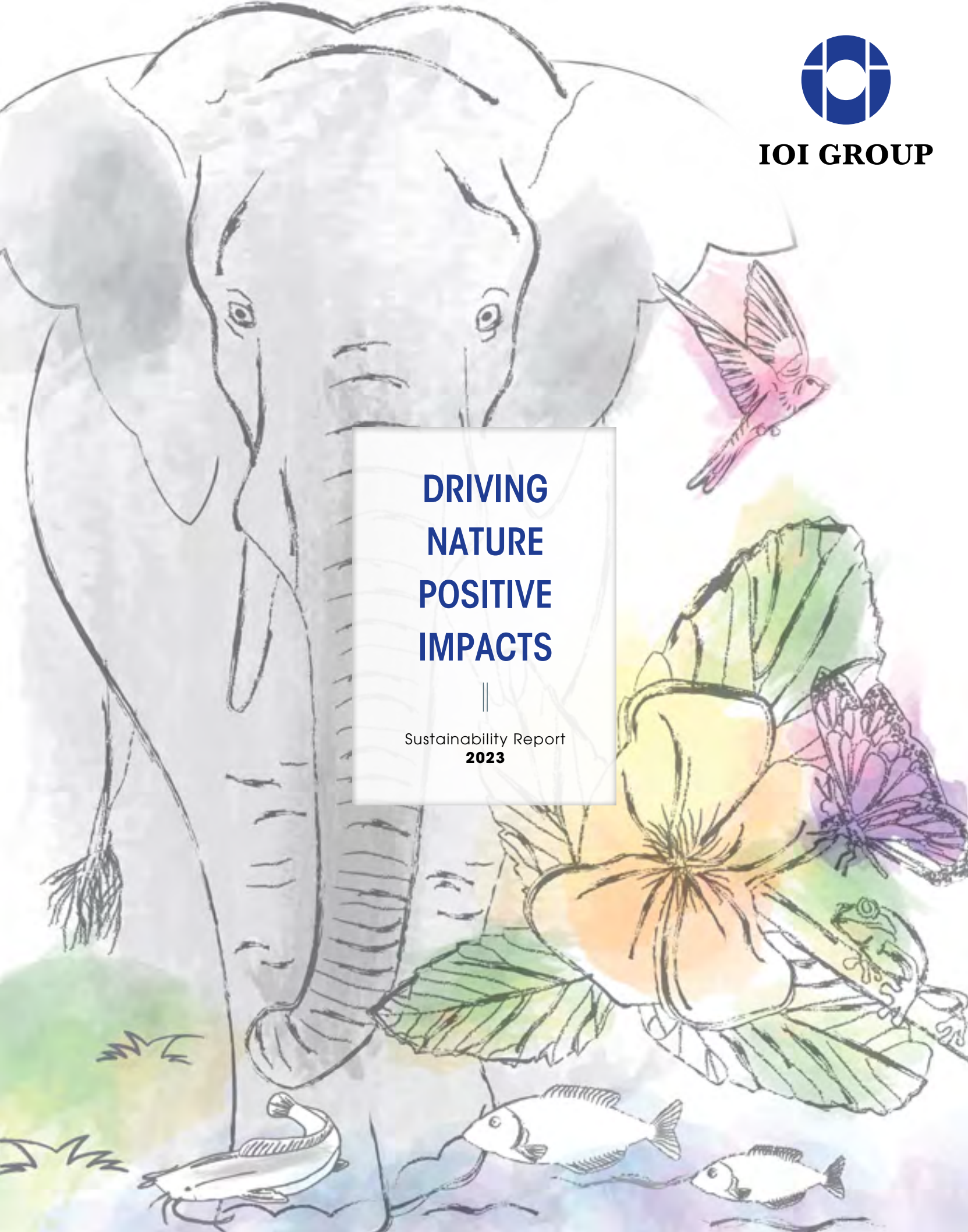




IOI GROUP

DRIVING NATURE POSITIVE IMPACTS

||
Sustainability Report
2023



INSIDE THIS REPORT

ABOUT THIS REPORT		COMMITMENT TO STRONG GOVERNANCE		MAKING NATURE POSITIVE DIFFERENCE	
The Focus of This Report	1	Sustainability Governance	22	Safeguarding Natural Resources	48
Reporting Period and Scope	1	Stakeholder Engagement	24	Enhancing Biodiversity and Ecosystem	53
Assurance and Forward-looking Statement	1			Regenerative and Precision Agriculture	56
MANAGEMENT KEY MESSAGES		OUR MATERIAL SUSTAINABILITY MATTERS		FOSTERING A POSITIVE WORK CULTURE	
Message from Our Group Managing Director & Chief Executive	2	Sustainability Materiality Matters	26	Protecting Our Workforce	60
		Top 10 Sustainability Material Matters and Our Responses	28	Uplifting Our People	64
SUSTAINABILITY HIGHLIGHT		ENVIRONMENTAL, SOCIAL AND GOVERNANCE/ECONOMIC		APPENDIX	
IOI's Pathway to Net-Zero by 2040	6	Environmental, Social and Governance/Economic	31	Sustainability Performance Metrics	69
ABOUT IOI CORPORATION		ACCELERATING OUR CLIMATE CHANGE INITIATIVES		GRI Content Index	
Organisational Overview	8	Climate Change Action initiatives (CCAi)		Glossary	81
Awards and Recognition	9	Our Operation (Scope 1 & 2)	34	IOI FACT SHEET	
Performance in Global Assessments, Indices and Ratings	10	Climate Change Action Engagement Programmes	39	Enhanced Biodiversity & Ecosystem	
OUR SUSTAINABILITY APPROACH		Supply Chain (Scope 3)	41		
Sustainability Commitment & Compliance	11	Responsible Sourcing and Traceability			
Sustainability Target & Contribution to UN SDG	14	Responsible Sourcing	42		
		Traceability	44		
VALUE CREATION MODEL					
Value Creation Model	20				

FEEDBACK AND COMMENTS

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

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 IOI Resort City, 62502 Putrajaya, Malaysia.
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ABOUT THIS REPORT



THE FOCUS OF THIS REPORT

As an agriculture-based company with large land banks, nature is an integral part of our business. Therefore, it is imperative for IOI Corporation Berhad ("IOI" or "The Group") to steward our natural resources and protect the surrounding ecosystems where we operate. This year's report, themed "**Driving Nature Positive Impacts**" emphasises the Group's efforts to reduce adverse impacts from our operations through responsible use and protection of the natural environment by putting in place effective natural resource management that would also enhance biodiversity and its corresponding ecosystem. Enhancing the ecosystem within our operations can also help increase our resilience towards the effects of climate change and our efforts will be further detailed within this report. IOI continues to monitor and disclose our climate-related risks in line with the recommendations from the Task Force on Climate-Related Financial Disclosures ("TCFD"). This report will also disclose our current progress and practices to uphold the wellbeing of our workforce and welfare of the surrounding communities where we operate, as well as our commitment towards protecting human rights. All these topics will be discussed in greater detail that will better reflect our Environment, Social, and Governance ("ESG") commitments. The performance in achieving these commitments are also measured against the set targets of our six adopted United Nations Sustainable Development Goals ("UN SDGs").

REPORTING PERIOD AND SCOPE

IOI has prepared this report based on national and global standards. This report contains the Group's sustainability management approach, performance data, as well as risks and opportunities for our identified Environment, Social, and Governance/Economic material matters for the reporting period of 1 July 2022 to 30 June 2023, in line with IOI's 2023 financial year ("FY2023"). We publish our Sustainability Report 2023 together with the Annual Report 2023 as part of Integrated Reporting. This Integrated Report is published annually, whereby the most recent publication was in September 2022. There are no significant changes to IOI's size or supply chain during this reporting, and any changes in structure and ownership can be found in Annual Report 2023.

