mentioned in our Strategy section, up to 2050. These physical risks can be classified into acute (risk primarily from short-term, extreme weather events) and chronic (risk primarily from long-term, gradual change in climate) physical risks.

Type of physical risk	Risk	Opportunities
Acute	<ul style="list-style-type: none"> IOI facilities and landholdings are located at areas that have low or stable acute risks so that operational disruption due to extreme weather event is low 	<ul style="list-style-type: none"> Exploration in technology and innovation to prevent facility inundation, diversification of products and climate-resistant materials
Chronic	<ul style="list-style-type: none"> A number of facilities and landholdings are expected to be exposed to heatwave and water stress Few of the facilities and landholdings that are located close to the coast are expected to have risk of sea level rise 	<ul style="list-style-type: none"> To explore alternative water source and water retention facilities which will increase operational resilience as well as reduce operational costs in long run. For example, rain water harvesting, recycling of effluent or waste water Mitigation plan to address the risk of sea level rise can be put in place. For example, building embankments

SCENARIO ANALYSIS

To better understand our climate-related risks, IOI has conducted a climate-related scenario analysis. The analysis relies on company-specific data with references to established databases from international organisations. Several scenarios were considered during the modelling process:

Scenarios	Description
Transition risk	
Low carbon pricing	Climate policies are unlikely to limit climate change to 2°C
Moderate carbon pricing	Climate policies are sufficient to limit climate change to 2°C but with delayed action
High carbon pricing	Climate policies are sufficient to limit climate change to under 2°C
Physical risk	
Low Climate Change Scenario (RCP 2.6)	Aggressive mitigation actions to halve emissions by 2050. This scenario is likely to result in warming of less than 2°C by 2100
Moderate Climate Change Scenario (RCP 4.5)	Strong mitigation actions to reduce emissions to half of current levels by 2080. This scenario is more likely than not to result in warming in excess of 2°C by 2100
High Climate Change Scenario (RCP 8.5)	Continuation of business as usual with emissions at current rates

The IOI's scenario analysis projects risks and opportunities over the short-term (up to 2025), medium-term (up to 2030), and long-term (up to 2050), in line with our commitment to achieving net zero by 2040. The analysis was conducted based on information from IOI's financial year 2020 as a baseline, with the assumption that carbon prices will gradually increase to accelerate decarbonisation. The scenario calculations were also done based on two assumptions: carbon pricing risk when crop sequestration for oil palms up to 25 years of age were accounted for; carbon pricing risk when crop sequestration for oil palms beyond 25 years of age were unaccounted.

IOI's operating units are spread across Malaysia, Indonesia and Germany. In total, 123 locations were assessed. The scenario analysis identified one major transition risk (carbon pricing) and three physical risks (heatwaves, water stress and sea level rise) which are material to our organisation. IOI then addresses the projected impacts through a series of mitigation and adaptation measures mentioned below.

CLIMATE-RELATED SCENARIO ANALYSIS FOR TRANSITION RISK

Transition risk	Projected impacts
Carbon pricing	<ul style="list-style-type: none"> IOI's carbon pricing risk exposure for financial year 2050 range from USD144 million to USD591 million under low to high carbon price scenarios
Mitigation	
<ul style="list-style-type: none"> Continual adoption and innovation in low carbon technologies to reduce emissions Enhance supply chain engagement for Scope 3 emission reductions Implementation of internal carbon pricing (IOI Plantation Division = RM60/ MT CO₂e; Resource-based manufacturing divisions = RM80/ MT CO₂e for Malaysian and EUR 30/ MT CO₂e for Germany operations) to drive decarbonisation efforts 	



Buffer zone at PT SKS Estate, Indonesia

RISK MANAGEMENT MITIGATION AND ADAPTATION - TCFD

CLIMATE-RELATED SCENARIO ANALYSIS FOR PHYSICAL RISK

Physical Risk	Risk Trend	Impacted Regions	Mitigation	Adaption
Heatwave	Increasing	Malaysia, Indonesia	<ul style="list-style-type: none"> Ensuring facilities were equipped with adequate ventilation equipment Ensuring proper water management of peatlands and planted areas 	<ul style="list-style-type: none"> Monitoring worker productivity and considering adjustments to suitable working hours
Water stress	Increasing	Peninsular Malaysia	<ul style="list-style-type: none"> Increase the amount of water recycled and reused in manufacturing operations Implementing smart water management systems to better manage and control water consumption 	<ul style="list-style-type: none"> Developing a water stress resistant oil palm variety through research Ensuring cover crops are maintained to keep soil moist
Sea level rise	Stable	Peninsular Malaysia, Indonesia	<ul style="list-style-type: none"> Installed water gates in estates to prevent flooding Ensuring proper installation and maintenance of drainage systems and canals for irrigation purposes Installing sea walls and storm surge barriers to protect key facilities from flood 	<ul style="list-style-type: none"> Elevating the foundation or relocation of critical machinery

Often, such measures serve dual purpose – as a measure to address climate-related physical risks; and to ensure our operational emissions align with the global 1.5°C pathway. Listed below are examples of emission reduction, removal and offsets that IOI practices:

Nature-based solutions		Technology-based solutions	
Carbon sequestration	<ul style="list-style-type: none"> Reforestation and rehabilitation activities Crop sequestration 	Emissions removal	<ul style="list-style-type: none"> Methane capture facilities
Emissions reduction	<ul style="list-style-type: none"> Reducing chemical-based fertiliser with organic fertiliser Reducing chemical pesticides with natural predators as alternatives Optimal peatland management 	Emissions reduction	<ul style="list-style-type: none"> Cogeneration facilities Solar as source of renewable energy Increasing share of biodiesel use Heat recovery systems to increase efficiency
		Emissions offsetting	<ul style="list-style-type: none"> Selling biomass (PKS, EFB) to third-parties Reusing OPT as raw materials for IOI Palm Wood

CLIMATE-RELATED RISK FINANCIAL MODELLING

Based on the climate-related scenario analysis that we conducted, we expanded our understanding of climate-related risks by quantifying the financial impact of the risks to our operations. This initiative was spearheaded by the newly-formed CFDC, which has oversight of the Group’s capability and priority of addressing climate-related risks. To start the project, we are quantifying the financial impact of 3 physical risks (water stress, heatwave and sea level rise) to operations that will be most affected. The outputs of this project will improve IOI’s resource allocation and preparedness towards climate change and decarbonisation. As of this financial year, the anticipated financial impact of these climate-related risks for the medium term is minimal due to the climate change mitigation capital expenditure investment by the Group. More details can be obtained from the Group’s investment in page 168 of our AR2024. The bulk of the expenditure goes to investments in technology-based solutions like developing methane capture, co-generation and biomass facilities. More information about the breakdown of costs can be found within our Annual Financial Statement 2024. We expect this value to increase further as we increase our decarbonisation efforts in line with targets set in our Pathway to Net Zero.

NATURE-BASED SOLUTION

IOI as an agribusiness organisation, harnesses nature to support its agricultural operations. We understand the importance of nature and how leveraging it can generate solutions to combat the issues arising from climate change.

No Deforestation, No New Planting on Peat, as part of NDPE

Since 2016, IOI had placed a moratorium on deforestation across all our operating units. As stated in the IOI SP, our commitment also extends beyond local legislation to include not only NDPE but also to no development of HCV and HCS areas, and other conservation areas such as forest buffer, riparian areas, peatland, etc. Our commitment to sustainable land use aims to maximise production from existing plantings through the introduction of regenerative and precision agriculture (refer to regenerative and precision agriculture, page 56).

The well-maintained peatlands and existing forest cover plays a crucial role in mitigating climate change by acting as carbon sinks, absorbing carbon dioxide from the atmosphere and helping to reduce greenhouse gas emissions. Additionally, the existing forest landscape also help maintain soil health and stabilises the natural ecosystem. An estimated 29,227 tCO₂e was sequestered in the forested areas within IOI’s concession, excluding peatlands and conservation areas with shrublands, which have yet to be assigned a value.

However, we also recognise that success in conserving the forest landscape cannot be achieved by a single player alone. It requires the shared responsibility and concerted efforts across the supply chain, with support from multiple stakeholders, including local authorities and communities, to achieve true success in conservation.

Thus, IOI has extended and shared our commitment to NDPE and believes in a nature-based solutions approach. We engage with our suppliers and other players in the palm oil supply chain through various platforms, including the IOI Sustainability Consultation Forum and supplier engagement initiatives. (Refer to supply chain management, page 49).

Reforestation, Rehabilitation and Protection of Conservation Areas

Going beyond just commitment to NDPE, IOI has taken a bold step by applying nature-based solutions to plan for large-scale forest tree planting with careful consideration to the ecosystem in existing conservation areas, which are primarily shrublands. Eventually, with careful monitoring and care, a resilient forest that can act as a carbon sink with enhanced biological diversity can flourish.

In approaching this, we have used science-based methodologies in the reforestation program. We started with the measurement and assessment of carbon sequestration across more than 12,000 hectares of conservation areas within our concession using high resolution satellite screening. This exercise will establish a scientific baseline for sequestration and serve as a foundation for measuring carbon sequestration going forward. With proper planning and continuous monitoring and measurement of tree planting, the reforestation program will take place in phases over time.

Enhancing Biodiversity and Ecosystem

Another significant approach is enhancing biodiversity and ecosystems where at IOI, they extend beyond protecting large mammals to include soil biodiversity and all natural ecosystems within our concessions. Projects initiated include Achieving Coexistence with Elephants, the Laran Tree Planting Project, and more. (Refer to enhancing biodiversity and ecosystem, page 66)

All these activities are guided by our revised Biodiversity and Ecosystem Enhancement Guidelines. The approach follows a step-wise process, beginning with the identification of biodiversity and conservation value areas through science-based assessments. This is followed by Step 2: execution and management of the plan, which involves setting targets and developing a strategic monitoring and management plan.

Subsequently, Step 3 involves threat and crisis monitoring, including specific crisis mapping and management. Step 4 covers impact evaluation, mitigation, and enhancement, which includes value generation by assessing the performance of the activities. Our approaches and management guidelines are also aligned with Science-based Targets (“SBTs”) for Nature, which is a framework and process to align sustainability actions with agreed environmental goals.

Overall, safeguarding and enhancing natural ecosystems within and around our plantation concessions is a critical factor in the fight against climate change. This approach enhances carbon storage, maintains environmental balance, and supports overall ecosystem health.

RISK MANAGEMENT MITIGATION AND ADAPTATION - TCFD

ENGINEERED SOLUTION

Innovation of Planting Materials Through Research

Our Pathway to Net Zero involves the use of innovative planting materials that are more resilient to acute climate events like droughts or flash floods. IOI Tissue Culture and IOI Palm Biotech are leading the way through their research on increasing oil yield and improving crop tolerance to drought, water stress, and pests. Such research is vital, enabling IOI to meet growing market demand while minimising LUC emissions associated with agricultural expansion. For more information, please refer to page 56.

Expanding the Use of Renewable Energy in IOI Plantations

Aside from LUC, methane released from POME is one of the biggest contributors to GHG emissions in our plantation operations. Installations of methane captures have lowered this impact as the captured methane gas is used as a renewable source of energy. This biogas is burned directly in the boiler as a renewable source to generate power and heat required for the operation. Otherwise, the estate and mill operations would have to rely on fossil fuels to generate heat and electricity. As of FY2024, we have 10 methane capture facilities operating while 4 more are in development. At the same time, we aim to further expand renewable energy use by developing solar farms, especially in remote estates with limited access to the national grid or methane capture facilities.

Emissions and Energy Management in IOI Oleochemicals

Facilities at IOI Oleochemicals have installed solar panels, cogeneration facilities, and solar thermal systems to reduce energy usage and their Scope 2 GHG emissions. This is accomplished through both Feed-in-Tariff and self-consumption systems. The solar power capacities generated are as follows: IOI Acidchem Sdn Bhd has achieved 625 kWp from the Feed-in-Tariff system and 272 kWp from the self-consumption system, while IOI Esterchem has generated 353.16 kWp.

To complement these efforts, they have implemented energy-efficient systems like the Real-time Production Organiser-Operation Management and Visual MESA Energy Management Systems to synchronize communication between facilities for better power optimisation. The sustainability team at IOI Oleochemicals further leverage on this through their centralised environmental database, enabling users to monitor environmental KPIs and identify areas for improvement. Moving forward, IOI Oleochemicals is exploring the potential of green electricity subscriptions for its sites in Germany and the installation of additional solar panels for its sites in Malaysia.

Reducing Resource Use and Engaging Suppliers in IOI Refineries

Throughout the year, IOI Refineries (IOI Edible Oils, "IOIEO", and IOI Pan-Century Edible Oils, "IOIPCEO") have engaged multiple suppliers to discuss requirements regarding IOI's sustainability policies, including opportunities to reduce Scope 3 emissions. Starting the journey to reduce operational Scope 1 and 2 emissions, steam and heat consumption represent the bulk of IOI Refineries' GHG emissions. To address this, our refineries have updated existing systems to reduce steam and heat loss. The replacement of old steam traps at IOIEO has led to a 22.76% decrease

in steam consumption, resulting in savings of over RM218,000. Smart energy systems were also installed at IOIEO, reducing the energy required for renewable energy generation by 19-80 kW, which translates to annual savings of RM49,000 to RM225,000. To date, IOIEO has achieved a 77% reduction in absolute emissions compared to the base year, surpassing its FY2024 target. IOIPCEO, on the other hand, shares its building footprint with the IOI Pan-Century Oleochemical plant in Pasir Gudang. Consequently, it is also equipped with similar energy management systems as our IOI Oleochemical counterparts. Additionally, IOIPCEO has a 6.5 MW co-generation facility, which further reduces energy intensity by an estimated 70%.

Avoiding Methane Emission From Field Decomposition

Our decarbonisation strategy aligns closely with the concept of the 7Rs of Circularity that we implement throughout the Group. As mentioned, POME is redirected to our methane capture plant to generate and trap biogas for electricity, thereby avoiding methane emissions from POME. The decomposition of field biomass (e.g., OPT, EFB, etc.) in estates also produces significant methane emissions if not properly managed. To address this, we established IOI Palm Wood to repurpose OPT. More information regarding IOI Palm Wood can be found in page 60. Additionally, a portion of the biomass, specifically the EFB produced in our Sabah estates, is channelled to IOI Bio-Energy, a facility that generates electricity from biomass waste. In April 2024, we began another new innovative joint venture to utilise our EFB as a raw material for a paper pulp plant. The joint venture involves partnership with Nextgreen Global Berhad to develop Malaysia's first large-scale, zero-waste paper pulp plant with a production capacity of 150,000 metric tonnes per annum. The project aims to bring another sustainable alternative to conventional timber-based paper products while preventing emissions from decomposition. More details of the project can be found in page 60.

SUPPLY CHAIN MANAGEMENT

As part of our Pathway to Net Zero and top 10 our material matters, addressing supply chain management together with responsible sourcing are vital in reducing IOI's Scope 3 emissions.

Supplier Awareness, Capacity Building and Supply Chain Emission Management

The effort to create awareness and build capacity for suppliers regarding the impacts of climate change began the last financial year through our webinar where we shared our Pathway to Net Zero. This financial year, at the 3rd IOI Sustainability Consultative Forum, IOI invited several suppliers to share their challenges regarding climate change and took the opportunity to further share with them our initiatives to decarbonise and potential contributions in combating climate change.

IOI's strategies for managing supply chain emissions are categorised into a three-step approach:

Supply Chain Mapping	Mapping the supply chain involves identifying every stage, process, and supplier involved in the production and distribution of FFB and CPO. This comprehensive exercise covers everything from sourcing to delivery for processing and involved every supplier. By mapping these elements, we can implement targeted mitigation actions by collaborating with and educating suppliers in reducing their emissions. Ultimately, supply chain mapping fosters a more strategic and focused approach to reducing Scope 3 emissions, contributing to our broader decarbonisation efforts.
GHG Assessment	Conducting a comprehensive GHG assessment involves quantifying emissions at each stage of the supply chain, from raw material sourcing to final delivery. This detailed assessment provides valuable insights into major emission sources, such as fossil fuel use in transportation and waste management. By identifying where the highest levels of emissions occur, our team can prioritise these areas for intervention. This approach establishes the foundation for targeted, data-driven strategies, helping companies prioritise and formulate focused action plans to address suppliers' emissions.
Stakeholder Engagement	Engaging and educating stakeholders, including employees, suppliers, and the local community about the importance of GHG emissions reductions as a vital component of any comprehensive climate change strategy.

