



IOI GROUP

# IOI Group Water Policy

## 1. Introduction

With climate change increasing the severity of droughts and heatwaves, water scarcity for agricultural use has become an existential issue. As a vertically integrated agriculture-based corporation, water is of great importance to IOI. Steps will be taken to ensure that our water footprint (“WF”) is sustainable by strengthening our commitment towards responsible use of water resources with the development of IOI Group Water Policy, referred hereafter as “Policy”.

As a background, IOI plantations rely mainly on green water which is defined as precipitation on land that is stored in the soil or temporarily stays on top of soil or vegetation<sup>1</sup>. Currently, although all IOI estates are located in low water stress areas, we continue to practice responsible water stewardship by implementing green water conservation initiatives to reduce the risk of water scarcity. Our resource-based manufacturing mainly relies on blue water, defined as fresh surface and groundwater. To reduce and control the WF of our products in the resource-based manufacturing division, IOI has adopted sustainable water technology focusing on reducing water wastage through efficient practices such as grey water recycling. Grey WF is defined as the volume of freshwater that is required to assimilate the load of pollutants based on natural background concentrations and existing ambient water quality standards<sup>1</sup>. Initiatives implemented to reduce our grey WF include treating palm oil mill effluents (“POME”) to be discharged safely to the fields or waterways for irrigation.

The practices above are part of our approach to the 7Rs of Circularity (Rethink, Repurpose, Reduce, Reuse, Recycle, Repair and Recover) to increase operational and resource use efficiency. This strategy helps to ensure water will be used in a socially equitable, environmentally sustainable, and economically beneficial way. It is to be noted that our water stewardship through conservation and sustainable water technology is also in alignment with our wider Climate Change Action (“CCA”) initiative and aids in our efforts to drive nature-positive impacts within our operations.

## 2. Scope

The provisions in this policy apply to all IOI operations worldwide, including joint ventures and companies in which we have management control. The policy will also be communicated to all within our supply chain who are encouraged to adhere to the commitments in the Policy.

## 3. Our Commitments

Our water policy was built on the fundamental pillars of compliance, sustainable performance, and transparency. We strive to ensure that our operations and third-party suppliers:

- Comply to water-related laws and legislations applicable in countries where we operate.
- Implement sustainable water technology as well as best management practices for water conservation and use by adopting water circularity practices and water-efficient processes.
- Adopt relevant adaptation measures to mitigate water-related risks identified through water risk assessments.

<sup>1</sup> <https://www.waterfootprint.org/water-footprint-2/glossary/>

## 4. Our Operations

Recognising the need to go beyond compliance, IOI Group commits to improve its performance on water stewardship through the following:

- Compliance with water-related requirements in various sustainability and environmental certifications (e.g., RSPO, MSPO, ISO14001, etc.).
- Conduct periodic water and wastewater sampling of our operations by accredited laboratories to ensure compliance with national and local water quality standards.
- Conduct water risk assessment to identify risk and opportunity.
- Aim to set water withdrawal targets to prevent further negative impacts on water stress.
- Periodically review the effectiveness and adequacy of our water policy and targets.
- Continuous improvement of water stewardship through the adoption of water-efficient technologies and processes with minimal water impact on communities and environment.
- Support community engagement(s) related to water management for water stewardship.
- Provide access and awareness on responsible use of clean water, sanitation and hygiene (WASH) to all workers.

A high level of transparency is key for maximum effectiveness of the Policy. Thus, we strive to uphold the transparency of our water stewardship practices by:

- Communicating our performance on water-related metrics.
- Communicating our Water Policy and its revisions to all our operations and supply chain.

Specific to IOI Plantations:

- Implement green water conservation practices like regenerative agriculture, installing water gates at peat areas, etc.
- Ensure no leaching of agrochemicals in waterways.
- Protect buffer zones and riparian reserves within our plantation areas.

Specific to IOI Resource-based Manufacturing:

- Ensure effluent water is managed effectively and efficiently through water recycling and water-efficient technologies.
- Diversify water supply sources to mitigate disruptions due to climate-related risks.
- Ensure good management and monitoring of drainage and stormwater within and around operational sites.



**Dato' Lee Yeow Chor**  
Group Managing Director &  
Chief Executive



**Dr. Surina Ismail**  
Chief Sustainability Officer

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