The report was 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. In line with Bursa Malaysia's recommendations, this report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards ("GRI") 2021 and GRI 13: Agriculture Aquaculture and Fishing Sectors 2022. This report also adopts the content elements of the International Integrated Reporting Framework. Additionally, we continue to report our climate-related disclosures in line with the TCFD recommendations, with reference to International Sustainability Standards Board ("ISSB") standards. This year's report is also in reference to the Accountability Framework Initiative ("AFI").

Information and figures reported represent the latest available data as of the reporting period unless noted upon in the text. In some instances, information and data stated in this report may differ from other reportings, such as the Roundtable on Sustainable Palm Oil's ("RSPO") Annual Communication of Progress ("ACOP"), because of different reporting periods (yearly assessment period from January 2022 to December 2022). Where noted upon, such data and information have been used in this report. In some cases, figures reported in previous years' Sustainability Reports are restated in correspondence with improvements made to 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"), and IOI Oleochemical Industries Berhad ("IOI Oleo") operation activities in Malaysia, Indonesia, and Germany. This report excludes IOI Group Sales Offices and the Group's 30%-owned associate company, Bunge Loders Croklaan (formerly known as IOI Loders Croklaan).

This report is intended to be read together with our Annual Report 2023. Throughout this report, there are sustainability-related disclosures that are also or would be referred to in our website.

ASSURANCE FORWARD-LOOKING STATEMENT

This report has been reviewed by our Group Head of Sustainability, approved by the Group Managing Director and Chief Executive, and presented to the IOI Board Sustainability Committee. In further strengthening the credibility of the Sustainability Statement, Internal Audit has carried out a review to obtain a reasonable assurance of the process and internal controls for collating and reporting of the various environmental and social indicators. The scope of the review includes various business divisions and companies 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 Annual Report 2023, 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 have not engaged in third-party assurance for the information in this report, we believe that our multiple certification audits, including but not limited to RSPO, Malaysian Sustainable Palm Oil ("MSPO"), and ISO-related assurance audits, have lent credibility to the performance data we present to our stakeholders. Nevertheless, we endeavour to continuously improve our reporting disclosures, to be transparent regarding our operations, and consider expanding further our scope of assurance to engage external assurance in alignment with our commitment of building trust by being transparent.

MESSAGE FROM OUR GROUP MANAGING DIRECTOR & CHIEF EXECUTIVE



DEAR STAKEHOLDERS,

In the face of the natural disasters occurring at all corners of the world, the concept of merely “do no further harm” seemed increasingly insufficient to address the loss of natural capital and the onset of climate tipping points. As a corporation, we are aware, now more than ever, that the fate of the natural environment is deeply intertwined with our operations. As challenging as our 2022-2023 financial year was due to the advent of El Niño weather phenomenon and high energy prices, etc., there were also achievements and proud moments based on IOI’s strides forward. As always, we addressed our interlinked natural and social challenges as a company that holds strong to our core values of commitment, team spirit and integrity together with innovation and excellence in execution.

DATO' LEE YEOW CHOR
Group Managing Director & Chief Executive

MESSAGE FROM OUR GROUP MANAGING DIRECTOR & CHIEF EXECUTIVE

“**Driving Nature Positive Impacts** is another step towards transparently sharing our activities and the various positive impacts that we hope to achieve as we move forward with our sustainability agenda.”

Our continued focus on the sustainable development priorities that are based on an integrated narrative and action agenda, is clearly guided by our double materiality considerations (page 27). The balance of **People, Planet & Prosperity** plus **Partnership** that we have continually emphasised becomes even more important in order to manage the intertwined risks posed by climate change, biodiversity loss, food security, and social inequality. Thus, **our Net-Zero by 2040** journey, which starts formally in 2019 under the Climate Change Action initiative (“CCAI”), is part and parcel of our activity-driven approach to not only deal with these risks but to also create opportunities that would benefit all involved. On biodiversity, we are crafting strategies to enhance its role while monitoring its impact in the overall ecosystem where we operate.

Overall, Environmental, Social, and Governance (“ESG”) considerations remain high in IOI’s order of business concerning both our internal and external stakeholders. Our commitment towards strong Governance (“G”) ensures that both Social Practices (“S”) and Environmental Stewardship (“E”) are transparently disclosed in line with global reporting frameworks (GRI, TCFD, ISSB, etc.) and peer disclosure practices (CDP, Sustainalytics, Ecovadis, etc.). **“Driving Nature Positive Impacts”** is another step towards transparently sharing our activities and the various positive impacts that we hope to achieve as we move forward with our sustainability agenda.



IOI's new Palm Wood Manufacturing facility in Johor

NET-ZERO BY 2040 (SCOPES 1, 2 & 3) (details in page 34 - 41).

IOI’s CCAi can be viewed as a journey with many challenges and just as many opportunities. In FY2022, as a sustainable Malaysian business corporation with a global presence, we pledged to reduce our climate change impact by committing to achieving Net-Zero in carbon emissions by 2040. In March 2023, we further reaffirmed our Net-Zero by 2040 target by committing to the Science Based Target Initiative Forest, Land and Agriculture (“SBTi FLAG”). IOI aims to meet this challenging target not only by decarbonising our current activities but to also seek technologies and innovations to help design activities that will decarbonise future businesses and operations.

Artistic rendition of our maintained border between forest reserve at Unico 3 estate, Labad Datu, Sabah, Malaysia

MESSAGE FROM OUR GROUP MANAGING DIRECTOR & CHIEF EXECUTIVE

To achieve these goals, we further intensified activities surrounding our 7R's (Rethink, Repurpose, Reduce, Reuse, Recycle, Repair and Recover) of circularity by:

- Repurposing oil palm trunks (“OPT”) into premium palm-based wood products named “OnCore” with the commissioning of our palm wood factory. The idea of repurposing OPT waste into engineered wood panels, based on a customised European technology, is to replace tropical wood while locking in the GHGs which would otherwise be released into the atmosphere
- Generating renewable energy using the methane captured from our palm oil mill effluent (“POME”), which is one of the largest contributors of GHG emissions in our plantation operations. Beginning 2013, we have installed 10 methane captures plant to curb these emissions, which have the capacity to trap about 45 million m³ of biogas, which is then utilised for the boilers in the mills and for electricity generation within our plantation
- Introducing electrical agriculture machines to progressively replace conventional fossil fuel-powered machineries in our plantations. So far, we have purchased 18 electrical machines and tools (note: include electric Cantas) and plan to purchase another 19 units during FY2024
- Improving the operations in our refineries through implementing process changes that reduce GHG emissions. The enhancements made to improve combustion efficiency of biomass, such as Empty Fruit Bunch (“EFB”), etc., has resulted in 30% lower fuel consumption within their operations. The refineries also took further steps to reduce power consumption by adopting an Energy Management System (“EMS”) as well as heat and steam recovery
- Optimising the usage of green electricity through solar panels and the implementation of Realtime Prod Organiser-Operation Management (“RPO-OM”) that has been initiated at IOI Oleo to assist in monitoring and reducing energy consumption. Additionally, a new 6.5MW Combine Heat and Power Cogeneration (“Cogen”) plant, which substantially reduces the consumption of fossil fuel, has been installed at our Pasir Gudang facility

In managing our risks and opportunities, especially pertaining to our Scope 3 emissions, we have undertaken measures to map our supply chains to understand the extent of the impact their GHG emissions would have on our Net-Zero target. This financial year, we started to engage through a webinar, Sustainability Consultation Forum (“SCF”), meetings, etc., with our suppliers to share our CCAi goals, understand their challenges in addressing climate change as well as how to address these challenges collaboratively with them.



Our CoGeneration Plant in Johor

COMMITMENT TO STRONG GOVERNANCE

(details in page 22 - 23).