For employees, this involves providing training and resources to help them understand the impact of their actions on greenhouse gas emissions so that they can contribute to the conversation with suppliers on climate change. This includes workshops on energy efficiency, waste management, and sustainable practices.

Suppliers benefit from increased awareness of how their choices can affect GHG emissions. This includes selecting their own low-carbon-footprint suppliers and prioritising sustainable sourcing options.

Inside IOI's co-generations facility



Engaging the local community involves outreach and collaboration to raise awareness about the broader impacts of GHG emissions and the benefits of collective action.

Overall, engaging and educating all stakeholders ensures a unified approach to addressing GHG emissions, enhances the effectiveness of reduction strategies, and drives positive change at multiple levels of society.

Climate-related Procurement Strategies

Efficient green supplier selection involves identifying and choosing suppliers who demonstrate better environmental performance and sustainability practices, particularly in managing their GHG emissions. This process ensures that procurement activities support the organisation's overall climate change action initiative. Efficient green supplier selection encompasses several key practices:

Criteria Development: Establishing clear, measurable criteria for evaluating the environmental performance of potential suppliers.

Sustainability Certifications: Prioritising suppliers with recognised sustainability certifications, such as RSPO and MSPO, as they measure their emissions using the PalmGHG.

Supplier Engagement: Engaging with suppliers to share our environmental practices and encourage continuous improvement. IOI has a routine supplier engagement and onsite assessment program. Examples of recent engagement and socialisation include Kluang Oil Palm Processing, Veetar, Berkas Setia, Lembing, Melangking, LCH, Rimba Nilai & Global Enterprise.

Performance Monitoring: Implementing systems to monitor and conduct performance reviews

RISK MANAGEMENT MITIGATION AND ADAPTATION - TCFD

By adopting efficient green supplier selection practices, we aim to significantly reduce our emission footprint and foster a supply chain that aligns with our policy requirements.

Responsible Sourcing

Along with our IOISP, we have an established the IOI Responsible Sourcing Guideline. The focus area for our responsible sourcing includes both sustainability and traceability aspects. In general, traceability systems can enable companies to track their suppliers' commitments towards complying with laws and regulations as well as sustainability requirements. However, traceability in the palm oil industry can be challenging due to the involvement of several layers of stakeholders such as smallholders, traders, and other industry players.

Despite these challenges, IOI has managed to achieve good traceability results for this FY, as outlined below:

- **For own plantations**
100% traceable to own plantation
- **For 3rd party suppliers**
CPO category:
100% traceable to mill for 3rd party suppliers
97.87% traceable to plantation for 3rd party suppliers
PKO category:
99.34% traceable to mill
86.54% traceable to plantation

Furthermore, to ensure that suppliers comply with NDPE requirements, robust deforestation monitoring is essential. IOI has implemented advanced satellite technology to continuously monitor deforestation risks across its entire supply chain. This technology provides near-real-time alerts about potential deforestation activities, enabling us to respond quickly

and effectively. By acting promptly on these alerts, we can take immediate measures to address any deforestation activities and help mitigate any associated environmental impacts.

In addition to addressing immediate threats, the near-real-time alerts system also plays a crucial role in maintaining open communication with suppliers. These alerts serve as a proactive tool to notify suppliers of any deforestation risks within their areas of operation, thus ensuring that all parties are aware of any potential issues. This collaborative approach helps to uphold a deforestation-free supply chain and reinforces IOI's commitment to sustainable sourcing practices. The near-real-time satellite services include using Starling for Sabah plantations, Palmoil.io, and GFW Pro services for Peninsular Malaysia concessions. All these are important components to ensuring readiness to comply with stringent requirements such as the EUDR.

This year, the IOI Responsible Sourcing team is continuing its valuable collaboration with the Earthworm Foundation. Together, they are utilising T4T to enhance supplier self-assessment processes. These tools were designed to help suppliers conduct thorough evaluations of their practices, ensuring they are aligned with IOI's NDPE requirements.

The initiative focuses on identifying and addressing potential non-compliance risks within the supply chain. By providing suppliers with comprehensive self-assessment tools, IOI and the Earthworm Foundation aim to proactively detect areas of concern and implement corrective measures before they escalate. This approach not only supports transparency and accountability but also encourage continuous improvement in sustainable sourcing practices.

Additionally, the IOI Responsible Sourcing team has conducted several onsite supplier engagement programs, including:

- Decent Labour Practice Training - Suppliers in Rompin & Kluang region
- Participating in supplier stakeholder meeting - Dominion Square, Ladang Rompin, Rimba Nilai & PH Palm Express
- Labour Transformation Program - *Rakyat Ketengah Perwira*
- Traceability to Plantation Pilot Engagement and NDPE Socialisation - Kluang Oil Palm Processing, Veetar, Berkat Setia, Lembing, Melanking, LCH, Rimba Nilai & Global Enterprise

Demand for palm oil derivatives that comply with sustainability/ NDPE requirements has increased due to heightened awareness of the environmental and social issues associated with palm oil production. With our emphasis in responsible sourcing practices, this presents an opportunity for us to meet this demand from markets that prioritise sustainability. We further actively participated in the POCG, a collaborative initiative involving industry peers across the supply chain with aim of enhancing transparency and compliance with NDPE requirements. As a result, we have completed the external verification of the Implementation Reporting Framework, which assists in monitoring and understanding the progress of NDPE policy commitments across the entire production base connected to their supply chain. This verification was conducted by an independent assessor and is part of IOI's commitment to good practices in transparency reporting.

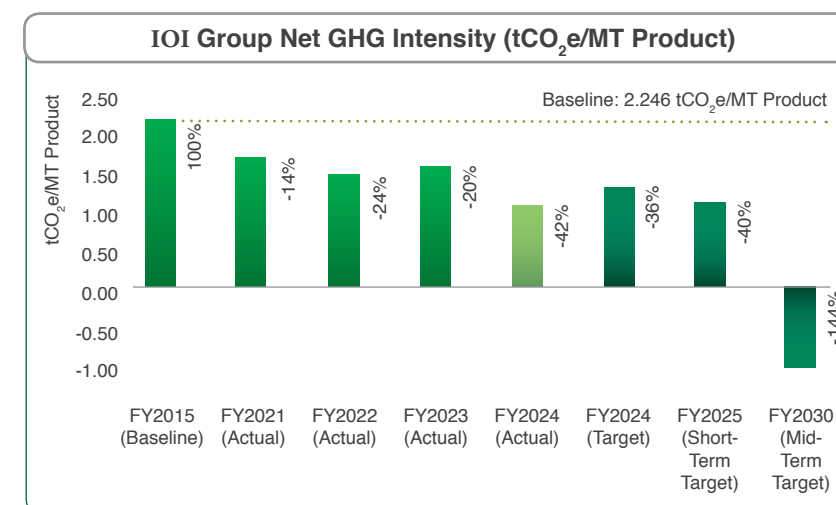
Metrics AND TARGETS - TCFD

As part of our ERM framework, we have monitored our emissions since 2020 with a target to achieve 40% reduction by 2025 against a baseline of 2015. All our GHG calculations are aligned to the GHG Protocol methodology via RSPO PalmGHG for IOI Plantation and ISO14064 for IOI Refinery and Oleochemical.

In 2023, we took our commitment a step further by committing to the Science-Based Target initiative ("SBTi") for both the Forest, Land and Agriculture ("SBTi-FLAG") and Non-FLAG sectors, as well as SBTi net zero target. As of this financial year, IOI is in the progress of submitting our FLAG, Non-FLAG and net zero targets to SBTi for validation.

IOI GROUP'S PERFORMANCE - SHORT (2025) TO MID-TERM (2030) TARGET

Based on current emission reduction achievements, IOI is on track to meet our mid-term target in 2030. IOI will continue our efforts to reduce GHG emissions by further leveraging our nature-based and engineered solutions. This includes enhancing rehabilitation and tree planting efforts in our conservation areas and installing more methane capture facilities. These will play a crucial role in achieving carbon neutral by 2030 and net zero by 2040. More information on our nature-based and engineered solutions can be found in pages 47-48.

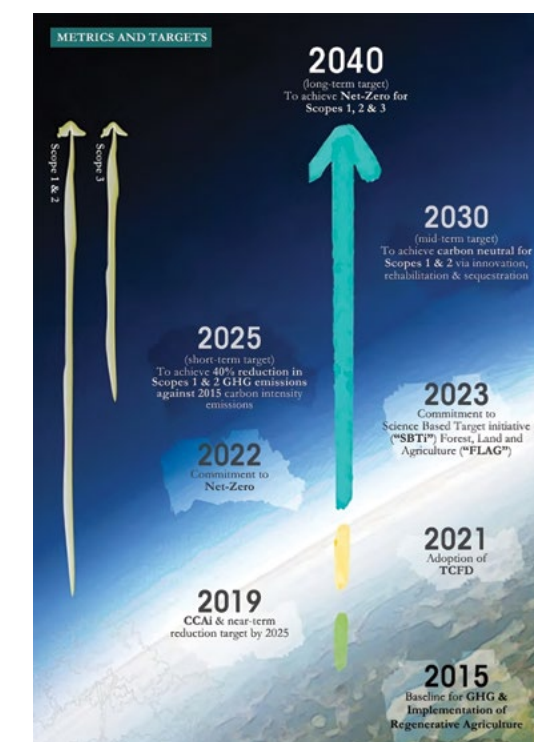


Graph 1

IOI has adjusted our GHG reporting period to reflect the Financial Year instead of Calendar Year. The percentage of emissions for previous years remain unchanged.

IOI GROUP'S PERFORMANCE – SHORT TERM TARGET (2025)

IOI Group has more than achieved our annual target of 36% for this year and even exceeded our short-term target a year earlier than predicted, i.e. 42% (actual for 2024) vs 40% (target for 2025). This is in part due to the inclusion of 26,297 ha of palm trees over 25 years, that was



previously excluded in the RSPO Palm GHG calculator, which amounts to 246,139.9 tCO₂e of sequestration. This brings our total crop sequestration to 1.7 million tCO₂e, which is sufficient to completely neutralise our emissions from land conversion. Apart from crop sequestration, sequestration from conservation areas and mill credits mainly from sale of PKS, EFB and excess electricity the grid also contributed to reducing IOI's overall emissions. Removals from sequestration together with the mill credits have reduced our emissions this year to 0.78 million tCO₂e. Furthermore, we have repaired the two methane capture facilities that malfunctioned in FY2023. In addition, we have installed a new system to utilise biogas for boiler burners to generate power at two of our mills thereby reducing our fuel consumption from fossil fuel for power generation. The boiler feed system has also enabled us to optimise our biogas utilisation and reduced flaring from unutilised biogas.

METRICS AND TARGETS - TCFD

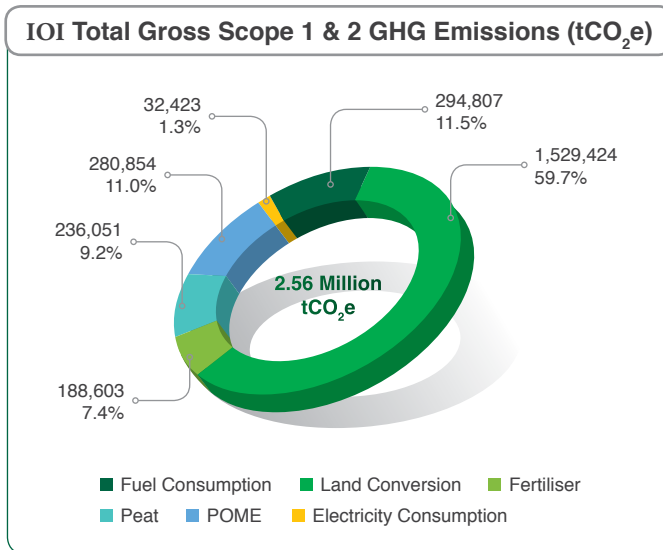


Chart 1

Chart 1 depicts IOI's gross Scope 1 and Scope 2 GHG emissions, which includes emissions from our Plantations, Refinery and Oleochemical divisions. The most prominent emissions contribution is from Land Conversion in our Plantations. The LUC in IOI can be completely neutralised by our crop sequestration as our land use primarily involves brownfield sites, therefore our crop sequestration is higher than the emissions resulting from LUC.

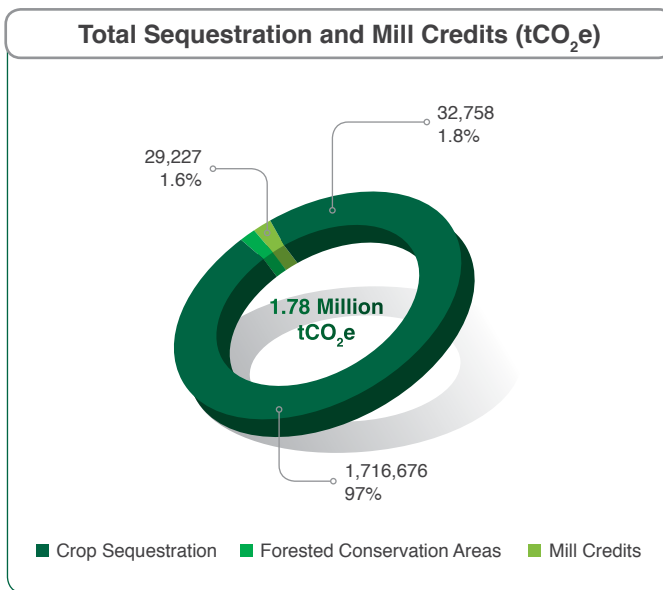


Chart 2

Sequestration from our crops and forested conservation areas, together with mill credits are depicted in Chart 2.

Our Group Total Net Emissions are calculated using the formula:

Total Net Emissions

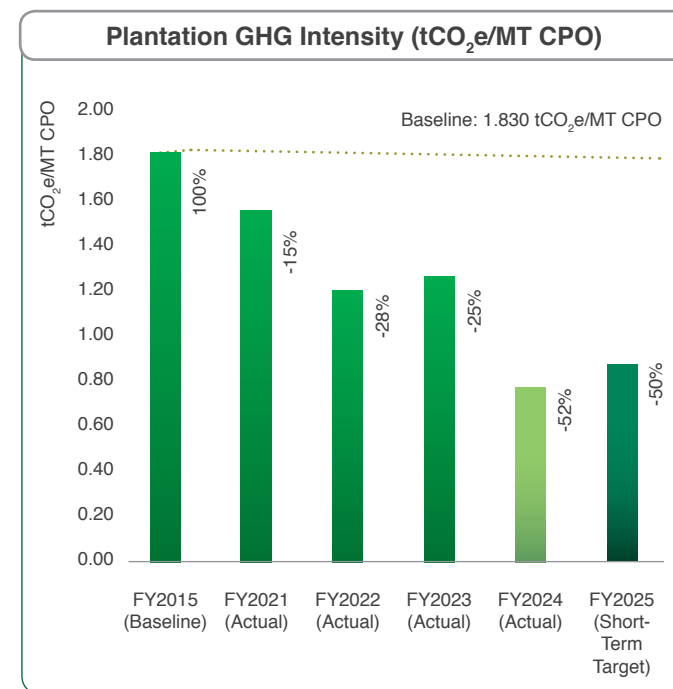
$$\text{Total Net Emissions} = \text{Total Gross Emissions} - \text{Total Sequestration \& Mill Credits}$$

The Group Net Intensity emissions can be referred to in Graph 1.