This financial year, IOI further enhanced the importance of sustainability within IOI by strengthening our sustainability governance framework. A new board committee, namely the Board Sustainability Committee (“BSC”) was formed to assist the Board of Directors (the “Board”) in the performance of its duties and responsibilities. The current Group Sustainability Steering Committee (“GSSC”) reports directly to the BSC to ensure our Group’s sustainability agenda, commitments and issues are effectively deliberated and implemented by management. Additionally, we have a committee for the CCAi called the IOI Climate Change Action Financial Disclosure Committee to systematically track and document the financial investments or projects related to the reduction and/or removal of GHG emissions throughout IOI’s operations.

“ In managing our risks and opportunities, especially pertaining to our Scope 3 emissions, we have undertaken measures to map our supply chains to understand the extent of the impact their GHG emissions would have on our Net-Zero target. ”

MESSAGE FROM OUR GROUP MANAGING DIRECTOR & CHIEF EXECUTIVE

ACTIVITY-DRIVEN APPROACH TO SOCIAL PRACTICES

(details in page 60 - 68).

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

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

On matters related to the IOI Pelita land dispute raised by RSPO in 2010, I am pleased to say that in July, 2022, the RSPO Complaint Panel officially declared the closure of the complaint on this land dispute grievance. In the final settlement, IOI Pelita will excise more than 4000 ha of land from its provisional lease, making this land available to the eight communities as native communal reserve.



Interview conducted with our recruitment agent in Nepal

PARTNERSHIP APPROACH TOWARDS ENVIRONMENTAL STEWARDSHIP

(details in page 48 - 57).

IOI recognises our operations’ dependencies and impacts on biodiversity and its corresponding ecosystems. To manage these impacts and dependencies effectively and positively, we collaborate with multiple stakeholders such as civil society organisations, governmental authorities, and local communities. For example, our subsidiary, PT SNA in Ketapang, Indonesia, continues to collaborate closely with *Balai Konservasi Sumber Daya Alam* (BKSDA) for biodiversity conservation and wildlife protection particularly on the orangutan population surrounding our plantations. Recently, PT SNA embarked on a new collaboration engagement with IDH Indonesia to incorporate the Production, Protection and Inclusion (“PPI”) compact concept into the Ketapang Landscape.

In Peninsular Malaysia, we continued with the Bukit Leelau mini landscape-level project. This impactful project serves as a successful example of how an empowerment programme for the ‘Orang Asli’ communities can provide sustainable livelihood options which results in the protection and revitalisation of the peatland areas. Around Lahad Datu, Sabah, we continue to enrich biodiversity through collaboration in the Nestle ReLeaf reforestation project where the goal is to complete the planting of 100 hectares of indigenous forest trees around the Kinabatangan river by the end of FY2024. Our collaboration with Sabah Wildlife Department (“SWD”), HUTAN & Seratu Aatai in protecting Rare, Threatened and Endangered (“RTE”) - IUCN species like the pygmy elephants and proboscis monkeys, surrounding our plantations give us valuable insights on how to deal with human-wildlife conflict more effectively, using tools such as motion sensors to identify biodiversity hotspots.

At the national level, IOI is part of the Business Advisory Group to develop the business action plan for the implementation of the Kunming-Montreal Global Biodiversity Framework as part of Malaysia’s National Policy on Biological Diversity 2022-2030.

MOVING FORWARD

Based on the systematic approach that we have taken and activities that we have implemented, we have achieved a positive impact on not only our business but also on the society and environment where we operate. Looking ahead, I believe IOI is well-placed, to adapt to the challenging yet opportunistic environment that we find ourselves in. Our pledge to – “Being Sustainable” by evaluating the short and long term impact of our actions; “No Greenwashing” by being transparent about key decisions made; and “Engagement” by listening to involved stakeholders when making key decisions is simply an extension of IOI’s six core values. At the same time, we are also aware of the difficulties and pitfalls ahead. In this respect, constructive engagement and collaboration with various stakeholders are critical in addressing any disparities in understanding certain issues and in achieving good outcomes across the many different business cycles.

IOI'S PATHWAY TO NET-ZERO BY 2040

DRIVING NATURE POSITIVE IMPACTS

IOI Corporation Berhad (“IOI”) first embarked on our journey to reducing our greenhouse gas (“GHG”) emissions in 2019 through the introduction of the Climate Change Action initiative (“CCAi”). In 2021, IOI proceeded to adopt recommendations from the Task Force on Climate-Related Financial Disclosures (“TCFD”) around four thematic areas (Governance, Strategy, Risk Management, Metrics and Targets).

OUR GOVERNANCE

The Board Sustainability Committee has oversight over the strategy and development of the CCAi and reports directly to the Board.

STRATEGY

To achieve Net-Zero carbon emissions, IOI is committed to continuously improve our climate change action plans by:

- Reducing our climate change impact by committing to achieve Net-Zero for carbon intensity by 2040
- Promoting climate change action plans and practices through innovation, improved efficiency and support actions throughout the operations
- Increasing the resilience of our business by managing risks and opportunities, forecasting climate scenarios for climate impact valuation, incorporating our 7Rs of Circularity, and practising Precision and Regenerative Agriculture

RISK MANAGEMENT

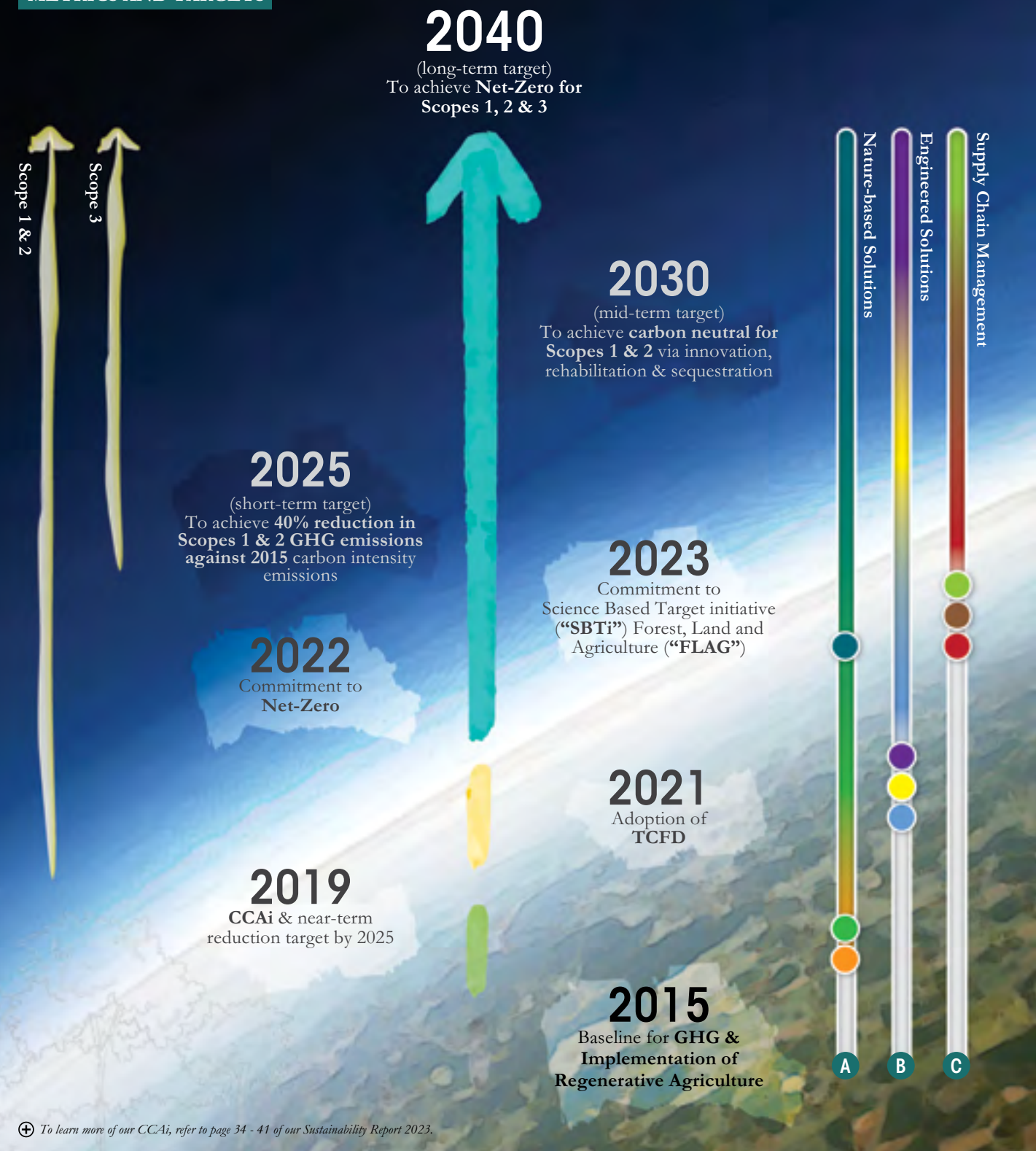
IOI conducted a quantitative Group-wide climate change assessment with an expert TCFD consultant to help identify our climate-related transition and physical risks.

Actions to manage our climate-related risks and opportunities comprise of:

- GHG emissions reduction and removal including sequestration commitments as well as increasing productivity and energy efficiency
- Managing GHG emissions from supply chain with introduction of climate-related procurement standards and principles
- Adoption and application of technologies and new innovations to mitigate risks and create opportunities

A Nature-based Solutions	B Engineered Solutions	C Supply Chain Management
<ul style="list-style-type: none"> • No Deforestation, No New Planting on Peat, & No Social Exploitation (“NDPE”) • Reforestation, Rehabilitation & Protection of Conservation Areas • Enhance Biodiversity & Ecosystem 	<ul style="list-style-type: none"> • Technology & Innovation • Renewable Energy • 7Rs of Circularity 	<ul style="list-style-type: none"> • Supplier Awareness & Capacity Building • Climate-related Procurement Standards & Principles • Efficient Green Supplier Selection Process

METRICS AND TARGETS



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

ORGANISATIONAL OVERVIEW

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 Corporation Berhad (“IOI” or “the Group”) is a leading integrated and sustainable palm oil player and a constituent of the FTSE4Good Index since 2018. We aspire to be at the forefront of embedding sustainability in our business strategy, particularly the 5-years strategic priorities. Our actions in sustainable palm oil production are guided by the Sustainable Palm Oil Policy (“SPOP”) which focuses on the importance of Environment, Social and Governance/Economics matters to our business operations and supply chain. Further details on our sustainability efforts and achievements are outlined in this report.

IOI’s integrated value chain comprises of upstream Plantation and downstream Resource-Based Manufacturing business segments. Across the value chain, we adopt the 7Rs of circularity (Rethink, Repurpose, Reduce, Reuse, Recycle, Repair, Recover) to promote sustainable use of resources while reducing our environmental footprint, especially greenhouse gas (“GHG”) emissions, as demonstrated in the Group’s value creation model (page 20). A full description of IOI’s integrated business model, financial outcomes, information on our global and local presence, as well as risk management and internal controls, can be found in pages 6 - 11 and page 102 of our 2023 Annual Report.

IOI is fully cognisant of the impact of GHG emissions on climate change. We introduced the Climate Change Action initiative (“CCAI”) in 2019 as part of an action plan to reduce our GHG footprint. In 2022, IOI committed to achieving Net-Zero target by 2040. We reinforced our efforts to achieving this target through our commitment to the Science Based Target Initiative in the category of Forest, Land and Agriculture (“SBTi FLAG”) in 2023. Details on our CCAi and our journey towards Net-Zero can be found in pages 34 - 41.

IOI Core Values

In pursuit of our Vision and Mission, we uphold the following 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



The Edge’s ESG Awards 2022

IOI received a Gold Award for the Plantation Sector under the “Equity Awards Category” during The Edge’s ESG Awards 2022, organised by Bursa Malaysia Bhd and FTSE Russell. This award acknowledged IOI’s continuous effort and commitment in implementing ESG practices.



Malaysia International Agricommodity Awards 2022

IOI received the “Industry Excellence in Plantation Management” Award at the Malaysia International Agricommodity Awards 2022 from the Ministry of Plantation Industries & Commodities. The award recognises IOI’s excellence in plantation management and digital transformation within the Plantation Division.

Anugerah Rakan Konservasi or Conservation Partner Award by Sabah Forestry Department

Collaboration between IOI Plantation Services Sdn. Bhd. (Sandakan Region) and Sabah Forestry Department (“SFD”) as a Conservation Partner has led us to receive a Conservation Partner Award. This collaboration involved IOI’s continuous effort in protecting wildlife and educating communities on conservation practices through public awareness programmes.

ASEAN and National Energy Awards 2022



IOI Edible Oils Sdn Bhd won 1st Runner-Up under Energy Management for Industry (Large Industries) in both ASEAN Energy Awards (“AEA”) and National Energy Award (“NEA”) 2022 through the implementation of the “Energy Management Towards Efficient and Sustainable Process Operation” project.

IOI Bio-Energy Sdn Bhd was also announced as the Winner in Green Energy Generation in the ASEAN Energy Awards 2022 for their “Improved Steam Distribution to Reduce Steam Loss and Enhance Green Energy Generation” project, a special submission invited by the ASEAN Centre for Energy (“ACE”).

10th Human Resources Excellence Awards 2022

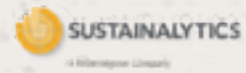









IOI Corporation Berhad wins Silver Award for “Excellence in Leadership Development” at the 10th Human Resource Excellence Awards (“HREA”) 2022 held, in October 2022. The award was given based on the ongoing effort of IOI Corporation Berhad in providing a great path and programme for employees to grow in leadership.

PERFORMANCE IN GLOBAL ASSESSMENT, INDICES AND RATINGS

IOI's commitment to Environmental, Social, and Governance ("ESG") practices are reflected in our achievements and leadership position as rated by various rating and assessment agencies globally. Utilising these globally evaluated performances and indices, IOI is also able to identify sustainability criteria that are both industry specific and financially material to our stakeholders such as our customers, financial institutions, etc. We can then engage, address any gaps and communicate our sustainability performances in a clear and transparent manner.

RANKING PERFORMANCE

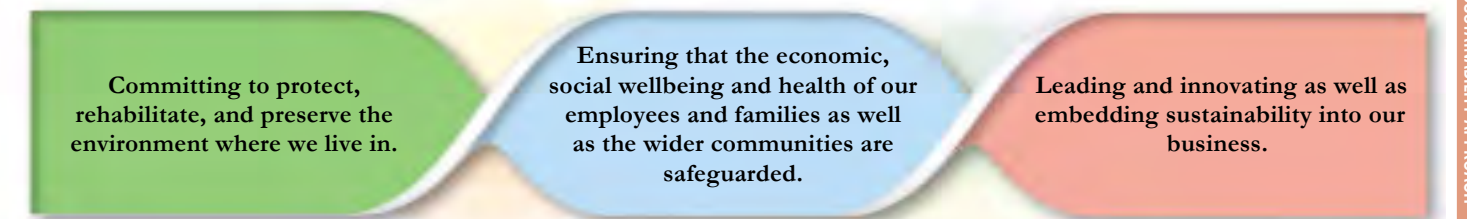
Rating/Assessment	Ranking performance
	<p>Sustainalytics</p> <p>IOI's ESG risk rating score has improved from 25 to 24.7. Our company has "Medium" risk with strong management of relevant issues and is ranked fifth from over 100 worldwide Agriculture companies.</p>
	<p>S&P Global Corporate Sustainability Assessment</p> <p>IOI's score increased to 42 from 40 for overall company score and at 62nd percentile ranking in the 2022 S&P Global Corporate Sustainability Assessment which formed part of the Dow Jones Sustainability Indices's ("DJSI") assessment of corporates to be included in its Index.</p>
	<p>CDP</p> <p>Our score for this financial year for Water Security is B and for both Forest and Climate Change the score is C.</p>
	<p>EcoVadis</p> <p>IOI Oleochemical sites i.e., IOI Acidchem ("ACMP"), IOI Pan-Century Oleochemicals and IOI Oleo GmbH all were awarded Gold for EcoVadis Sustainability Rating in 2022. This rating covers non-financial management systems such as Labor, Human Rights, Ethics, etc.</p>
	<p>Moody's ESG</p> <p>The ESG score increased from 31 in 2020 to 43 in 2022. IOI's ESG performance are all above sector average and ranked fourth out of 41 companies in the food emerging market sector.</p>
	<p>FTSE4Good Index Series</p> <p>Improved overall score from 3.4 to 3.6 and continues to be a constituent in the FTSE4Good Index Series. IOI Corp is among the top 5 subsectors peers (farming and fishing) with a strong Governance score of 4.7.</p>
	<p>SPOTT Palm Oil Assessment</p> <p>Overall percentage score for IOI has increased to 79.7% from 76.4% despite the increased number of indicators. Additionally, IOI is ranked 17 over 100 worldwide palm oil companies and fourth out of 20 palm oil companies in Malaysia.</p>
	<p>MSCI</p> <p>IOI's ESG Rating score remained "BBB" for 2023 Morgan Stanley Capital International ("MSCI") rating.</p>