DIVISIONS' PERFORMANCE - SHORT-TERM TARGET

IOI Plantation

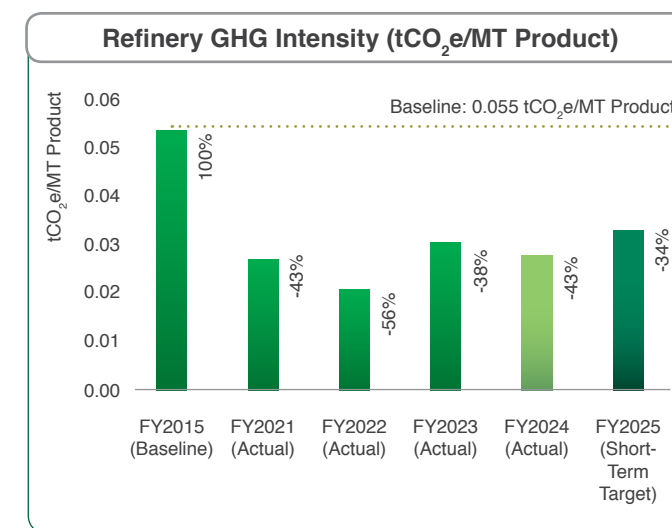
The GHG intensity for IOI Plantation has reduced significantly compared to previous years due to the inclusion sequestration for 26,297 ha of palm trees over 25 years and repair of the two methane capture facilities. Additionally, our upcoming solar farm projects at our division as a renewable and alternative source of energy from fossil fuel, will also support further reduction in emissions.



Graph 2

IOI Refinery

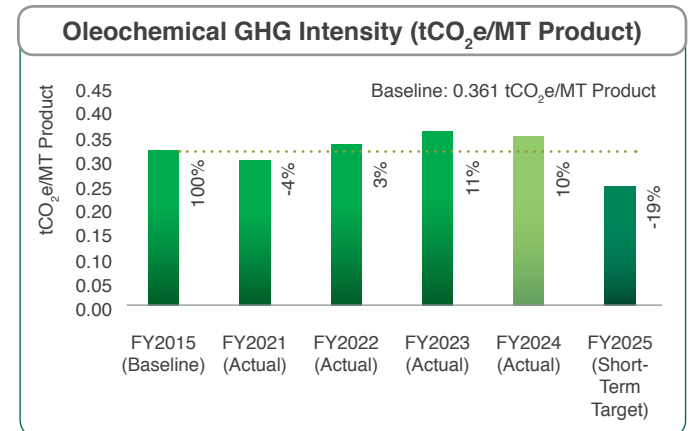
The Refinery division consisting of IOI Edible Oils and IOI Pan-Century Edible Oils has been consistently exceeding the target of achieving 34% GHG reductions by 2025. This year, the division continues to reduce its emissions through automation, reducing power consumption and improving efficiency. For instance, IOI Edible Oils have achieved significant reductions in their emissions this year by reducing power consumption through implementing low-carbon initiatives and innovative solutions. These include upgrading infrastructure and equipment for higher efficiency, adopting process modifications and innovations, enhancing energy efficiency, embracing digitalisation and automation, reducing waste through the 7Rs concept, and utilising renewable biomass energy.



Graph 3

IOI Oleochemical

Oleochemical emissions have increased 10% from our baseline this financial year due to higher volumes of value-add oleochemical derivatives as oppose to basic oleochemicals. The commissioning of the new and higher efficiency production plant at IOI Acidchem has however slightly mitigated emission intensity over the last financial year. Scope 1 emissions contribute 90% of our Oleochemical's total direct emissions and mitigation remain a challenge due to limited supply and high cost of green fuel alternatives. Nonetheless, we are still actively seeking ways to reduce our emissions by increasing efficiency, such as plans for another co-generation plant set up at our IOI Oleochemical Prai site and future solar panel projects.



Graph 4

Scope 3 Emissions

Overall, IOI's Scope 3 emissions from our Resource-Based Manufacturing makes up 61% of our total emissions, of which 94% comes from purchased goods and services (category 1). This signifies the importance of supply chain management and engagement with our suppliers. At the refinery-level, IOI has initiated requests to our CPO and PK suppliers to provide us with their GHG data. Our IOI Oleochemical division has also initiated plans to engage with their relevant stakeholders with regards to addressing their upstream and downstream transportation and distribution (category 4 and category 9).

Business Division (tCO ₂ e/MT Product)	FY2022	FY2023	FY2024
Plantation	0.20	0.20	0.21
Refinery	3.13	3.36	3.14
Oleochemical	5.54	4.41	0.88
Group	8.87	7.97	4.23

Calculations for our Resource-Based Manufacturing Scope 3 emissions are based mainly on the GHG Protocol methodology. Our Plantation Scope 3 emissions have remained consistent as there were no significant changes to our supply base. The GHG Protocol Scope 3 Evaluator (Quantis) which uses spend-based methodology was the main calculation tool for our Plantation Scope 3 emissions. As the Quantis tool has discontinued their services, we will continue to survey alternative options for future calculations.

Our Scope 3 emissions for IOI Oleochemical and IOI Pan-Century Edible Oils have reduced significantly this year due to updates in calculation methods following their ISO14064 verification this year, including some changes in emission factors due to the discontinuation of Quantis.

Empowering Sustainable Agriculture, Managing Natural Resources, Safeguarding and *Enhancing Biodiversity*

Barn owl at Mamor Estate.

IOI seeks a model of sustainable agriculture that balances high productivity with strong conservation. With an oil yield generally higher than the national average, we reduce land use and contribute to climate change mitigation while ensuring food security. We are committed to a "no deforestation" policy, protection of peat areas, and rigorous environmental assessments. To manage our finite natural resources, we practise the 7Rs of Circularity to reduce our impact to the environment, especially by utilising our byproducts or biomass for value added purposes. We uphold high conservation values, enforce a strict zero-burning policy, and implement Integrated Pest Management ("IPM") to control pests naturally. Innovative regenerative practices like using beneficial cover crops to keep soil rich in nutrients naturally, and palm biomass as organic fertilisers further underscore our dedication to safeguarding our biodiversity and ecosystems.



Rehabilitation work at our conservation area

Regenerative and PRECISION AGRICULTURE

MANAGEMENT APPROACH

At IOI, elements of regenerative and precision agriculture are integrated in its best agricultural practices. Specifically, we have policies, guidelines, operating procedures such as the IOISP, Agrochemical and Environmental Management Guidelines, etc., to protect, conserve the environment and its ecosystem within. At our estates, in line with RSPO's Principle and Criteria, terrain management is carried out by minimising the area of exposed soil by planting cover crops and prohibiting planting in steep terrains. Reducing the area of exposed soil minimises soil erosion and nutrient runoff, particularly during the monsoon season; while preserving steep areas reduces the likelihood of landslides. Cover crops also increase carbon sequestration, water retention, and provide microhabitats for soil-dwelling organisms to flourish which is crucial for nutrient cycling.

IOI's regenerative agriculture practices also emphasise circularity and waste reduction through the land application of POME and EFB, recycling OPT and more. Soil and plant samples are collected by our research teams when required to monitor soil health and identify nutrient deficiencies in our crops. Fertilisers are applied only when required to not only reduce waste and cost but to minimise impacts on the environmental ecosystem. As an additional measure against possible fertiliser leaching into our waterways, our operations have also designated non-chemical buffer zones around water bodies. Whenever possible, as part of circularity, POME and EFB are repurposed to be used as an alternative and natural source of fertiliser.

Where pesticide use are concerned, IOI follows strictly our commitment stated in the IOISP regarding prohibition of use of Class 1A or 1B pesticides categorised by the World Health Organisation, chemicals under the Rotterdam Convention and Stockholm Convention while the use of Class I agrochemicals is permitted only under strict supervision and authorisation during acute events like pest outbreaks. This is to minimise harm towards soil organisms that is vital in promoting soil health. Ultimately, overall good soil health must be protected without compromising IOI's goals of a healthy, high yielding oil palm trees.

At our estates, in line with RSPO's Principle and Criteria, terrain management is carried out by minimising the area of exposed soil by planting cover crops and prohibiting planting in steep terrains.



One of the beneficial plants (*Turnera Subulata*) found in our plantations

The practice of IPM is another way IOI reduces our dependencies on pesticides. For example, barn owls are used to control rodent population which may impact crop yield if left unchecked. Our estate plants beneficial plants like *Cassia cobanensis*, *Antigonon leptopus* and more to attract natural predators to pests. Climate change may introduce a destabilising effect on the population of pollinators and natural predators. To counter this, IOI plans to cultivate beneficial insects and releases them as part of the IPM to reduce the population variability caused by climate-related events. Such measures serve as an insulator to external shocks, increasing ecosystem resilience. Under our IPM approach, we aim to release 200 beneficial insects annually, target a 70% barn owl occupancy rate and increase the box-to-land ratio to 1:15 ha over three years. Ultimately, we hope to improve biodiversity indices by 25% within three years with our ongoing annual ecosystem health monitoring.

ACTIVITY DRIVEN PERFORMANCE AND IMPACT

Crop Diversification

Under our 5 key strategic priorities, IOI recognises the importance of biodiversity and its ecosystem to our business. Therefore, crop diversification, as part of our regenerative agriculture practices, has become a focus area to enhance biodiversity within our operations. This approach reduces the environmental impact of farming by fostering a more balanced ecosystem and decreasing the need for synthetic fertilisers and pesticides.

As of FY2024, we have planted 3,131 hectares of coconuts, 568 hectares of bananas, 49 hectares of pineapples, and 87 hectares of durians. Additionally, we plan to further expand our operations by intercropping coconuts with fast-growing, high-value fruit crops like pineapple. To achieve the target, we have also established nurseries to ensure we produce sufficient planting materials by capturing existing crop diversity and developing new and improved materials for the future expansion of the Group.

3,131 hectares of coconuts

568 hectares of bananas

49 hectares of pineapples

87 hectares of durians

Organic palm oil

IOI has developed a successful project in the Pamol Kluang region dedicated to producing organic palm oil. We are the first organic certified oil palm plantation in Southeast Asia. This initiative represents a significant step toward a more sustainable and environmentally friendly agricultural practices.

In this project, our approach focuses on enriching soil biodiversity and health, which is essential to maintain fertile and resilient soil. The use of inorganic fertilisers and pesticides have been replaced with natural alternatives, including mulched biomass residues, beneficial plants, etc. By incorporating diverse plant species and natural methods, we aim to disrupt disease cycles and reduce pest outbreaks, which are critical for minimising the need for chemical interventions. Additionally, these practices help decrease our overall reliance on synthetic chemicals, thereby reducing their environmental impact and promoting a healthier ecosystem.

Furthermore, our organic palm oil fields have demonstrated remarkable ecological benefits, including a 60% increase in barn owl population over the past two years. This increase

highlights the successful implementation of IPM strategies within our newly certified organic fields. The presence of barn owls is a positive indicator of the health of the ecosystem and the effectiveness of our pest management techniques. This achievement not only contributes to biodiversity but also enhances the overall sustainability of our operations.

Last but not least, we achieved a significant milestone in February 2024 – 1,128 hectares of organic oil palm was both RSPO and organic-certified. These certifications further validate our process and underscore our commitment to sustainable and environmentally responsible agricultural practices.

Palm Biotech and Research

Aligning with our efforts to increase the use of beneficial plants and animals, IOI Research Center is introducing a new plant species (*Crotalaria sp.*) in selected study areas of our estates. In FY2024, the center also published numerous research papers relating to predatory insect behaviors, experiences in mass rearing of beneficial insects and barn owl relocations.

IOI Research Center and IOI Palm Biotech currently leads our efforts to achieve our strategic priority of increasing yield through research. As a result, we have developed a commercial DxP palm hybrid derived from Deli x AVROS with improved characteristics that exhibit precocious traits. The pilot material starts to produce harvestable fruit bunches after 2 years of planting. In contrast, conventional palms of similar age can only be scout-harvested as some fruits remain immature.

Referencing our target of using elite clonal palms in 50% of our replanting materials, thus far, we have achieved a utilisation rate of 33% in Peninsular Malaysia and 15% in Sabah. Our elite clonal palms have successfully increased the oil OER of our FFB. In FY2024, our Baturong mill recorded the highest average OER of 25.18%, while Morisem mill recorded an OER of 23.48%. Both these mills have over 38% clonal palms planted in their source estate groupings. We expect the proportion to increase depending on our production of clonal palms and replanting requirements. Apart from that, our biotech center is also working to achieve high quality banana ramets as part of our crop diversification strategy.



Sample preparation at IOI Palm Biotech

Circular Economy and MANAGING NATURAL RESOURCES

One of IOI's strategies to achieve net zero is to practice circular economy. This more systematic approach is designed to preserve and enhance natural capital, optimise resource yields, and minimise system risks by managing our natural resources and promote renewable flows. Apart from that, our waste, water and soil management also complement the practice of circular economy. Waste materials were converted into fertilisers for soil management or raw materials for other industries, while wastewater was recycled and reused in production. The benefits are twofold: Our exposure to environmental risks (soil degradation, water stress, etc.) and negative impacts on the environment can be reduced.

IOI'S APPROACH TO CIRCULARITY – 7RS OF CIRCULARITY

Throughout IOI's operations, we implement circularity practices in the form of 7Rs: Rethink, repurpose, recycle, reuse, reduce, recover and repair. Doing so allows IOI to ensure optimal use of natural resources and achieve high resource efficiency.

Rethink

- Using EFB for mulching in the plantations instead of being disposed as waste
- Installing biogas facilities to process palm oil mill effluent and converting methane emissions into electricity
- Adopting new process technology e.g. physical ultrafiltration vs. chemical pre-treatment to reduce chemical waste
- Using a thermal oil system for heating instead of water heating systems in IOI Palm Wood
- Using solar thermal systems to heat water instead of fossil fuel for heating

Repurpose

- Working with third party customers to use byproducts for the generation of biogas, fertilisers and grease to reduce bio-waste disposal
- Convert unused OPT into eco-friendly, sustainable and high-performance palm wood panels for furniture and building industries
- Repurpose used tires by transforming them into creative and functional landscaping features, enhancing the aesthetic appeal and liveability of workers' housing areas
- Joint venture established between IOI Paper Pulp Sdn Bhd. And Nextgreen Global Berhad to develop zero-waste paper pulp plant with EFB as the raw material

Recycle

- Recyclable items (e.g., paper and plastic) were sent for recycling
- Collaboration with Tetra Pak to recycle used beverage cartons in plantations
- Recycling of effluent wastewater through the reverse osmosis process to recoup water for non-critical use

Reuse

- Worked with third-parties to reuse wastes as feedstocks for the cement industry and feedstocks for biogas production
- Reused water from operations to feed into cooling towers that function as coolants to reduce the temperature of the processes in the manufacturing plant
- Reusing empty fertiliser bags for waste collection purposes
- Distribution of used computer to Humana schools in Sabah

Reduce

- Sludge dryer has been installed to reduce water content in sludge by more than 60% thus reducing sludge waste quantity
- Employees are encouraged to bring their own food and drink container when purchasing food in the cafeteria

Recover

- Installing heat exchanger to recover heat from the HRSG continuous blowdown to heat up reverse osmosis water
- Recover waste heat from thermal oil heater economiser and generate chilled water for packing plant through the use of a vapor absorption chiller
- Rainwater harvesting at housing area for cleaning, gardening, or non-potable use

Repair

- Only obsolete equipment or equipment beyond repair were disposed
- Regular maintenance and timely repair of machinery and vehicles to ensure operational efficiency and reduce downtime

WASTE MANAGEMENT

MANAGEMENT APPROACH

IOI's waste management plan and strategies are guided by the IOI Environmental Management Guidelines. In IOI, effluent management is a crucial element to ensure continuous compliance with national legislation and is also part of IOI's CCAi strategy to reduce GHG emissions from POME. POME and palm oil refinery effluent ("PORE") generated from the production and refining of palm oil, must be treated in accordance with local environmental regulations. In addition to pollution prevention measures, operating units are required to capture and remove the GHGs generated from the POME as part of our strategy to achieve our net zero target.

Scheduled waste is routinely audited during RSPO, MSPO, and OHSAS audits. Internally, the Safety, Health, and Sustainability teams also conduct routine inspections to ensure compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005 in Malaysia and comparable regulations in the countries where IOI operate. Operating units at IOI have pollution prevention plans in place, specifically for securing scheduled waste such as solid and liquid waste, spent hydraulic and lubricant oil, and used chemical containers. These wastes are stored appropriately and disposed of through a licensed agent approved by the local environmental authority at regular intervals, as required by regulation.