OUR SUSTAINABILITY APPROACH

SUSTAINABILITY COMMITMENT & COMPLIANCE

Our Pillars of Sustainability (**People, Planet and Prosperity**) plus **Partnership** lay the foundation for our **Sustainability Vision** which is:

We believe we should meet the needs of the present without compromising that of the future generations by:

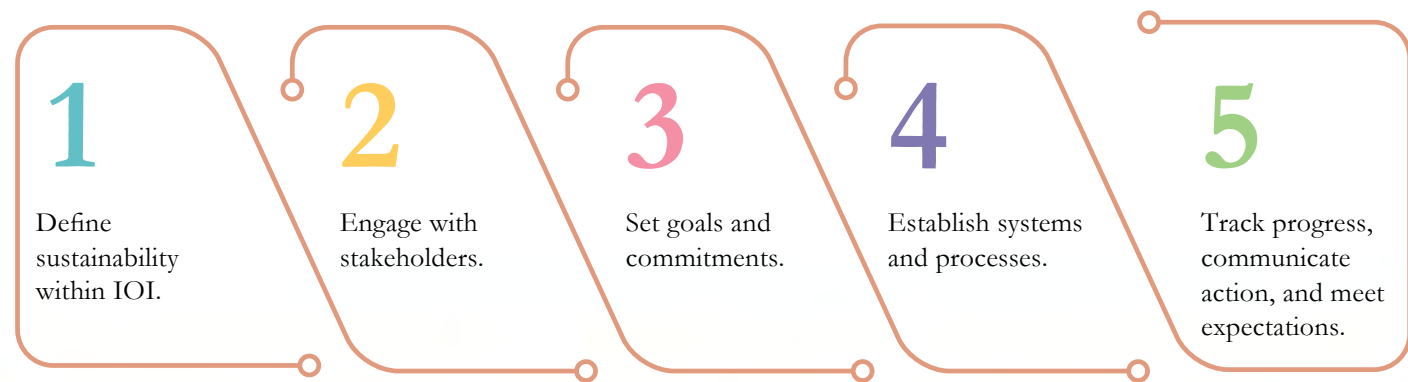


IOI highly emphasises the importance of **Partnership** in all our sustainability efforts as we recognise that meaningful and lasting change can only be achieved through collaborative effort.

IOI's commitment to embedding sustainability is also well established within our core business and operations as it is predicated on IOI's Sustainability Vision.



With the above framework in place, we have developed a specific **Approach to Sustainability** to ensure the success of our sustainability journey.



CERTIFICATIONS

PLANTATION	REFINERIES	OLEOCHEMICALS
<ul style="list-style-type: none"> 100% IOI Mills and 94% Estates are RSPO certified All Malaysian Estates and Mills are MSPO certified 29% of IOI palm oil mills are certified under ISCC to meet market driven requirements 	<ul style="list-style-type: none"> IOI Sandakan Edible Oils is ISCC certified since 2012 Both refineries in Malaysia are MSPO SCCS and RSPO SCCS certified 	<ul style="list-style-type: none"> All operations are certified ISO 45001:2018 Occupational Safety & Health Management Standards Progressing towards ISO14064-1:2018 Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals All Malaysian operations are certified MSPO SCCS and RSPO SCCS

REGULATIONS

As stated in our SPOP and requirements of sustainability certification, we are committed to complying with all applicable local and international legislations. We hold compliance to laws and regulations as important to protect our business and our people as well as to fulfil our duty as a responsible corporate citizen and thus avoid any legal liability.

To be resilient and be able to sustain our business at a global level, IOI strives to be in full compliance with the new European Union Deforestation Regulation (‘EUDR’) requirements and be in alignment with the Accountability Framework Initiative (‘AFI’). IOI has communicated the EUDR commitments to our suppliers through our Tools for Transformation (‘T4T’) programme to achieve a deforestation-free supply chain. Refer to pages 42 - 49 for more detail.

Additionally, we are also actively monitoring the upcoming regulations such as:



SUSTAINABILITY TARGET & CONTRIBUTION TO UN SDG

SUSTAINABILITY TARGET & CONTRIBUTION TO UN SDG

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

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

2 TARGET 2.4	
IOI Contribution to SDGs	IOI Targets based on 5-year Strategic Priorities
<ul style="list-style-type: none"> Adopt circular economy model to ensure sustainable food production and ensure food security Conduct R&D to produce high-yielding oil and crops with less chemical use, drought resistance, etc. Uses non-harmful agricultural methods to mitigate human-wildlife conflict; to ensure soil management to prevent soil erosion and degradation; etc. '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 	<ul style="list-style-type: none"> In order to meet global food security for oil and fats, improving 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 FY2023	
<ul style="list-style-type: none"> High yielding clonal palms from IOI Biotech for replanting Continue to achieve OER over 23.5% from our clonal palms Implementation of Integrated Pest Management ("IPM") with biological controls Continuous research conducted by IOI Research Centre to conserve soil fertility and practice precision agriculture via the use of drones which optimises the use of fertilisers and enhances uptake of nutrients by palm trees Ongoing implementation of best agriculture practices Increased areas of lands utilised by our employees for the "Plant Your Own Food" Initiative and introduced "IOI Urban Garden" for HQ employees 	<ul style="list-style-type: none"> Page 47 (Annual Report 2023) Page 36 Pages 56 - 57 Pages 56 - 57 Pages 56 - 57 Page 65

8 TARGET 8.2	
IOI Contribution to SDGs	IOI Targets based on 5-year Strategic Priorities
<ul style="list-style-type: none"> Provide capacity building to IOI plantation workers to ensure our workforce is updated with new skills, efficient and productive Invest in R&D on our crops to increase productivity and decrease dependence on natural resources Introducing mechanisation, automation and digitalisation especially in the labour-intensive parts of our operations 	<ul style="list-style-type: none"> Trainer Programme to cultivate employee potential Use of technology to improve yields and productivity while contributing to upskilling workforce IOI's five-year strategic blueprint as stated in our Integrated Report
Performance FY2023	
<ul style="list-style-type: none"> Ongoing capacity building through IOI Grow Implementation of mechanisation and digitalisation platforms in our operations Integration and the progress of IOI five-year strategic blueprint are reported throughout our 2023 Integrated Report 	<ul style="list-style-type: none"> Page 64 Page 65 Pages 42 - 45 (Annual Report 2023)

8 TARGET 8.8	
IOI Contribution to SDGs	IOI Targets based on 5-year Strategic Priorities
<ul style="list-style-type: none"> Operate in accordance with local and national laws, and adherence to international standards as stated in the SPOP 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 OHSAS 18001 Standard Certifying IOI Oleo under ISO 45001 for Occupational Health and Safety systems and have policies, guidelines & procedures disseminated to all workers Launched the Women and Empowerment Committee and have enhanced our guidelines on harassment at the workplace 	<ul style="list-style-type: none"> IOI targeted earnings of more than the minimum wage for each worker during normal working hours in Malaysia Support women's rights & empowerment Reduce Lost Time Injury Frequency Rate at the operational level To proactively address the elimination of forced labour specifically in strengthening our recruitment process to avoid payment of illegal monies by workers
Performance FY2023	
<ul style="list-style-type: none"> Continue to ensure all workers are paid at least minimum wage Various activities and programmes conducted by WEC to empower the women in our plantations and celebrated International Women's Day on 8th March 2023 across IOI Group Lost Time Injury Frequency Rate ("LTIFR") for IOI Plantation, IOI Refinery and IOI Oleochemical in FY2023 has increased compare to FY2022 Training for Safety and Health at the workplace continue to be conducted for all employees at all business divisions every year Collaboration with International Organisation for Migration ("IOM") on matters concerning migrant workers Sharing best labour practices in workshops and webinars with International Labour Organisation ("ILO"), other growers and smallholders 	<ul style="list-style-type: none"> Page 60 Page 64 Page 69 Pages 62 - 63 Page 66 Pages 66 - 67

This year, in light of issues highlighted related to forced labour in some sectors employing foreign workers, IOI has committed to add another target to UNSDG 8 which is target 8.7.

TARGET 8.7

Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

IOI's Performance and Contribution to the UN SDG in FY2023

- Due diligence audit for our recruitment agencies collaboration with one of our multinational customer
- Independent survey on monitoring the wellbeing and working condition of our workers in plantations
- Digital grievance platform for plantations workers for transparent communication
- Social Service Provider, &Wider, completed second cycle of assessment on working condition and worker's wellbeing
- Enhancement of the Child Education Initiative by providing Full-Day Zero Cost Education platform and improving digital accessibility at Humana and CLC schools.

Reference can be made to pages 60 - 67

**SUSTAINABILITY TARGET
& CONTRIBUTION TO UN SDG**

**SUSTAINABILITY TARGET
& CONTRIBUTION TO UN SDG**

12 RESPONSIBLE CONSUMPTION AND PRODUCTION TARGET 12.4	
IOI Contribution to SDGs	IOI Targets based on 5-year Strategic Priorities
<ul style="list-style-type: none"> Adopts the circular economy model to minimise waste generation and maximise recycling in the plantation operations (refer to value creation model on Pages 20 - 21) Green initiatives in resource-based manufacturing to increase water recycling, reduce wastage and increase reprocessing waste material and energy efficiency 	<ul style="list-style-type: none"> Target to increase power generation from solid waste, fibre and EFB from plantation operations to be used for mill processing 100% treated POME for upcycling use for oil palm plantation operations Minimise pollution and waste generation
Performance FY2023	
<ul style="list-style-type: none"> Oil palm biomass waste such as PKS and EFB from plantation operations are utilised to generate power for the mill operations, used as fertilisers in our estates or sold for value added products Installation of more methane capture facilities and optimising further on those already installed to reduce GHG emissions to atmosphere and the use of the biogas in place of diesel Treated dried POME residues recycled and used as organic fertilisers in our plantation. Our upstream operations continue to achieve 68% recycling from the upcycling of organic wastes Continue to meet regulatory compliances for waste and application of the 7Rs Circularity in our plantations and resource-based manufacturing facilities In FY2023, both IOI Plantation and IOI Refinery Divisions recycled and reused 97% of waste produced, while IOI Oleo recycled about 46% of waste produced 	<p>Page 36</p> <p>Page 35</p> <p>Page 51</p> <p>Pages 51 - 52</p> <p>Page 51</p>

12 RESPONSIBLE CONSUMPTION AND PRODUCTION TARGET 12.6	
IOI Contribution to SDGs	IOI Targets based on 5-year Strategic Priorities
<ul style="list-style-type: none"> Publish Annual Sustainability Report based on GRI Standards Collaborate with MPOB to support smallholders in attaining MSPO certification Support suppliers on their transformation towards NDPE policy commitments Frequent reporting from time to time in IOI website with regards to grievance list, third party supplier traceability, sustainability updates 	<ul style="list-style-type: none"> IOI Oleo to be fully ISO 50001: Energy Management certified 100% MSPO and RSPO certification for estates and mills in Malaysia 100% RSPO certification for all IOI plantations by 2023 To publicly disclose sustainability implementation progress on a regular basis
Performance FY2023	
<ul style="list-style-type: none"> IOI Oleo continuously carried out efficiency improvement projects via ISO 50001 100% RSPO certification for IOI mills and 100% MSPO certification for estates and mills including smallholders in Malaysia Current progress in line with 100% RSPO certification for all IOI plantations in Malaysia and Indonesia by 2025 Regular public disclosure on sustainability implementation progress and initiatives via websites, talks, etc Publication and disclosures in the Annual Sustainability Report 	<p>Page 48</p>

12 RESPONSIBLE CONSUMPTION AND PRODUCTION TARGET 12.A	
IOI Contribution to SDGs	IOI Targets based on 5-year Strategic Priorities
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 FY2023	
<ul style="list-style-type: none"> Since 2019, OER of over 23.5% has been achieved in the mills receiving FFB crops supplied by estates planted with high-yielding clonal palms comprising between 35% to 53% of total hectareage which is higher than the Malaysian average OER Ongoing research and development programmes to create better planting materials through tissue culture technology Products developed are in key applications like pharmaceutical, nutritional, cosmetics and personal care segments 	<p>Page 47 (Annual Report 2023)</p> <p>Page 57 Page 73 (Annual Report 2023)</p>

13 CLIMATE ACTION TARGET 13.2	
IOI Contribution to SDGs	IOI Targets based on 5-year Strategic Priorities
<ul style="list-style-type: none"> Implement measures to reduce GHG emissions Under our NDPE commitment, no deforestation and no new planting on peat New oil palm 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 	<ul style="list-style-type: none"> IOI is committed to a holistic approach in implementing its climate action strategy and to strive for reducing GHG emissions Installation of 10 methane capture facilities at major mill operations Emissions reduction target of 40% by 2025
Performance FY2023	
<ul style="list-style-type: none"> Ongoing implementation of climate action strategy from upstream to resource-based manufacturing operations Continuous application of TCFD guidelines and ISSB for climate reporting Commitment to SBTi FLAG to achieve Net-Zero by 2040 in March 2023 Continue to implement the principle of circularity within our operations to reduce waste generation and GHG emissions Installed 10 methane capture facilities at major mill operations since 2013 with plans to install another 4 in the coming years Group-wide emissions reduction for 2023 is at 19.7% 	<p>Pages 36 - 39</p> <p>Page 34</p> <p>Page 37</p> <p>Page 51</p> <p>Page 35</p> <p>Page 37</p>

15 LIFE ON LAND TARGET 15.1	
IOI Contribution to SDGs	IOI Targets based on 5-year Strategic Priorities
<ul style="list-style-type: none"> As stated in our SPOP, we have set aside peatland and conservation areas to be managed and protected Committed to NDPE commitments New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments (HCV, HCS & GHG assessment, ESIA, LUC analysis, soil suitability & topographic surveys) are conducted Implement collaborative & landscape approach, conservation & biodiversity projects 	<ul style="list-style-type: none"> Committed to protection of peatland and rehabilitation and conservation of land where we operate Identification and protection of HCV areas Following best management practices in peatland management and biodiversity & conservation
Performance FY2023	
<ul style="list-style-type: none"> Moratorium on deforestation based on our commitment on No Deforestations, No new planting on Peat, No Exploitation (“NDPE”) in all our operations since 2016 and reported no deforestation or development on peat for the current reporting year A total of 2,742.97 hectares of HCV areas and other conservation areas of 6,360.10 hectares in Malaysia and Indonesia were identified to be protected in FY2023 IOI continues to utilise the High Conservation Resource Network (“HCVRN”) and High Carbon Stock Approach (“HCSA”) toolkits to help identify and conserve HCV and HCS areas in all our operations Continuous adoption of recognised best management practices such as RSPO’s Best Peatland Management Practices, etc Introduction of the new Biodiversity and Ecosystem Enhancement Guideline Ongoing reforestation and rehabilitation projects (eg RELeaf project, Laran tree project) 	<p>Page 42</p> <p>Page 48</p> <p>Page 48</p> <p>Pages 56 - 57 Fact Sheet Fact Sheet</p>