Transparency in tracking and declaring waste generated is demonstrated through reporting on the DOE portal, the Electronic Scheduled Waste Information System ("eSWIS"). Several dedicated assistants at the operating units have also undergone Certified Environmental Professional in Scheduled Waste Management ("CEPSWAM") training, becoming competent persons certified by the DOE in waste management. For non-hazardous waste or by products, we always encourage maximising the 7Rs of Circularity concept to minimise waste entering landfills or increase value-added use.

ACTIVITY DRIVEN PERFORMANCE AND IMPACT

Plantation and Resource-based Manufacturing Division

In the plantation, the practice of 7Rs to manage our waste resulted in a recycling rate of 98% of non-hazardous waste which is marginally higher than the FY2023 of 97%. The main non-hazardous waste generated in the plantation are largely biomass in nature, for example OPT, PKS, EFB, fronds, POME residues, etc. While they are largely used as organic fertiliser and energy source in the estates, we have also found higher value-added use for them. This is being discussed in the following section.

Meanwhile, oleochemical waste plays a crucial role in Oleo's sustainability KPIs. We monitor scheduled waste, solid waste, and wastewater, striving to reduce these to meet our targets. In fact, the recycling rate of non-hazardous waste for FY2024 is 56% compared to 39% for FY2023. This is due to the oleochemical operations adopting several approaches to recycle and manage their non-hazardous waste such as utilisation of advanced process technologies to reduce chemical waste generation. For example, we are implementing ultrafiltration as an alternative to traditional chemical pre-treatment methods. We are also working with third-party customers to convert side-stream products into biogas, fertilisers, and grease, thus minimising bio-waste disposal. Additionally, we have installed a vapor absorption chiller that recovers waste heat from the thermal oil heater economiser to generate chilled water for our packing plant. This system contributes to our wastewater recovery efforts by utilising effluent from the effluent treatment plant and cogeneration facilities.



OPT Preparation at IOI Palm Wood, Segamat, Johor

CIRCULAR ECONOMY AND MANAGING NATURAL RESOURCES

Palm Wood

Every year OPT are being felled from the routine replanting of unproductive oil palms. This waste byproduct or biomass are either burned for energy in the mills or chipped to be decomposed in the field. Such practices emit GHG such as methane and carbon dioxide, contributing to the ongoing climate crisis. Decomposing OPT has also been reported to attract rodents, rhinoceros beetle and promote fungal growth like *Ganoderma* which could affect the newly planted seedlings, and cause basal stem rot.

IOI Palm Wood Sdn Bhd (“IOIPW”) presents an innovative solution that adds value to this vast byproduct waste by repurposing this biomass into palm-based wood panels. This circular approach to managing waste helps us reduce emissions from the natural decomposition of OPT and mitigate plant disease outbreaks by harvesting the OPT. In addition, the utilisation of this repurposed OPT can serve as an alternative wood source to that derived by harvesting our forests.

The branded ‘OnCore’ palm wood, can be sold and used for the construction and furniture industry. This process, also locks sequestered carbon into the products, aiding our journey towards net zero. As consumers are pivoting towards more sustainable materials, the global demand for timber and related products is also expected to rise. IOIPW is well positioned to leverage on the supply gap via its supply of OnCore panels, this is in line with the strategic priority of expanding IOI’s non-CPO segment. Since commencing production in 2023, IOIPW has completed multiple local and international orders, which is a testament to market demand for sustainable, palm-based wood products.

EFB as Raw Material for Pulp and Paper Production

Conventionally, EFB was treated as a waste product to be mulched and applied in estates as organic fertiliser. In pursuit of continual innovation, IOI Paper Pulp Sdn Bhd established a joint venture with Nextgreen Global Berhad to transform EFB into paper pulp. Doing so allows IOI to convert waste into valuable raw materials while avoiding emissions generated from decomposition of EFB in the field. This proposed development marks the first large-scale, zero-waste paper pulp facility with EFB as the raw material and is expected to have a production capacity of 150,000 metric tonnes of paper pulp per annum. Thus, the joint venture is well-positioned to provide an alternative to timber-based paper pulp products like tissue paper, premium packaging paper, pulp moulded packaging and more in light of increasing demand for sustainable materials.



Operation at IOI Palm Wood

Collaboration with Tetra Pak to Collect and Recycle Used Beverage Cartons (“UBC”)

IOI has partnered with Tetra Pak since October 2022 to enhance the recycling and sorting of UBC across its operations in Peninsular Malaysia. It was the first-ever collection effort of its kind within the plantation industry with the specific aim to promote circularity, reduce landfill waste, lower greenhouse gas emissions, and foster a culture of recycling. This collaboration was formalised through a Memorandum of Understanding (“MoU”) that was signed on 26th April 2024. The MoU also represents a significant milestone for IOI by expanding the programme from Peninsular Malaysia to Sabah.

This multi-faceted approach to recycling includes organising beverage carton recycling awareness programmes, integrating UBC collections into the existing recycling programme, and organising a UBC Collection Competition within IOI Plantation’s 31 operating units across Peninsular Malaysia. The programme’s designated collection partner, KPT Recycle, plays a pivotal role in facilitating the collection process of UBCs.

Through this project, over 18,000 UBCs were collected with recycling proceeds distributed to participating employees as an incentive. The project not only intends to provide an additional income stream for employees, but also to cultivate a habit of recycling and culture of waste reduction among employees. This collaboration highlights IOI’s efforts for a just transition, across different levels of the management to ensure that our people could also benefit in our journey to a low-carbon economy.

The event also witnessed the prize-giving ceremony for the winners of the UBC Collection Competition organised during the campaign. From March to September 2023, a total of 18,397 UBCs were collected from over 2,700 participating

employees among the 31 operating units of IOI Plantation in Peninsular Malaysia. The competition featured two categories: intra-region and inter-region, with 15 individual winners for the intra-region category and three estate winners for the inter-region category.

This collaboration between IOI and Tetra Pak underscores IOI’s commitment to sustainability and circularity. By fostering a culture of recycling and actively engaging its employees and stakeholders, IOI continues to make significant strides in environmental preservation and resource conservation.

WATER MANAGEMENT

MANAGEMENT APPROACH

In terms of the governance of water-related matters, the Group’s water stewardship falls under the purview of our BSC and senior management team. We have annually-reviewed water management plans covering all operations. As water-related risks are interlinked with climate change, our water risk assessment is integrated into our wider, climate-related physical and transition risk assessment. These practices allow flexibility in the mitigation and adaptation of climate-related impacts on water availability and quality.

As a proof of commitment towards water stewardship, we recently launched the IOI Group Water Policy. The policy is centred around 3 fundamental pillars of compliance, performance and transparency.

Key points of the policy include:

- Compliance to water-related legislations and requirements
- Conduct water risk assessments to identify risks and opportunities
- Continuous improvement of water stewardship through the adoption of water-efficient technologies and processes
- Communicating our water policy and its revisions to all operations and supply chain
- Communicating our performance on water-related metrics

ACTIVITY DRIVEN PERFORMANCE AND IMPACT

Through our climate-related physical risk assessments, none of our sites are currently at risk of water stress. However, this risk is expected to gradually increase in importance due to climate change. Through our climate-related risk assessment, we identified manufacturing facilities in Sandakan and Johor that will be more vulnerable to water stress in the coming years. Thus, these facilities have been equipped with water recycling systems, rainwater harvesting systems and contingency plans in case of water shortage.

In FY2024, we recorded an average water intensity of 3.57m³/MT product, a decrease from 3.97m³/MT product. The average water intensity was calculated according to GRI’s recommendations. Due to the nature of measurement and instrumental limitations, the value includes slight variance due to environmental factors. Moving forward, we intend to improve the accuracy of water-related measurement methodologies for more precise benchmarking and target setting. In efforts to reduce our water withdrawal, we will continue our efforts to embark on water conservation initiatives as communicated in our IOI Group Water Policy.

Extended periods of droughts and heatwaves negatively impacts plant vitality and yield. To counter this, we practice land irrigation of palm oil mill effluent and EFB mulching, enabling us to increase soil moisture retention while reducing chemical fertiliser use. We encourage the growth of cover crops to minimise exposed soil in our estates. Not only does this reduces soil erosion and water pollution in water bodies, cover crops increase moisture retention, conserving green water for crops to use.



Tetrapak engagement with IOI's employees

CIRCULAR ECONOMY AND MANAGING NATURAL RESOURCES

Our resource-based manufacturing division requires large quantities of treated water. To minimise our impact on local water availability, various water recycling systems were implemented. For example, our manufacturing facilities in Penang are installed with water recycling systems that redirects reject water from our reverse osmosis facilities to cooling towers. In FY 2024, these systems had saved over 207,206 m³ of water. As for our Sandakan manufacturing facilities, PORE was treated and recycled. Rainwater harvesting systems were also installed across our facilities, providing an additional water source for activities like cleaning. In case of water disruptions, our manufacturing plants also have facility prioritisation plans and reserve tanks as temporary mitigation measures to minimise the likelihood of production disruptions. IOI constantly looks into innovative solutions to reduce our water footprint. For example, our recently established IOI Palm Wood incorporated a thermal oil system for heating, replacing conventional steam boilers for heating. Thus, water is only used for sanitary activities.

Water stewardship encompasses both the management of water quantity and quality. In FY2024, we have recorded one incident of water quality-related non-compliance. Responding to this, an internal investigation was launched and corrective actions were taken. We continue to conduct annual audits on our mill effluent water quality to ensure discharges adhere to the requirements in our group environmental impact assessment and local regulations. These emission limits typically fall in the range of 20-100 mg/l of biological oxygen demand, subject to the licenses provided by local authorities. Other precautionary measures implemented includes the installation of early warning systems in our refinery's PORE system to alert staff about malfunctions.

SOIL MANAGEMENT

MANAGEMENT APPROACH

IOI appreciates the critical importance of ongoing research and thorough monitoring of soil health to ensure the sustainability of our agricultural practices. As part of our commitment to regenerative agriculture, IOI operates research centres across various regions, where our teams regularly conduct comprehensive soil analyses. These evaluations help us assess nutrient levels, soil composition, and overall health, enabling us to develop practical recommendations. By offering essentials guidance on restoring soil nutrients and improving its health, we aim to enhance long-term productivity, preserve ecosystem balance, and contribute to the resilience of our agricultural

landscapes. In our plantations, we are committed to embracing a regenerative culture and the principles of circularity.

ACTIVITY DRIVEN PERFORMANCE AND IMPACT

This involves converting biomass waste into valuable organic matter that is applied to the land, enhancing soil fertility and structure. By using POME in our land application practices, we contribute to a balanced soil composition, which improves soil health and provides essential moisture that supports plant growth.

We also maximise the benefits of land application by effectively utilising various forms of biomass waste, including EFB and frond heaps. These materials play a crucial role in retaining soil moisture and preventing the leaching of nutrients, which are vital for maintaining soil productivity over time.

In addition, we plant legume cover crops as part of our soil management strategy. These cover crops are specifically chosen for their ability to restore soil nutrients, enhance moisture retention, and improve soil structure. This approach is particularly valuable for mitigating the impacts of prolonged droughts and adapting to potential climate change risks, such as increased occurrence of heatwaves. By integrating these practices, we aim to build resilient agricultural systems that support long-term sustainability and environmental health.

As a result of implementing sustainable regenerative agricultural practices that focus on soil health, IOI has introduced organic oil palm planting. Please refer to page 57 for more information on IOI's organic palm oil.



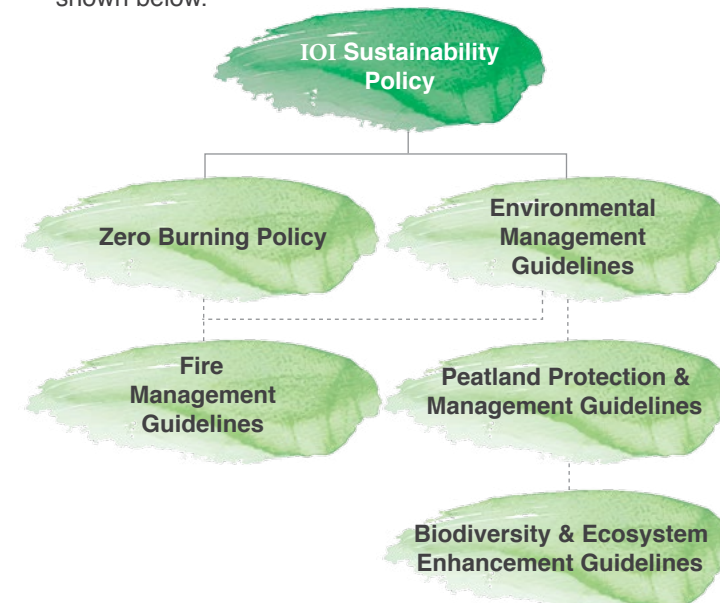
Practicing regenerative agriculture at IOI organic palm estate

Safeguarding NATURAL ECOSYSTEMS

Natural resources like water and soil nutrients play a central role in the cultivation of oil palms while enabling the manufacturing processes core to IOI's business. Hence, the health of the ecosystems in areas where we operate plays an influential role in our business performance. Climate change is also expected to exacerbate existing physical risks which may threaten to destabilise ecosystem services that the surrounding communities and our operations rely on.

MANAGEMENT APPROACH

Safeguarding natural ecosystems starts with responsible land use and soil management. It is further guided by the IOISP and best agricultural practices and guidelines as shown below.



Last year, we updated our Biodiversity and Ecosystem Enhancement Guidelines to include additional guidance on ecosystem rehabilitation. The guideline covers all IOI Plantation operational sites, including HCV, HCS areas and other conservation areas that we identify within our plantation operations. This guideline will also be used as a reference for our suppliers to develop their biodiversity policies and implementation of best practices.

Soil management is central to any agricultural practice and we commit to applying best management practices for soil management covering all soil types. This includes reducing the use of agrochemicals and maintaining cover crops to naturally enrich soil, retain nutrients and moisture.



Reforestation activity at buffer zone in Sabah Estate

ACTIVITY DRIVEN PERFORMANCE AND IMPACT

IOI conducted comprehensive HCV and HCSA assessments in full compliance with RSPO requirements. The identified HCV-HCS areas were set aside and carefully managed with a proactive approach to prevent any potential damage from internal or external stakeholders, such as unauthorised land use, encroachment, or fire.

To further safeguard these sensitive areas, IOI strengthened its monitoring efforts by adopting cutting-edge technologies. These include satellite monitoring to track land changes in near real-time, drone surveillance for detailed, high-resolution aerial imagery, and smart patrolling systems to enable more efficient ground monitoring and data collection. Additionally, IOI is working closely with local communities, leveraging their on-the-ground knowledge and involvement to ensure the continued protection of HCV and HCS areas, particularly those situated near settlements and adjacent forest reserves. By integrating these advanced tools with local collaboration, IOI aims to proactively prevent damage caused by illegal logging, forest fires, and other forms of environmental degradation, contributing to the long-term sustainability of both the environment and the livelihoods of local communities.

The existing conditions of HCV-HCS areas can significantly affect how natural ecosystems function and respond as they play a crucial role in maintaining ecological balance, supporting biodiversity, and regulating carbon storage. Understanding their critical role and the impact they have on the natural ecosystem, IOI implements comprehensive strategies to enhance and rehabilitate these ecosystems when required.

SAFEGUARDING NATURAL ECOSYSTEMS

One key initiative involves collaborating with the *Orang Asli* at Bukit Leelau to rehabilitate and rewet HCV and peat areas. This effort aims to revive degraded peatlands, which are crucial not only for carbon sequestration and habitat restoration but to also prevent peat fires.

In Kalimantan, IOI is focusing on planting indigenous forest trees within the HCV-HCS areas at our concessions. This initiative is designed to increase forest cover, support wildlife, and enhance ecosystem resilience by reintroducing native species that are well-adapted to the local environment.

In Sabah, IOI is actively setting aside identified HCV areas to safeguard critical habitats and protect against deforestation and other environmental threats. These efforts are part of our broader commitment to ensure the long-term health and sustainability of natural ecosystems, and to support Sabah’s landscape conservation goals.

As of FY2024, we are conserving and protecting a total of 6,343.21 ha as conservation areas and 2,882.36 ha as HCV areas. There have been slight changes to the total hectareage due to the sensitivity and improvements made to our measuring tools.

Type of areas	Malaysia	Indonesia	Total area
HCV Areas (Ha)	1,366.67	1,515.69	2,882.36
Other set-aside conservation areas (non-HCV) (Ha)	3,542.43	2,800.78	6,343.21

PEAT MANAGEMENT

Carefully managed peatlands can reduce risks of flooding and droughts around its ecosystem and ensure sequestered carbon remains locked underground. This objective is aligned with IOI’s Pathway to Net Zero and will remain of high importance as IOI moves towards decarbonisation. Management of our peat areas are guided by IOI’s Peatland Protection and Management Guideline, which provides guidance on peatland monitoring and fire prevention activities. We also collaborate with experts, community leaders and civil society organisations to ensure our practices are science-based; balancing environmental, social and economic performance. As of FY2024, we are actively managing 3,849.75 ha of peat areas that were previously planted with oil palm while monitoring 2,778.56 ha of our undisturbed peatland in Indonesia. As the maps were updated regularly, slight variances in the reported figure may occur.

FIRE MANAGEMENT

Wildfires not only cause habitat loss and threaten the safety and health of communities and workers, they may cause severe damage to crops, equipment and release locked carbon within the soil. Thus, IOI takes proactive fire management and prevention practices by conducting fire drills and regular communication of fire prevention SOPs for employees. IOI is committed to zero burning in its operations, guided by our Zero Burning Policy and this is regularly communicated to all our suppliers via IOI’s Responsible Sourcing Guidelines. IOI constantly monitors its concessions for potential fire hotspots using NASA FIRMS remote sensing system and RSPO’s Hotspot Hub. In our Indonesian operations where wildfires are more likely to occur, guard posts and fire towers were installed at priority risk zones to scout for potential fires. We outline fire risk zones (high, medium, low) with different fire mitigation activities in place to prevent fires spreading into our estates. Within our estates, we categorise areas of different fire risks (red, orange, yellow, green). The categorisation is based on historical records of fire incidence and current condition. For FY2024, 14 incidences of wildfires were reported across our operating areas while 87 of wildfires occur close to, but outside our concessions.

POLLUTION CONTROL

IOI’s Mills and Estates

At IOI, we have adopted a range of IPM methods to reduce our use of agrochemicals in our estates. Our IPM practices include planting a variety of beneficial species that attract natural predators, thereby reducing our reliance on chemical pesticides that may contribute to pollution to the environment.

In addition to our pest management strategies, we focus on optimising the use of by-products from our palm oil mill operations. We make full use of POME residues and biomass waste, such as EFB and frond heaps, to enhance soil fertility. This approach not only helps to nourish the soil but also reduces our heavy dependence on inorganic fertilisers which have been known to leach into nearby waterways, especially during heavy rains or floods.

To minimise the risk of chemical pollution, we ensure proper management and disposal of hazardous chemicals and their containers. This process includes cleaning the containers using the triple rinse method and returning them to licensed waste collectors, who then transport the waste in an appropriate and environmentally-friendly manner.

In parallel with our waste management practices, our mill operations maintain stringent standards to ensure compliance with the local regulations. We closely monitor stack emissions from our facilities to ensure they meet all required emission limits, thus minimising air pollution.

Effluent from our mill operations is treated rigorously in adherence to national environmental regulations. We monitor the BOD of the effluent, a key indicator of nutrient pollution, on a regular basis. This ongoing monitoring allows us to promptly address any issues and ensure that the effluent remains within acceptable limits, further safeguarding the environment and public concerns.

IOI’s Resource-based Manufacturing Operations

In our resource-based manufacturing operations, we prioritise wastewater treatment in compliance with local legislation to reduce our impact in terms of pollution. Effluent discharge is regulated by authorities, with the primary concern being the COD values. The company has introduced several enhancements in effluent treatment technology to tackle this issue because product spillage can elevate COD levels, especially if it contains oily substances as oxygen exchange in waterways can be hindered and can subsequently impact aquatic life. Therefore, it is essential to ensure proper effluent water treatment before discharging into waterways.

We ensure effluent discharge from our resource-based manufacturing facilities not only meet the mandatory Standard B (under 200 ppm COD), but also surpasses Standard A requirements by halving the mandatory COD discharged. Additionally, the company engages in CSR projects, such as involving employees and their families in producing mudballs that contains effective microorganisms to help improve the water quality of riverways.

Product-based LCA

IOI has embarked on a project in collaboration with our customer, Bunge Lodders Croklaan, to carry out a comprehensive LCA of IOI’s segregated products that are purchased by our customers. This LCA aims to evaluate the environmental impacts and GHG emission of these products throughout their entire life cycle, from raw material extraction through to disposal or recycling. This independent 3rd party assessment will be conducted in accordance with ISO14040, which provides the framework for LCA and ISO14044, which specifies requirements and guidelines for LCA and inventory analysis.



Safety Campaign at Pamol Palm Oil Mill, Sabah

The scope of the analysis will cover all 13 IOI Identity Preserved mills, including their associated supply bases and estate operations. This means that every stage of the production process, from the sourcing of raw materials through the various stages of manufacturing up to the final product delivered to the refinery, will be evaluated. The study intends to define the values of GHG emissions for 1 MT Segregated (“SG”) CPO, SG refined, bleached & deodorised palm oil and Organic CPO. We expect to produce a detailed analysis report by the next financial year.

No Deforestation Commitment and Monitoring

Since 2016, IOI has adhered to a moratorium on deforestation that includes several key elements: preventing deforestation, creating traceable and transparent supply chains and protecting peat areas. To further strengthen our commitment towards no deforestation, IOI has a comprehensive set of policies, internal best practices, and guidelines. They are:

Responsible Sourcing Guidelines	Peat Management Guidelines	Biodiversity and Ecosystem Enhancement Guidelines
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To ensure “No Deforestation” takes place within our supply chain, we emphasise on monitoring. We do this by leveraging on technology to ensure that we can effectively track and manage deforestation risks. Our approach includes:

Satellite monitoring	Close engagement with suppliers	Data integration and analysis
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These measures are integral to our strategy for ensuring compliance with our policies on no deforestation. By adopting these comprehensive monitoring practices and fostering strong partnerships with our suppliers, we aim to demonstrate our readiness and commitment to meeting stringent regulations such as the EUDR.

Enhancing Biodiversity AND ECOSYSTEM

BIODIVERSITY PROTECTION AND CONSERVATION

OUR MANAGEMENT APPROACH

Protecting biodiversity in and around our operations ensures optimal ecosystem functions. In terms of biodiversity and ecosystem conservation, IOI's operational practices are guided by our IOISP and the Biodiversity & Ecosystem Enhancement Guideline. Similarly, biodiversity risk assessments will be carried out for potential new operations in alignment with the HCV-HCS Assessment Manual and IOI's Group Environmental Impact Assessment. For areas identified as degraded, enrichment planting according to our Biodiversity & Ecosystem Enhancement Guideline will be conducted. Our environmental conservation and management practices supports the Kunming-Montreal Global Biodiversity Framework 2050 Goals and 2030 Targets by ensuring production areas are managed sustainably (Target 10) while minimising negative impacts on biodiversity (Target 8).

Across all operating sites, we encourage natural regeneration, conduct maintenance and enrichment planting along our riparian and forest buffer to minimise edge effects while conserving native wildlife and vegetation. Protecting habitats are fundamental for biodiversity conservation. IOI builds on this by conducting regular wildlife surveys to record the abundance and diversity of wildlife found within our estates. A list of species observed within our estates can be accessed through scanning the QR code on page 105.

ACTIVITY DRIVEN PERFORMANCE AND IMPACT

Apart from outlining conservation areas and monitoring biodiversity in our concessions, IOI is involved in landscape projects in efforts to promote conservation and sustainable management for environmental protection, biodiversity conservation and more. Among the examples are the Bukit Leelau mini landscape project and the South Ketapang landscape initiative.

Bukit Leelau Mini Landscape project

The Bukit Leelau Mini Landscape project has its roots back in 2018, as a collaborative project with the Pahang state government, indigenous community leaders and civil society organisations. Though the project falls outside of our Bukit Leelau operations, we supported the initiative as part of a multistakeholder approach to fire prevention, forest and peat rehabilitation and community empowerment. As a result, there have been 0 peat fire incidences reported from the area in the past 5 years. The absence of wildfires translates into longer periods for wildlife to establish and flourish. Thus, the communities have also reported improved fishing conditions, indicating that the landscape's ecosystem services were flourishing. While the project was deemed concluded, IOI continues to monitor and conduct community engagements in the joint interest of fire prevention, community livelihood enhancement and biodiversity conservation.

South Ketapang Landscape Initiative

The South Ketapang Landscape initiative was first launched in October 2018 to promote biodiversity conservation, strengthen fire, water and peat management practices in the fire-prone landscape. The initiative was a result of collaborative efforts between IOI, IDH Indonesia, the local wildlife department, community leaders and civil society organisations. It was envisioned that through this initiative, roughly 25,000 ha of forests and ecosystem can be



Tree planting project at IOI Lahad Datu Region, Sabah

protected while promoting sustainable land management practices to neighbouring growers and smallholders. To achieve this, community engagements were conducted as part of knowledge exchange where biodiversity conservation and land management practices can be supported by both traditional knowledge from communities and best practices from the industry. Trainings will continue to be implemented to upskill IOI, local wildlife department staff and forest communities, equipping them with the skills to implement better wildlife conservation and land management practices.

Discussions are currently underway to conduct a livelihood assessment to monitor the project's progress on social indicators. Leveraging on our efforts of rehabilitating set-aside peat and conservation areas, a carbon stock assessment is being planned to better understand the effectiveness of the project's rehabilitation and habitat conservation actions.

Achieving Co-existence with Elephants

For the past few years, IOI has actively engaged in a collaborative project with the MEME, the wildlife department, other palm oil companies, smallholders and communities collaborative to reduce and manage HECs. The project facilitates knowledge sharing among corporates and communities to alert instances of elephant sightings and mitigative procedures to reduce HECs.

This financial year, we signed a letter of extension to the agreement. IOI contributed by providing insights on innovative solutions to reduce HECs, stressing the need for wider cooperation and the alignment of conservation goals with different industry players across the landscape for effective implementation. Moving forward, we are exploring the option of establishing strategically-located food banks along identified elephant movement trails. These food banks would provide a sustainable, supplementary food source for the large mammals, reducing their need to enter human settlements, particularly local communities and smallholder farms, in search of food. This approach not only protects both wildlife

and local communities but also supports our landscape goals of promoting biodiversity and fostering peaceful coexistence between humans and wildlife.

Collaboration with Seratu Aatai for Wildlife Monitoring

To ensure that our operations have minimal impact on local wildlife, IOI has partnered with Seratu Aatai, the Sabah Wildlife Department, and civil society organisations like HUTAN. Together, we are promoting capacity building, knowledge sharing, and active conservation efforts including research and monitoring that aim to protect the region's rich biodiversity while supporting coexistence landscape.

This financial year, as part of our conservation initiative, we installed four camera traps near the boundaries of forest reserves and our estates to provide insights into the distribution, behaviour, and movement patterns of key RTE species, such as elephants, orangutans, and others. This data is crucial for informing future conservation strategies, as it helps us understand how these species interact with their environment and how best to mitigate any potential human-wildlife conflicts.

Currently, Seratu Aatai is working closely with us to develop a practical SOP for managing pygmy elephant herds within the oil palm landscape in Sabah. The SOP aims to outline clear, humane, and effective guidelines for managing these human-elephant interactions safely while minimising disruption to plantation activities. This collaboration is a vital step in our ongoing commitment to protecting biodiversity and ensuring sustainable coexistence between agricultural development and wildlife conservation in Sabah.

ReLeaf Project Updates

Since 2022, IOI has partnered with one of its key supply chain partners, Nestlé, to reforest buffer zones within our estates' conservation areas, an initiative aimed at enhancing environmental protection, enhance carbon sequestration and community engagement. The project focuses on planting native tree species that are well-adapted to the local ecosystem, ensuring the reforestation efforts contribute to biodiversity enhancement.

As an added social environmental benefit, all seedlings are sourced from local communities located near the project sites. This not only supports the local economy but also cultivate a sense of ownership and involvement among community members in conservation activities.

As of FY2024, more than 100,000 trees have been successfully planted across 35 ha. To ensure the long-term success of the reforestation project and maximize the survivability of the seedlings, careful maintenance is carried out every three months. This includes clearing competing vegetation, monitoring for pests and diseases, and providing any necessary supplemental watering, especially during dry periods. These maintenance activities are crucial for ensuring that the young trees can establish themselves and thrive, thereby contributing to the project's overall success and objective of creating natural buffers that protect surrounding ecosystems and increase carbon sequestration.

Biosphere project

IOI was invited to participate in the development and formulation of the Biosphere project in the lower Kinabatangan areas, that was aimed to integrate ecological, social, and economic factors to create a sustainable and resilient environment. As a key stakeholder in this region, IOI is deeply committed to enhancing the local ecosystem through landscape-level approaches.

A major focus of the Biosphere project is the development of practical and actionable management plans to protect and preserve the rich biodiversity along the Kinabatangan river. To support these efforts, IOI is not only collaborating with other stakeholders but is also taking independent actions to further reforest conservation areas within our own concessions. This initiative can help restore and connect fragmented habitats, creating ecological corridors that can facilitate wildlife movement, and enhance overall habitat connectivity along the Kinabatangan river.

In this context, IOI, along with Proforest, the SaBC, and HUTAN, is actively working to advocate for the lower Kinabatangan areas to be designated as a UNESCO World Heritage Site. This recognition would not only honour the ecological significance of the region but also enhance its protection and conservation efforts on a global scale.

Laran Tree Planting

As part of our sustainable approach to land management, IOI seeks opportunities to enhance and rehabilitate degraded and flood-prone areas. A notable example of this commitment is our initiative to plant 84 hectares of Laran trees at a particularly flood prone area in Syarimo 4 estate. The Laran trees, known for their rapid growth and resilience in flood-prone environments, have played a crucial role in rehabilitating these areas. By introducing this tree species, we have not only improved soil biodiversity but also enhance the ecological function of the land. The successful establishment of this natural ecosystem has had a significant positive impact, creating thriving habitats for wildlife such as sambar deer, long-tailed macaques, Bornean bearded pigs, and rufous-tailed shamas. Additionally, we are planting fruit trees to provide nutritious resources for the wildlife residing in these areas. These initiatives not only support biodiversity enhancement and ecosystem improvement but also contribute to increased carbon sequestration, helping us to achieve our climate goals.



Enhancing Our Well-being, *Transitioning Together*

Kaamatan celebration at our estate in Sabah

At IOI, we are committed to a Just Transition. This means ensuring that the shift towards a sustainable future especially as we transition towards a low carbon economy, is inclusive, fair, and beneficial for all. Recognising the critical role that our employees and other stakeholders like local communities and indigenous people play, we prioritise their well-being and active participation in this transformation. We aim to not only mitigate environmental impacts but also create resilient livelihoods, fostering a collaborative approach to support customary-practice led conservation. Through continuous engagement and educational transfer of native culture, the journey towards sustainability is one where no one should be left behind.

Protecting OUR WORKFORCE



Sabah State Level Emergency Response Team (ERT Competition) in Sabah Estate

MANAGEMENT APPROACH

Despite moving towards mechanisation and automation, the oil palm industry is still reliant on a significant workforce to maintain their operations. Generally, this workforce consists of migrant workers from countries such as Indonesia, Nepal, India, Bangladesh, etc. In some instances, the language barriers and lack of adequate social support can make them vulnerable to exploitation and abuse.