15 LIFE ON LAND TARGET 15.2	
IOI Contribution to SDGs	IOI Targets based on 5-year Strategic Priorities
<ul style="list-style-type: none"> Rehabilitation of forest reserve through Mini Landscape Level Approach for Peatlands adjacent to our Bukit Leelau Estate Committed to NDPE commitments Socialisation, dialogue and awareness programmes on fire prevention in forests to stakeholders Identification of High Carbon Stock (“HCS”) forests 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 	<ul style="list-style-type: none"> 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 FY2023	
<ul style="list-style-type: none"> Regular in-depth training for our employees on HCV and HCS identification and monitoring Ongoing protection of HCV, HCS and conservation areas within our operating units based on our policy commitments and specific developed guidelines Continuous application of T4T assessments and collaboration with Earthworm Foundation on engagement programmes for suppliers and deforestation monitoring Ongoing partnership with external stakeholders including communities, local authorities, and neighbouring plantations for Ketapang landscape level programmes as well as the continuation of our Bukit Leelau mini-LLA 	<ul style="list-style-type: none"> Page 48 Page 48 Page 42 Pages 53 - 54

15 LIFE ON LAND TARGET 15.5	
IOI Contribution to SDGs	IOI Targets based on 5-year Strategic Priorities
<ul style="list-style-type: none"> New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments Uses natural and non-harmful agricultural methods to mitigate human-wildlife conflict Employs forest rangers and collaborates with local society and regulators to monitor RTE species Collaboration with HUTAN-PONGO for Ecological Study on Orangutan Population at Kinabatangan 	<ul style="list-style-type: none"> 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 FY2023	
<ul style="list-style-type: none"> Introduction of the Biodiversity and Ecosystem Enhancement guideline Continuous implementation of IOI’s Peat Protection and Management guideline All operations continue to adhere to IOI’s No Open Burning Policy Collaborative projects with NGOs and local authorities in protections of RTE species 	<ul style="list-style-type: none"> Page 53 Page 50 Fact sheet Pages 54 - 55

17 PARTNERSHIPS FOR THE GOALS TARGET 17.16	
IOI Contribution to SDGs	IOI Targets based on 5-year Strategic Priorities
<ul style="list-style-type: none"> Collaborate with industry experts to share information and solve challenges in social and environmental projects Key partnerships and associations include Proforest, Earthworm Foundation, Global Environment Centre, MPOA, Sustainable Palm Oil Choice Member, International Sustainability & Carbon Certification (“ISCC”), a Board of Governor and Member of RSPO 	<ul style="list-style-type: none"> Collaborate with other palm oil producers, processors, food companies, NGOs and governmental bodies in improving industry-wide palm oil sustainability commitments Collaborate with various stakeholders including suppliers, customers, civil societies, governments and independent verification bodies in the implementation of our SPOP commitments
Performance FY2023	
<ul style="list-style-type: none"> Collaboration with various stakeholders including civil societies, regulatory bodies, and local authorities in joint sustainability projects Sharing our expertise with the industry and other external stakeholders (NGOs, Customers, Investors, etc) 	<ul style="list-style-type: none"> Page 39 Page 39

17 PARTNERSHIPS FOR THE GOALS TARGET 17.17	
IOI Contribution to SDGs	IOI Targets based on 5-year Strategic Priorities
<ul style="list-style-type: none"> 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, and RSPO 	<ul style="list-style-type: none"> 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 FY2023	
<ul style="list-style-type: none"> Collaboration with various organisations (eg Earthworm Foundation, IOM, ILO) to improve capacity building for our suppliers, smallholders and workers Continuous engagements and collaborations with HUTAN KOCP, Seratu Aatai, & Nestle 	<ul style="list-style-type: none"> Pages 66 - 67 Page 55



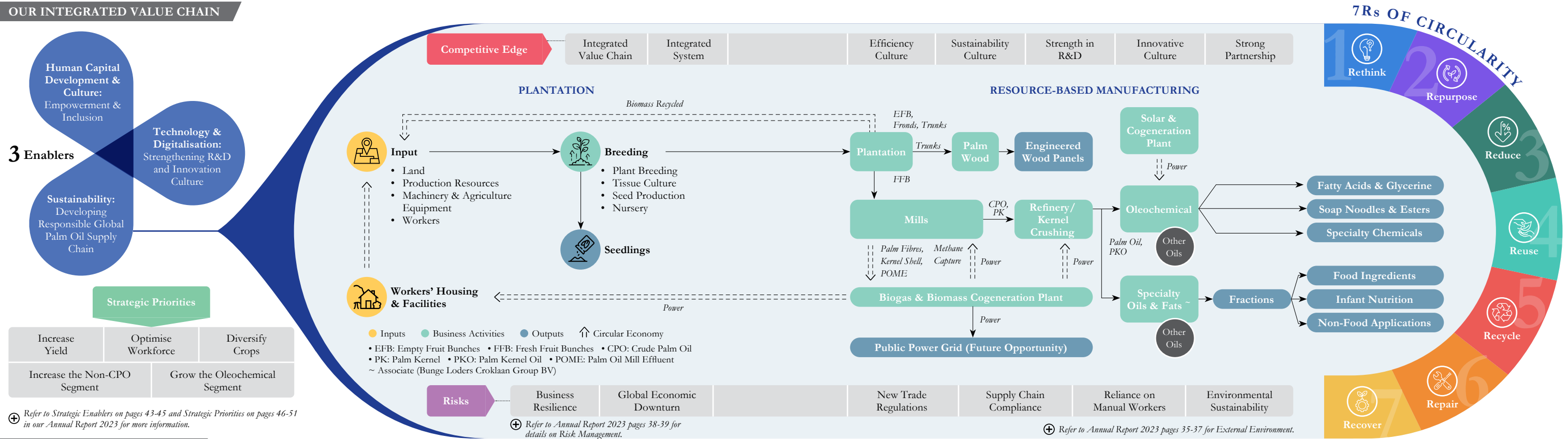
OUR VISION IS TO BE A LEADING AND SUSTAINABLE

MALAYSIAN BUSINESS CORPORATION WITH GLOBAL PRESENCE.