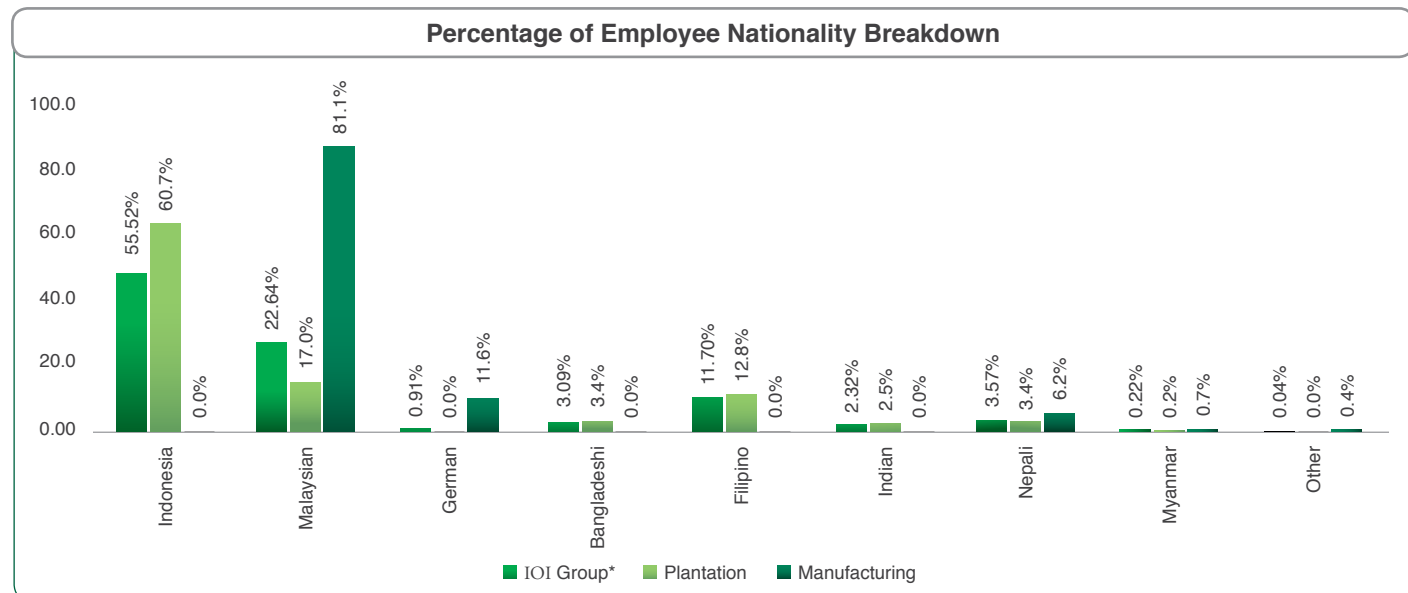
At IOI, it is our responsibility to uphold their rights within our operations by ensuring a safe and fair working environment by protecting them against potential forced labour, and maintaining overall workforce stability. Table below shows a breakdown of employees at IOI by nationality. As stated in the IOISP, our commitment includes freedom of association, eliminating forced labour, promoting equal opportunity, maintaining a safe and healthy working environment, complying with local labour laws and many more.

Neglecting these rights not only violates the tenets of human rights but can also result in increased turnover, absenteeism, a higher risk of accidents and injuries, and

ultimately, a decline in productivity. Another serious consequence for failing to respect human rights can be legal, financial, and reputational such as import bans in key markets like the USA and Europe, suspension of sustainability certifications, downrating by Rating Agencies such as Sustainalytics, and CDP.

Recognising the importance of protecting our workers' rights, we have a proactive approach that ensures that mitigation measures are implemented before issues arise or escalate. Our approach includes Annual Management Review Meetings at the operational levels, the GSSC at the senior management levels and the BSC meetings at the Board level. We also have regular risk assessments as guided by our ERM from the operational level up to the board level. The board maintains oversight of workers' rights-related issues, including safety and health, and reviews risk management strategies to minimise the likelihood of adverse impacts.

To ensure that we implement the policies, guidelines, and SOPs appropriately and are compliant with our human rights commitments and requirements, we conduct regular internal audits across all operating units. These audits, conducted by our Internal Audit Department, Sustainability Department including Safety Department, enable us to detect potential issues early on and to manage them effectively. As a fully certified RSPO and MSPO company, we also undergo annual external audits which rigorously assess our adherence to standards, including forced labour indicators, to ensure our ongoing compliance.



* IOI Group = Total workforce (Plantation and Manufacturing)

ACTIVITY DRIVEN PERFORMANCE AND IMPACT

UPHOLDING WORKERS' RIGHTS

Eradicating Forced Labour

To ensure all our workers are fully aware of their labour rights, we provide awareness training on the ILO Forced Labour Indicators and our Code of Conduct ("CoC") on Ethical Recruitment and Responsible Employment. Workers are also trained to understand our grievance mechanisms and have access to various channels to report any instances of unfair treatment. Our Employee Engagement and Sustainability teams also monitors the grievances received to address any forced labour related issues.

To also help us to prevent and address risks related to human rights impacts, IOI has a due diligence process which is guided by the United Nations Guiding Principles ("UNGP") on Business and Human Rights. This human rights due diligence process consists of the steps below:

- Identifying actual and potential human rights risks
- Preventing and Mitigating Impacts of identified risks
- Tracking and Monitoring effectiveness of actions
- Solutions to address any further issues or matters arising, if any
- Transparency and Reporting outcomes to stakeholders

Good Labour Practices are stated in our IOISP. Some actual examples of our commitment being implemented are:

Equal opportunity and non-discrimination policies

- Provides equal opportunities for all employees, regardless of background, gender, age, nationality, sexual orientation, or other characteristics
- Ensure non-discrimination in all aspects of recruitment and employment, ensuring every employee is treated fairly and equitably

Working hours

- Adhere to legal standards regarding working hours and strictly monitor working hours to prevent excessive overtime

Right of workers to join, participate or organize trade union or association and collective bargaining

- Employee Consultative Committees ("ECC") in each plantation operating unit to facilitate open dialogue. These committees meet at least six times a year to discuss concerns and raise any issues during Joint Consultative Committees ("JCC") meetings
- In Peninsular Malaysia, we subscribe to collective agreements with the National Union of Plantation Workers ("NUPW") while many of our workers in Sabah are registered members of the Sabah Plantation Industry Employees Union ("SPIEU")

GRIEVANCES MECHANISM AND ANALYSIS

Whistleblowing Channel

In 2024, all reports received through our whistleblowing channel were thoroughly investigated, and appropriate actions were taken to address the issues raised. This year, we recorded 13 whistleblowing reports compared to 19 reported last year. Most of the complaints are related to work arrangements. There were no incidents of corruption, underscoring the integrity of our operations.

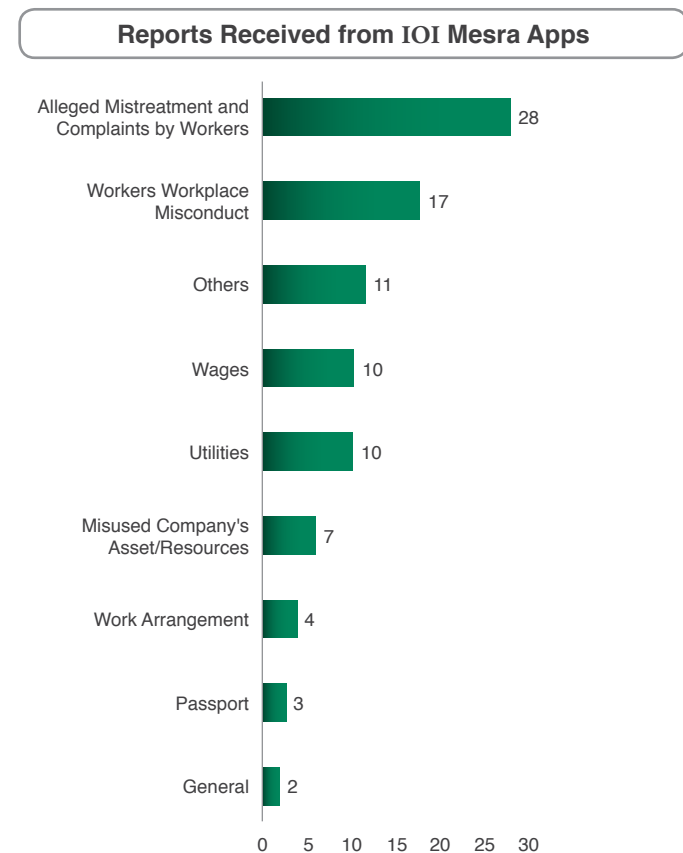
IOI Mesra Application

IOI Mesra Apps is a digital platform that enables our workers in the plantations to report their concerns. This widely accessible application offers multiple language options and allows users to report any grievances anonymously if they want to, and without requiring an active internet connection, ensuring that their concerns can be raised at any time.

PROTECTING OUR WORKFORCE

Notably, all 92 grievances reported this year were submitted anonymously, highlighting the importance of confidentiality in encouraging employees to come forward. Most of the confirmed substantiated complaints are about alleged mistreatment by workers (<30). The next highest is about misconduct among workers themselves (<20). After a thorough investigation of the complaints, all cases are now closed.

The graph below illustrates the number of complaints received and resolved during this reporting period.



Other Grievance Channels

In addition to our whistleblowing platform and IOI Mesra Apps, we actively monitor and address complaints raised directly by employees with management at their respective business units, through various grievance channels.

In 2024, we received 511 reports across our business divisions including manufacturing compared to 1132 reports in 2023. This report covered all types of complaints except for repair and request.

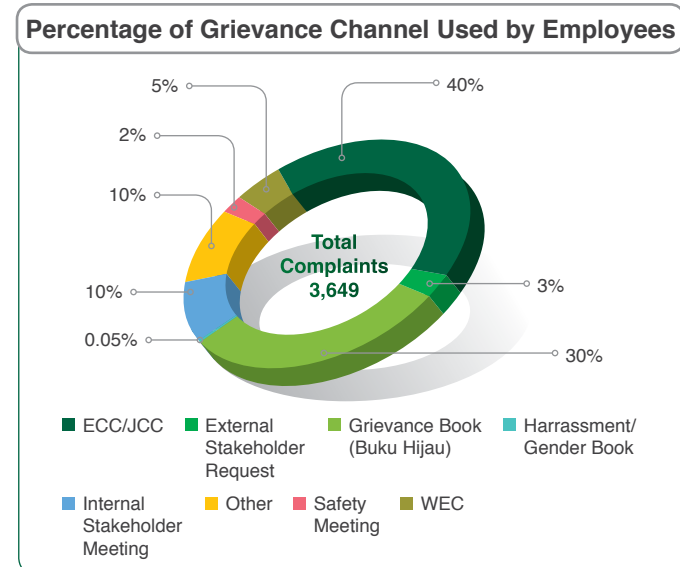
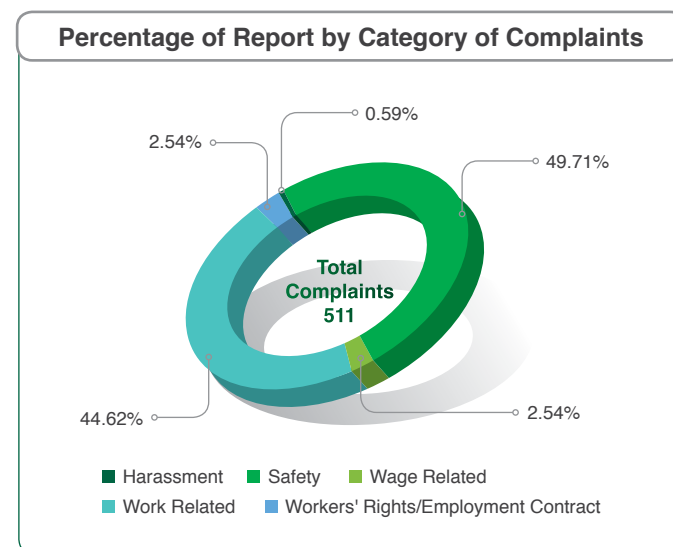


Zero tolerance badge distributed to all level of staff and management

This figure reflects a huge decrease compared to the total complaints reported in the Sustainability Report 2023 (7328), because we have refined our analysis to focus on potential grievances and exclude routine requests or repair/request-related reports.

Complaints related to human rights issues such as harassment, safety, wage-related concerns, and workers' rights were carefully screened to identify any substantiated claims of human rights violations, including discrimination. This targeted approach ensures that any critical issues impacting employee welfare are identified and addressed swiftly and effectively, reinforcing our commitment to uphold workplace rights and to maintain a safe environment for all employees.

The distribution of complaints by categories and grievance channels are as follows:



Since 2022, we have implemented regular housing inspections by sustainability personnel at their respective operating units in our plantations. During these visits, any repair requests are systematically recorded using the 'Rekod Pembaikan/Kerosakan Rumah' form. This initiative has led to a significant improvement in tracking and addressing house maintenance issues. The recorded inspections have increased from 36% to 52%, which correlates with a notable reduction in direct worker complaints through other channels, which decreased from 64% to 48%. This initiative ensures that housing conditions are consistently monitored and maintained, allowing us to promptly resolve any issues and improve the overall living standards for our workers.

ETHICAL RECRUITMENT AND RESPONSIBLE EMPLOYMENT

IOI has continued collaboration, since 2022, with one of our customers in conducting a 3rd party audit on our recruitment agencies. We had already completed the audits on our agencies in Indonesia and Nepal. This year, we finally completed the audit on our agencies in India. This has resulted in a comprehensive findings and recommendations from the third-party auditors on

our agencies' practices in their origin country. Meanwhile, IOI continues to engage with our respective recruitment agencies on the findings, recommendations and gap as well as areas that the recruitment agencies can improve to ensure their practices are in line with IOI's policy and best practices. We are now assisting the independent recruitment agencies to close the gaps and address the findings. A summary report will be issued once this exercise is completed.

OCCUPATIONAL SAFETY AND HEALTH

MANAGEMENT APPROACH

As safety and health are recognised as the #1 material matters for IOI at both operational and management levels, matters concerning this materiality are reviewed and discussed at different Board Committees like the ARMC and BSC.

At the operational level, we monitor control measures to ensuring adherence to our safety policy and compliance with such standards like ISO45001.

ACTIVITY DRIVEN PERFORMANCE AND IMPACT

Occupational Safety and Health Management System

The ISO45001 Occupational Health and Safety ("OHS") Management System protocols encompass 100% of our employees, as well as workers from external providers and contractors who work in our premises. This ensures that every individual within our operations benefits from the highest standards of occupational health and safety.

Actual and potential hazards are identified using the Hazard Identification, Risk Assessment & Risk Control ("HIRARC") method, a systematic approach fundamental to the management system. This process involves identifying hazards, assessing risks, and implementing controls to manage workplace safety. All operations undergo risk assessment before work begins and are reviewed whenever there are changes to processes, materials, practices, or following an accident.

PROTECTING OUR WORKFORCE

All our refineries and oleochemical facilities are ISO45001:2018 certified, along with six (6) of our operating units in plantations. Targets to achieve have also been established such as zero fatality cases and a 10% reduction for occupational accidents, occupational diseases, and occupational poisoning compared to year 2023 for the plantation.

Health Surveillance

- Regular health check-ups and monitoring of workers, especially those exposed to health hazards such as chemical handling and noise exposure.
- Annual medical surveillance is carried out by Occupational Health Doctors.

Medical Care

- Primary medical care at estate clinics and first aid for injuries and illnesses and referrals to specialised medical services when necessary.
- Fortnight visits by Visiting Medical Officer (“VMO”) to workers’ quarters and clinics.

Health Promotions and Regular Training

- Occupational health and safety practices through briefings and safety campaigns
- Safe operating procedure and standard operating procedure including use of personal protective equipment.

Emergency Response Plan

- To manage various emergencies such as fires, chemical spills, accidents, and etc.
- Availability of qualified Estate Hospital Assistants, VMOs and well-equipped clinics.

Workers Participation in Safety Committee and Meetings with Management

Safety Committee which comprise of contractors, employees and employer’s representatives meet at least once every 3 months to highlight and discuss safety matters and to find ways to further improve the implementation of the

OHS management system. The committee discusses the following topics:

- Review of incident reports and near-misses.
- Updates on ongoing safety initiatives.
- Discussion of new hazards and risk assessments.
- Review of training programs and safety communications.
- Recommendations for improvements in safety policies and procedures.

Training on Safety

Occupational safety and health training cover the specific safety standards and procedures relevant to the workplace. This includes general safety practices as well as task-specific procedures, hazard identification, emergency response and safety awareness. Training needs assessment will be conducted to identify specific training requirements based on job rules, tasks and potential hazards. All workers must be trained on safe operating procedures before they are allowed to commence work. In addition, contractors are required to acknowledge and adhere to the 'Safety and Health Requirements for Service Provider' and comprehensive briefing on the 'Prosedur Kerja Selamat Pekerja Contractor' before commencing any work. These rigorous processes are in place to ensure that all employees including contractor workers remain safe while operating within our operation.

Accident Reporting

We deeply regret to report that our zero-fatality target in plantations was not achieved this year, with three work-related fatalities occurring. These incidents are a significant loss for IOI and are taken with utmost seriousness. The fatalities were the result of not adhering to the company's Standard Operating Procedures (“SOP”) and safe operating procedures when handling harvesting tools, road safety and transportation by water.

In response, we have conducted thorough investigations to identify the root causes and are taking decisive corrective actions. Enhanced safety measures are being implemented, including updates to our safety procedures, increased awareness and precautionary signage, and comprehensive communication of these corrective actions to all relevant employees to prevent any recurrence.

All fatality incidents or cases of total permanent disability are immediately escalated to our top management, including our Plantation Director. He reviews the thoroughness of

the investigations, the adequacy of the corrective actions, and the effectiveness of preventive measures to ensure that such tragedies do not happen again.

On a positive note, we are pleased to report that there have been zero fatalities related to contractor workers this year, reflecting the effectiveness of our stringent safety protocols. For more details on our safety performance, please refer to page 85-86.

Global Health Issues

To address global health issues such as tuberculosis, malaria, and etc., our operating units implemented comprehensive health and safety measures for all workers such as mandatory medical check-ups in their country of

origin before traveling to Malaysia. Upon arrival, workers undergo a medical check-up by FOMEMA, which are repeated annually to monitor the health status of foreign workers. Additional measures, such as isolation, fogging, wearing of masks, and vaccination, are recommended and enforced as advised by local authorities. Briefings and awareness programs on prevention and control are also conducted. An example of such briefings is a health talk on “Tuberculosis (TB) & Covid-19 Prevention – Addressing the Resurgence of Cases in Malaysia” organised by our Training Department via an online platform.

Safety-related activities

Here are several examples of activities related to safety, health, and well-being within the IOI Group

- **Sabah State Level Emergency Response Team (“ERT”) Competition**
IEO and IBE participated in the Sabah State Level ERT competition organised by the Fire and Rescue Department of Malaysia. Out of 55 teams in the 'Factory Category,' IEO and IBE won the 'Best Personal Protective Equipment (“PPE”) category and achieved 1st Runner-Up in the 'Kawad Pemadaman Kebakaran' category.
- **Safety, Health & Environment Campaign Week**
IEO and IBE organised a Safety, Health & Environment Campaign Week. The event featured a variety of activities such as seminars, quizzes, virtual runs, CPR training, mock drills, a 5S competition, drawing and photo contests, and *gotong-royong*.
- **Blood Donation Drive**
The HR Department of IOI Acidchem collaborated with Committee Service Community, Hospital Seberang Jaya, and Adventist Hospital Penang to set up a blood donation booth for employees.
- **Health Day**
At the Wittenberge location in Germany, a health day was organised where employees had access to health checks, body checks (including back checks), skin screenings by a dermatologist, and workshops on “healthy sleep.”
- **Flu Vaccination**
Flu vaccinations were offered to all employees at the Witten site in Germany, contributing to the overall health and well-being of the workforce.
- **Safety Campaign**
This campaign at Ladang Sabah Palm Oil Mill, Sabah, which involves training and activities by DOSH, the Fire Department, a VMO, Hospital Duchess of Kent, and etc, was aimed at enhancing safety and health awareness among employees. Other palm oil mills in Peninsular had also conducted their yearly safety campaigns aimed at enhancing workplace safety and promoting a culture of safety and health among their employees.
- **OSH award**
The Safety, Health & Environment Department (Peninsular) organised a yearly program to recognize and reward outstanding contributions to workplace safety and health across our operating units in the plantation (Peninsular). The winners for this year were announced during the IOI Plantation Gala Dinner in May, with Bahau Estate taking first place, Regent Estate securing second place, and Gomali Estate finishing in third place in the Estate and Research Center category. In the Mills category, Gomali Palm Oil Mill took top honors.

Uplifting OUR PEOPLE

MANAGEMENT APPROACH

Our approach to uplifting our workforce is deeply rooted in our recognition that our people are our greatest asset and our commitments to diversity, equitable transition, continuous learning which are in alignment with both our company policies and the UNSDGs. We emphasise diversity at all levels, starting at the Board level. Guided by the Board Diversity Policy, we ensure that board candidates are selected from a wide variety of backgrounds without discrimination based on gender, age, religion, ethnic group, or other characteristics. (Further details in our AR page 99). This commitment extends to all employees, as outlined in our IOISP, where we provide equal opportunities regardless of gender, age, nationality, and more.

IOI is also committed to ensuring a just transition for all our employees as we move towards a low carbon economy. Our just transition agenda, guided by UNSDG 8: Decent Work and Economic Growth, focuses on maintaining job security and providing growth pathways as the industry evolves. This includes supporting those affected by changes in operations or technology through reskilling and upskilling opportunities. Continuous learning and development are central to our strategy, with IOI investing in a wide range of training programs designed to enhance both technical and soft skills, enabling our employees to excel in their current roles and prepare for future opportunities.

ACTIVITY DRIVEN PERFORMANCE AND IMPACT

DIVERSITY AND GENDER EQUALITY

In 2024, IOI made further strides in advancing gender equality, diversity, and inclusivity across all levels of the organisation. A major highlight of the year was our Group-wide celebration of International Women's Day, where we hosted a dynamic panel discussion participated by managements from the HQ, Plantation and Manufacturing



as well as an invited guest from the United Nations Population Fund (“UNFPA”) based on the theme "Inspire Inclusion: Challenges and Opportunities". This event not only underscored our commitment to fostering a culture of inclusion but also provided a platform for meaningful dialogue on the challenges and opportunities faced by women in the workplace.

Panel Discussion at IOI HQ on International Women's Day 2024

Building on this momentum, we established the IOI Group WEC at our headquarters and within our Oleochemical and Refinery divisions. Meanwhile, the more established WEC from the Plantation Division has been excelling and leading the way with numerous engagements, seminars, and awareness programs that have made a significant impact on our workforce. IOI Oleochemicals has also actively contributed to these efforts by conducting vital health awareness and wellness programs, such as the Health Awareness Talk & International Women's Day Promotion (Fertility Health Talk) on 12th March 2024 and the Women's Health and Wellness Seminar focusing on women's health issues and promoting overall wellness among our female employees.

On gender equality, we are particularly proud to report that 43% of our board members are now women, reflecting our commitment to gender representation at the highest levels of leadership. This percentage is above Bursa's requirement for 30% women representation in the Board.

Where inclusivity is concerned, we do not tolerate ageism within our company.

Employee Category	Under 30 (%)	30-50 (%)	Above 50 (%)
Management	0.3	66.3	33.4
Executive	28.2	62.2	9.6
Non-Executive	28.1	57.6	14.3

JUST TRANSITION

In our transition towards net zero, among our focus areas are on optimising resource use and integrating advanced, more efficient machinery, especially in our manufacturing plants. We are committed to supporting workers displaced by these changing technologies by offering accessible retraining programs that equip them with new skills relevant to the green economy. Upskilling employees require time and resources to ensure they can effectively learn and excel in their new roles, improving both their skills and overall operational efficiency. During this transition, the group's plantation workers' productivity decreased by 2% compared to last year due to the new and unskilled estate employees.

To support our transition effort, the mechanised mainline FFB evacuation system has been implemented across 99% of the targeted hectares, with full completion anticipated by August 2024. For more details on our mechanisation efforts, please refer to page 76-77 of the Annual Report.

Expanding social dialogue with stakeholders in the decision-making process is also crucial to ensuring that the concerns of all employees across the group are thoroughly considered. We are continuously educating our employees on the risks posed by current climate change, including strategies to mitigate and adapt to its impacts, such as heat waves. We regularly advise our employees to stay hydrated, minimize exposure to extreme temperatures, and wear appropriate attire during high temperatures to safeguard their health and well-being. Please see more info related to just transition in the last section of this sustainability report. Additionally, the implementation of our Work from Home and Flexible Work Arrangement Policy was designed to better support work-life balance by accommodating the diverse needs of our workforce.

TALENT DEVELOPMENT AND CAPACITY BUILDING

Recognizing the essential role of building growth and upskilling employee development, IOI is committed to fostering continuous skill enhancement among our employees. We aim to provide numerous training and opportunities on a wide range of topics, from leadership and communication to specific operational and technical skills, for all our employees. Our Human Resource Department and Learning & Organisational Development Departments spearhead these initiatives, providing a comprehensive range of programs including online courses, webinars, in-house training, and e-learning platforms. This financial year, our Corporate Learning & Organisational Development Department has facilitated at least 280 training sessions with a total investment of RM425,069. Additionally, other divisions have conducted numerous training sessions for employees' talent development and capacity building. For detailed information on training hours and employee participation, please refer to the page 83 and 85.

Beyond these training programs, IOI evaluates employee growth through annual performance reviews for all staff levels and above. This review assesses employees based on their Key Performance Index (“KPI”) which enables IOI to identify areas of improvement and opportunities in employee's career development. Additionally, targeted training initiatives have been implemented for specific groups, such as the Estate Managers' Accelerated Development Program (“EMADP”). This program is designed to enhance both soft and technical skills, ensuring that participants receive focused development tailored to their professional needs.

Apart from providing comprehensive training to our employees, we assess our employees' satisfaction and perceptions of their work, talent focus, our company culture as well as management leadership using the Kincentric Employee Engagement Survey 2023 which aims to align with the company's goals. The survey consists of 81 close-ended, culture close-ended, ranking, and open-ended questions. This anonymous survey received an 89% response rate from employees across the IOI Group.

As digitalisation becomes more significant to running an efficient business, IOI too has started by introducing digitalisation within our operations as detailed on page 38-39. Our practice through IOI Grow, an e-learning platform

that was introduced in 2020 with a concept of “Learning Excellence, Unleashing Potentials” have benefitted 80 employees. In March 2024, 18 Learning Champions were invited to a Learning Champion Appreciation Session and they were nominated by their departmental head for their dedication and commitment in using the platform. To also address mental and social wellbeing of an employee, IOI introduced and launched a digital health platform called IOI Cares, a personalised and comprehensive employee wellness program. This program is designed to improve overall employee wellbeing by addressing mental health, nutrition, fitness, and general wellness. It offers customised coaching, goal-setting tools, progress tracking, and direct access to experienced coaches and healthcare professionals.

IOI URBAN GARDEN

As part of our commitment to sustainability and employee well-being, we encourage initiatives like the "Plant Your Own Food" project. Initially implemented at our plantations, we now encourage our urban employees to also participate by growing their own food in a designated area near our HQ, promoting both environmental stewardship and personal well-being.

This initiative, first launched in March, 2023, is now further expanded to include enhancing the garden's biodiversity, by partnering with IOI City Farm. This new collaboration aims to introduce a wider variety of plant species, creating a richer ecosystem within the garden. This collaboration has also provided additional value to our Urban Garden initiative through learning sustainable gardening practices such as how to manage pests and common plant diseases from IOI City Farm's botanists and education officers, further enhancing the skills and knowledge of our employees. To further spark interests among our employees to take up urban gardening at our IOI Urban Garden and within their own home, we also conducted a workshop on “How to make mini self-watering pots using used plastic bottles” during IOI's Earth Month in March 2024.

Expanding OUR IMPACT

MANAGEMENT APPROACH

Beyond our employees, IOI commits to have positive influence on stakeholders that are impacted by our presence such as local communities, suppliers, smallholders, etc. Through our targets adopted under UN SDG 8, we continue to empower children who reside in the plantation with their families with the necessary education for a better future. We further expand our engagement and subsequent community outreach activities to ensure local communities benefits from our operations and presence. Finally, in full alignment with UN SDG 17, IOI is committed in having constructive partnerships with multi-stakeholders to promote effective partnership with stakeholders such as civil societies, state organisations, and etc, to address matters such as FPIC, human rights, child labour, and others.

ACTIVITY DRIVEN PERFORMANCE AND IMPACT

ERADICATING CHILD LABOUR THROUGH EDUCATION

IOI continues to provide access to education for our worker's children in Sabah. 42 Humana and CLC schools were established in our operation in Sabah under the "Child Education" Initiative. This financial year, IOI has built one additional school in Leepang 5 Estate maintaining our status as the largest private provider for education based in plantations. This initiative has benefitted 4,311 children, with a 15% increase in enrollment, compared to the last financial year.

Our care for the well-being of the children, given the unique challenges posed by the remote and isolated nature of our plantation locations, was demonstrated further by the implementation of the 'Full-Day Zero Cost Education Platform' since 2021. This educational program fully funded by IOI, eliminates any financial barriers for our plantation workers in Sabah to send their children for education, balanced meals, and a brighter future. For this financial year, we spent about RM3,687,013 to cover expenses such as lunch, school fees, uniforms, and related cost. On top of these efforts, these children are also entitled to a range of essential benefits like medical coverage and childcare facilities provided by IOI.

Aside from the above mentioned initiatives, we proactively engaged with key stakeholders on issues related to child labour. Notably, we engaged with the ILO by participating in the Project Launch and Consultation Workshop held on World Day Against Child Labour. This workshop, titled 'Promoting Socio-Economic Inclusion through Enhanced

"Child Education" Initiative benefitted

4,311 students

Access to Education for Children and Training Opportunities for Young Workers on Oil Palm Plantations in Sabah, served as a vital platform for discussing child rights and addressing the challenges faced by children and young workers in plantations. Through these collaborative efforts, we reaffirm our commitment to advancing the rights and well-being of children in our plantations.



New humana school at Leepang 5 Estate, Lahad Datu, Sabah

EXTERNAL ENGAGEMENT

IOI was involved in a research project on "Climate Change, Environmental Degradation, and International Labor Migration in Asia: Exploring the Role of Business" by IOM that was conducted in 2022. The data from the report helped to highlight how climate change drives workers' migration to other countries such as Malaysia and Thailand. IOI continues collaborating with IOM to develop pre-employment orientation programmes for our migrant workers at their home country. This activity will prepare the workers with work expectations and acknowledge workers' rights, as well as IOI's employment processes and related policies.

Additionally, a series of supplier trainings were organised in collaboration with other industry partners, coordinated by the Earthworm Foundation. These sessions focused on two key areas: Decent Work Practices and Ethical Recruitment. The Decent Work Practices training addressed labour standards, workers' rights, and business impacts, NDPE, laws, and strategies for mitigating forced labour risks. Meanwhile, the Ethical Recruitment training covered fundamental principles and international standards

for ethical recruitment, emphasised the employer pay principle for managing recruitment fees, and practical steps companies can take to implement ethical recruitment practices, including the use of the EF tool to ensure due diligence. These trainings were held at multiple locations to ensure coverage of our suppliers in different locations.

Our engagement with a human rights due diligence service provider has given us some insights related to worker's well-being and working conditions in several estates in Peninsular Malaysia. The survey was done to monitor the well-being and working conditions of our plantation workers, as well as to serve as a pre-alarm system to the management of any concerning issues related to labour rights. Some of the indicators covered in this survey were basic needs and housing amenities, fair and equal treatment, freedom of movement, grievance mechanism, fair recruitment including no recruitment fee, training, wages, etc. We have completed the survey for four out of six estates by the service provider in which all workers who participated in the survey needed to answer a pre-recorded questionnaire. All workers were given anonymity and freedom to answer the call without interference by the management. According to the survey, all the indicators exhibit positive responses exceeding 50%. The indicators that received more than 80% positive responses are basic needs and housing amenities, grievance mechanism, safety and health, training, and working hours. Unfortunately, the overall response rate of 17.82% for the survey was rather low. Due to this low response, we decided not to expand this project to our operations in Sabah.

PLASMA, SMALLHOLDER

Plasma smallholders play a crucial role in our Indonesian plantations and within the IOI PT SNA supply chain. These smallholders are integral to our operations, contributing significantly to the productivity of our plantations. In accordance with local legislation and as part of our commitment to supporting local communities, the IOI PT SNA Group has dedicated 20% of our total planted area to plasma smallholders. This allocation is not only a regulatory requirement but also a reflection of our dedication to fostering local economic development and empowering smallholder farmers. By integrating these smallholders into our supply chain, we aim to enhance their livelihoods, promote inclusive growth, and ensure that our practices align with both legal standards and our corporate values.

As of today, the IOI PT SNA Group oversees seven plasma cooperatives, which collectively involve 3,690 participating families. These cooperatives are spread across seven villages and two sub-districts, reflecting our extensive reach within the region. The total hectareage managed by these cooperatives has increased to 5,465.57 hectares. This growth signifies our ongoing commitment to expanding our support for smallholder farmers.

Beyond complying with local legislation, IOI has brought plasma smallholders along to obtain RSPO and ISPO certification together with our PT SNA Group estates. Our main objective is to expand our impact on the smallholders by promoting regenerative and precision agriculture practices, as well as fostering their understanding and commitment to overall sustainability. Additionally, our engagement with communities through the plasma program also includes our CSR initiatives like assistance in repairing infrastructure like roads, bridges, etc, and within the company's capabilities, providing support in areas such as education and culture.

20% of IOI PT SNA planted area for plasma smallholders

3,690 participating families

overseeing **7** plasma cooperatives spanning

5,465.57 hectares

COMMUNITY OUTREACH AND INITIATIVE

Community outreach is vital for a company as it builds trust, strengthens local relationships, and enhances our reputation. By engaging with and supporting the local community, we foster goodwill, boost employee morale, and gain valuable insights into local needs. This not only contributes to the community's well-being but also creates a stable, supportive environment for the business, leading to long-term value and sustainable growth.

At IOI, annual stakeholder meetings by respective plantation groups are held with local villages, communities, nearby schools, and other relevant stakeholders to discuss concerns and gather input as part of our Social Impact Assessment.

EXPANDING OUR IMPACT

This engagement provides an opportunity to address issues such as road maintenance, electricity supply, carpenter work, etc. thus fostering collaborative spirit and ensuring that our efforts align with the needs of the surrounding communities.

Beyond the efforts of our charity arm, IOI Foundation (please refer to page 81 for more details), our operations across the group are also committed to conducting various activities that benefit their local communities. Our business divisions in manufacturing and plantation have specific corporate responsibility teams to implement activities related to communities such as:

<p>Donation Drive</p> <p>Donated packed food and blankets to 30 homeless individuals in Seberang Jaya, providing essential support to those in need.</p>	<p>Hari Raya Celebration</p> <p>Held a festive celebration at Children’s Home Taman Sena, Kepala Batas, where we distributed goody bags filled with biscuits, water bottles, and colored pencils to the children, who were delighted and grateful.</p>	<p>Gotong Royong at Kampung Jawa, Seberang Perai</p> <p>Organised a community clean-up program with the participation of 80 to 100 people, promoting environmental stewardship and community spirit.</p>	<p>Earth Day Awareness Talk</p> <p>Conducted an educational session at SK Seberang Jaya to raise awareness about environmental conservation among young students.</p>
<p>Malaysia Day Celebration</p> <p>Celebrated Malaysia Day with the children of Permata Kasih Children’s Home, fostering a sense of national pride and community.</p>	<p>Deepavali Celebration</p> <p>Brought joy to children from Crystal Family Home in Penang by celebrating Deepavali with them, strengthening our connection with the community during this important cultural festival.</p>	<p>Community Spirit</p> <p>Unico 1 Estate donated a lawn mower to SK Sri Ganda and a brush cutter to the Kampung Sri Ganda community. This act of public service is aimed at easing the maintenance of lawns in these respective areas, contributing to the overall upkeep and cleanliness of the community.</p>	<p>Poultry Farming Program</p> <p>Provided financial aid to Air Hitam Besar Village in Indonesia for the construction of a chicken coop. This initiative is aimed at improving the standard of living of local farmers and creating meaningful alternative job opportunities for those not employed in the oil palm plantations.</p>

IOI PELITA

IOI has continued to engage in regular consultations with the local communities regarding the progress of the land survey and dispute resolution, while providing a platform for them to express their concerns and feedback. This engagement was important because navigating the complexities of securing the land title held various challenges, particularly in balancing community expectations and ensuring transparent communication. IOI has addressed these challenges by employing an independent local facilitator who understands the local cultures and language, thereby ensuring effective communication throughout the process. In addition, we also prioritize hiring local community members as estate workers.

This year, IOI entered the final phase of the IOI Pelita land dispute resolution process. A comprehensive and independent land survey was conducted to ensure that all boundaries were accurately mapped. The resulting land mapping has been formally submitted to the Land & Survey Department of Sarawak, and we are now awaiting the issuance of the Land Code Title. Upon approval, the Sarawak Land Department will release the designated land to the entitled communities, marking a pivotal milestone in the resolution process. While awaiting the issuance of the Land Code Title and maintaining ongoing communication with the communities, IOI is confident that excising the land in alignment with the final settlement agreement with the communities will foster a lasting positive change with the local communities.

Sharing PROSPERITY

MANAGEMENT APPROACH

IOI Group’s charity arm, ‘IOI Foundation’ formerly known as Yayasan Tan Sri Lee Shin Cheng is committed to having positive impacts to our local communities by sharing our prosperity. This commitment aligns with IOI’s mission, caring for the community and IOISP. As mentioned earlier, as the Group’s charity arm, we are dedicated to driving positive socio-economic impact for local communities and contributing to their quality of life and well-being where we operate. IOI Foundation’s beneficial contribution through providing education, community welfare, medical assistance and the promotion of Science, Technology, Engineering & Mathematics (“STEM”) has had a remarkable positive influence on the Group’s morale and sense of corporate social responsibility.



IOI Foundation sharing and spreading a cheerful Hari Raya at Pertubuhan Anak Yatim Darul Aminan

ACTIVITY DRIVEN PERFORMANCE AND IMPACT

IOI Foundation has significantly contributed to the community, specifically 141 beneficiaries which consist of both individuals and organisations, for a cumulative amount of RM65.4 million as of FY2024 and RM2.7 million for this financial year through various educational, social, and medical programmes as well as its Social Enterprise, Bargain Basement.

IOI Foundation has contributed extensively to schools, universities, and educational organisations as well as individuals. To date, at least 348 students were awarded scholarships while the IOI Foundation has successfully adopted 1570 students through its Student Adoption Programme. Additionally, other education-related programmes include several impactful initiatives such as IOI Leadership Youth Camp which was conducted twice in the last financial year, i.e., in August 2023 and May 2024. This programme was organised for the children of our employees to cultivate their leadership skills and to inspire and empower them to be the next generation of leaders. In addition to supporting students, IOI Foundation has actively engaged in a variety of educational initiatives, including IOI Public Speaking Workshops and Competition, which featured both primary and secondary schools.

Besides that, the IOI Foundation is actively involved in numerous social programs and charitable activities. Through its Social Enterprise, Bargain Basement made a significant contribution in 2024 by providing RM400,000 of its net to

18 beneficiaries from schools, orphanages, animal shelters and various non-profit organisations, marking a significant milestone of nearly RM1,000,000 contribution since its inception in 2016. These efforts reflect our commitment to advancing education, supporting youth development, and contributing to the broader community through targeted and meaningful initiatives.

Cumulative contribution (in RM) as of FY2024:

School Building Funds	Scholarship Awarded (348 Students)
28,952,437.56	11,568,309.00
Young Achiever Awards	Student Adoption Programme (1,570 Students)
680,185.00	5,314,079.91
Others – Education	Medical aid purposes
2,232,986.47	1,200,970.33
Social Programme and Donation	
15,470,473.07	

Bursa's Sustainability

PERFORMANCE REPORT

Indicator	Measurement Unit	2023	2024
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Management	Percentage	34.3	66.03
Executive	Percentage	29.2	41.92
Non-executive/Technical Staff	Percentage	27.7	38.66
General Workers	Percentage	0.18	38.48
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	4,476,813	2,748,159.66
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	511	141
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Management Under 30	Percentage	1.61	0.27
Management Between 30-50	Percentage	66.77	66.3
Management Above 50	Percentage	31.61	33.42
Executive Under 30	Percentage	26.99	28.2
Executive Between 30-50	Percentage	64.96	62.22
Executive Above 50	Percentage	8.05	9.59
Non-executive/Technical Staff Under 30	Percentage	34.2	28.11
Non-executive/Technical Staff Between 30-50	Percentage	54.93	57.61
Non-executive/Technical Staff Above 50	Percentage	10.88	14.28
General Workers Under 30	Percentage	37.2	33.36
General Workers Between 30-50	Percentage	55.11	58.32
General Workers Above 50	Percentage	7.69	8.32
Gender Group by Employee Category			
Management Male	Percentage	75.72	77.45
Management Female	Percentage	24.28	22.55
Executive Male	Percentage	68.97	68.52
Executive Female	Percentage	31.03	31.48
Non-executive/Technical Staff Male	Percentage	62.91	64.4
Non-executive/Technical Staff Female	Percentage	37.09	35.6
General Workers Male	Percentage	71.72	76.35
General Workers Female	Percentage	28.28	23.65
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	57.1	57.1
Female	Percentage	42.8	42.8
Under 30	Percentage	0	0
Between 30-50	Percentage	14.29	14.29
Above 50	Percentage	85.71	85.71
Number of women on the board	Number	3	3

Internal assurance External assurance No assurance (*)Restated

Indicator	Measurement Unit	2023	2024
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	2,913,999.97	2,685,568.39
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	5	3
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	4.5	4.89
Bursa C5(c) Number of employees trained on health and safety standards	Number	286	25449
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	5,285	15,678
Executive	Hours	15,485	51,833
Non-executive/Technical Staff	Hours	37,785	49,393
General Workers	Hours	615,565	961,555
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.4	3.59
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	69	41
Executive	Number	104	141
Non-executive/Technical Staff	Number	193	292
General Workers	Number	3,254	7,726
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	2	8
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	92	90
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	5,306.974	3,871.675
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	532,350	1,021,363.10
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	506,381	991,093.7
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	25,769	30,269.4
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	1,061,675.83	745,129.31
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	39,771	32,423.45
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	6,709,997.89	4,385,919.57

Internal assurance External assurance No assurance (*)Restated



Supplementary information for the SR2024 can be found through the QR code below. These include information regarding:

1. Sustainability Performance Matrix	84-88
2. GRI Content Index	89-97
3. RTE Species Listing	98-100
4. Glossary	101-104



<https://www.ioigroup.com/Files/sustainability/pdf/SR2024QRCODE.PDF>

Just TRANSITION

Local community near PT SKS Estate, Ketapang, Indonesia

The basis of IOI's cohesive and inclusive responses towards climate change and subsequent commitment to achieve net zero by 2040 lies in our comprehensive decarbonisation efforts such as investing in clean and renewable energy, our nature-based solutions, and our action plans to manage current climate risks through mitigation and adaptation to climate-related risks. In fact, we are fully aware that transitioning to a more sustainable and low-carbon economy involves more than just adopting green technologies or policies.

We further fully recognise that the transformational Decarbonisation Pathway to Net-Zero by 2040 that we are embarking involves not only our immediate businesses and operations but also our employees, suppliers, customers, and communities, amongst others. The fact is, a strong commitment to social equity and an inclusive approach is also required. In other words, as we transition into a low-carbon economy, we will strive to ensure that our climate change adaptation and mitigation efforts will be done in a fair and balanced way and be beneficial to all stakeholders involved.



Empowering young girls in rural areas

IOI's Just Transition Plan

- 1 We will seek to engage with the local communities and indigenous people to be part of our customary-led conservation initiatives as we strengthen efforts to reduce GHG emissions through rehabilitation and reforestation.
- 2 Ensure social protection for employees affected by the transition to low carbon economy through job placement, and income generating opportunities. This includes offering retraining and upskilling programs focused on new green technologies, so employees can adapt to changes and stay employed.
- 3 Raising awareness of climate risks, especially for employees who are highly exposed to these risks and implementing workplace adaptation measures such as educating on climate impacts and risks like heat, adjusting work schedules, and providing necessary PPE for health and safety.
- 4 Engaging local communities in our decarbonisation and climate risk mitigation efforts, promoting an inclusive approach that fosters collective responsibility and shared benefits.

Rehabilitation of peat areas at Bukit Leelau with *Orang Asli* community



Some of the key activities of our Just Transition Plan

- 1** Implement precision and regenerative agriculture, cultivation of organic oil palm as well as integrated pest management. Outcome of these practices include reduced use of chemical fertilisers and pesticides thus helping to reduce carbon emission within our operation and chemical impact to the surrounding ecosystems such as rivers and waterways, where communities reside.
- 2** **Embedding technology and innovation in our practices**
 - Maximising mechanisation in our IOI Plantation operations that reduces labor-intensive tasks and exposure to extreme weather. Various mechanical machinery was introduced for in-field use that increases productivity while adapting to climate-related risks.
 - Adopting eco-friendly and efficient technologies, and digitalisation especially in our resource-based manufacturing not only reduces environmental impact but also increases productivity and work efficiency.
- 3** **Practicing the circular economy approach with IOI's 7Rs across the Group**
 - Repurposing oil palm trunks into palm-based wood products, minimising landfill use and conserving resources as well as providing various new job opportunities while transitioning to a low-carbon economy.
 - Partnering with Tetra Pak to recycle UBC across our plantation mill and estates. These activities not only reduce waste but also improve knowledge and awareness of recycling waste among our employees.
- 4** **Implements physical risk protection measures across our operation**
 - An early warning system at flood-prone areas within our plantations strengthens safety measures for our employees and local communities. This also includes providing safety canoes, boats, and life jackets, and regularly maintaining roads, bridges, and drainage systems.
- Adopt several climate-adaptive measures for occurrence of prolonged or extreme heatwave by improving ventilation infrastructure, comprehensive fire management, and organising work schedules that reduce exposure to extreme temperatures.
- To ensure employees are prepared and understands climate risks, trainings, and awareness are conducted regularly. For example, during daily morning briefings, advices on how to handle extreme heat are given.
- Introduced new IOI Group Water Policy to address water management across IOI Group as part of our climate mitigation approach that may impact not only our operations but the surrounding ecosystems where communities live.
- 5** **Expand social dialogue with stakeholders for the decision-making process and inclusive approach**
 - Conducted discussions with numerous stakeholders through the Sustainability Consultative Forum ("SCF") to ensure wider opinions and issues are covered.
 - Regular stakeholder consultations with the government, local communities and indigenous peoples nearby plantations, schools, and our employees to discuss topics related to social and economic impact of climate change.
- 6** **Community engagement to promote sustainable practices**
 - Provide training programs to handle climate related emergencies such as floods and in-kind assistance, such as for land clearing with the use of our machineries, rather than burning, to smallholders and nearby communities.
 - Promote educational and health initiatives to improve the overall well-being of communities.

ENHANCING BIODIVERSITY TRANSITIONING TOGETHER

This year's design depicts a vibrantly alive and sustainable ecosystem where all can thrive. The bold strokes reflect the Group's strong commitment and clarity of vision in their set sustainable goals. The chosen images emphasise the importance of technology, partnerships, and inclusivity as IOI ramps up initiatives towards enhancing biodiversity to increase their resilience in supporting the ecosystem and their sequestration ability, while ensuring that the measures implemented as we transition towards a low-carbon economy will be just and benefit those impacted by climate change. The gold tributes indicate the three main strategic approach to decarbonisation and IOI's Pathway to Net Zero by 2040.



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