1 CAPITAL INPUTS

Human <ul style="list-style-type: none"> Strong leadership and governance ≈28,000 talented and diverse people Succession and business continuity planning Training and upskilling opportunities to develop employees 	Natural <ul style="list-style-type: none"> 98 estates 207,129 hectares of landbank Seeds, plants and healthy soil to cultivate oil palm trees and other crops 	Financial <ul style="list-style-type: none"> Access to capital for investments in future success RM17.6 billion of total assets RM11.3 billion of shareholders' equity 	Manufactured <ul style="list-style-type: none"> 15 mills 2 refineries 4 oleochemical plants/complexes 1 palm wood factory 1 biotech centre 4 Research and Development ("R&D") centres 	Social & Relationship <ul style="list-style-type: none"> Strong long-term relationships with shareholders, customers, suppliers, financial institutions, non-governmental organisations ("NGOs"), regulators and communities to create shared values 	Intellectual <ul style="list-style-type: none"> R&D capabilities and intellectual property Brand values and good reputation Best agronomy practices and estate management practices
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2 OUR INTEGRATED VALUE CHAIN



3 VALUE DELIVERY & IMPACT

Human <ul style="list-style-type: none"> Good employee career development and progression Healthy workforce Safe and conducive workplace 	Natural <ul style="list-style-type: none"> Sustainable palm oil practices support climate action and maintain ecosystem health Implement and introduce organic palm oil 15 mills: 14 RSPO and MSPO-certified No deforestation and protection of High Carbon Stock Forests and High Conservation Value Areas Towards Group-wide Net-Zero by 2040 	Financial <ul style="list-style-type: none"> Sustainable and profitable growth Good dividend payout Green and responsible investment Better economies of scale Resilient earnings from fully integrated business model 	Manufactured <ul style="list-style-type: none"> State-of-the-art, certified and accredited manufacturing facilities Significant operational efficiencies and synergies First-of-its-kind palm wood factory 	Social & Relationship <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> High-yielding germplasm Developed 14 new formulations for personal care and cosmetic applications Filed 2 new patents for food, cosmetic and expandable polystyrene ("EPS") applications ONE IOI Integrated Platform
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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").

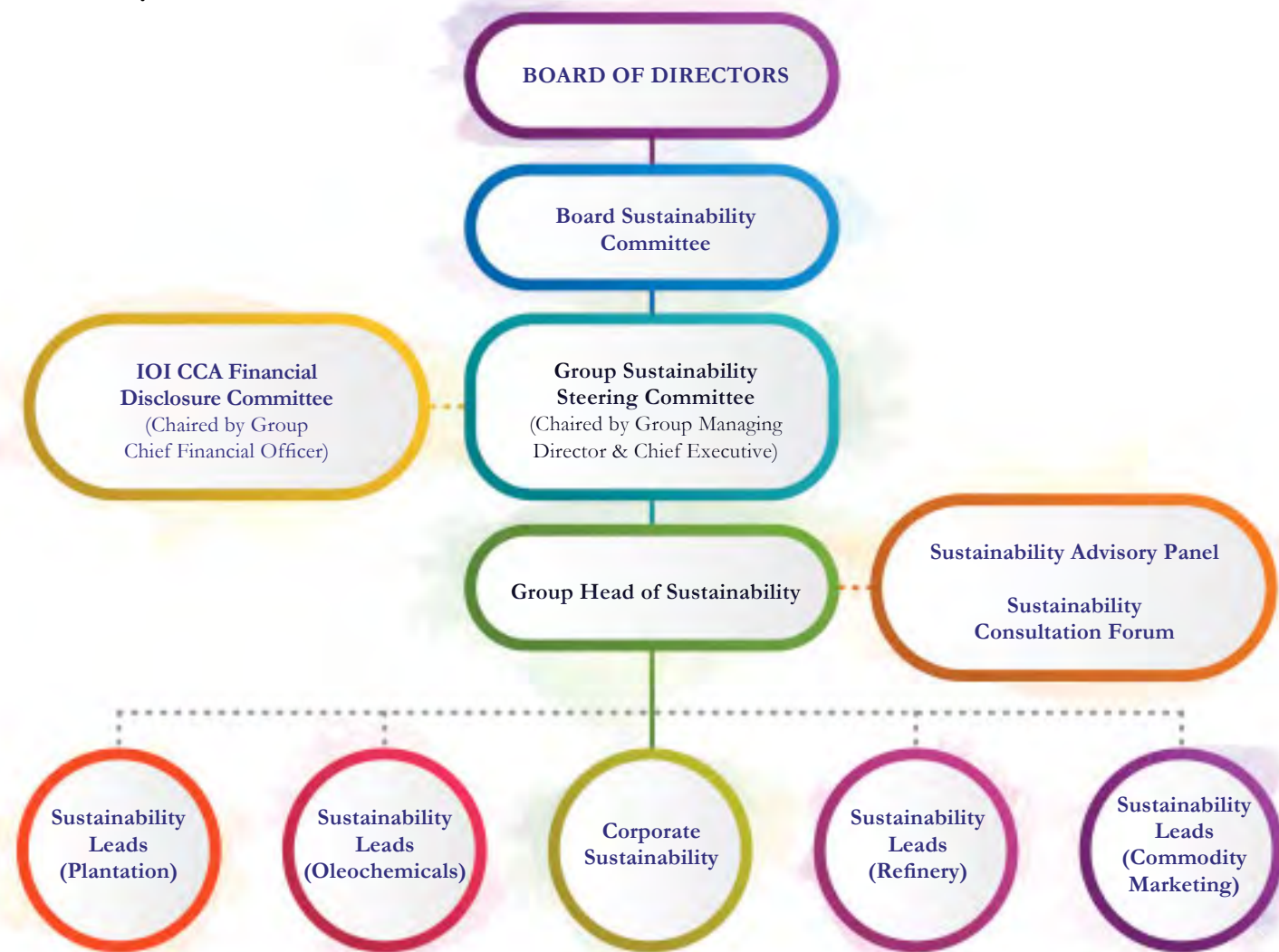
COMMITMENT TO STRONG GOVERNANCE

COMMITMENT TO STRONG GOVERNANCE

SUSTAINABILITY GOVERNANCE

To ensure effective and successful implementation of IOI Corporation Berhad (“IOI”) sustainability commitments and policies, clear lines of accountability, well-defined roles, and responsibilities within our Governance structure were established. To this end, we have both a Corporate Governance Framework as well as a revised Sustainability Governance Framework to better reflect our strong governance culture. Please refer to AR page 91 for details of the Board and the Corporate Governance Structure. These frameworks also enable IOI to transparently address and report on Environment, Social, and Governance (“ESG”) matters.

Sustainability Governance Structure



Revised Sustainability Governance Framework

This year, IOI took further steps to enhance the importance of sustainability within IOI by strengthening our sustainability governance framework. A new board committee, namely the Board Sustainability Committee (“BSC”) was formed and will be part of IOI’s Corporate Governance Structure and be accountable to the Board of Directors (the “Board”) in the performance of its duties and responsibilities. The main objective of this revision is to provide focus and direct board oversight on sustainability matters, provide clarity on the roles of different actors within the framework as well as alignment with IOI’s overall missions, values, and Strategic Enabler 2 (please refer to AR page 44 for details) on Sustainability.

Board Sustainability Committee (“BSC”)

The BSC was established and approved by the Board of Directors on 22 June 2023. The Committee, on behalf of the Board, shall have oversight of the sustainable development responsibilities within IOI and support the Board in setting high level direction and strategic focus on sustainable business models within IOI. This include formulating the strategies designed to manage ESG risks and opportunities including climate change. The committee comprises three members of IOI Board of Directors and will meet twice a year. The BSC has oversight on all the Group’s material sustainability issues such as:

- Environment protection including No Deforestation, No New Planting on Peat, No Social Exploitation (“NDPE”) and protection of biodiversity and ecosystem
- Climate change especially in the management of its greenhouse gas (“GHG”) emissions from all its businesses and operations
- Human rights including safeguarding the wellbeing of our workforce
- Safety and health
- Free, prior and informed consent (“FPIC”) rights of the local communities
- Welfare and socio-economic advancement of the wider communities
- Circularity including the efficient utilisation of resources
- Long term sustainability of business operations from the above perspectives

Group Sustainability Steering Committee (“GSSC”)

The GSSC reports directly to the BSC to ensure our Group’s sustainability agenda, commitments and issues are effectively discussed, approved and implemented. The membership of the Committee comprised of the GMD, Group Chief Financial Officer, Group Head of Sustainability, Sustainability Leads (Plantation, Refinery, Oleochemical, and Commodity Marketing), and Senior Management from Group Support Functions as determined by the Chairman of the Committee. Sustainability leads for each business divisions will play the main role in implementing all sustainability requirements and standards. They are also responsible to execute and monitor all relevant sustainability initiatives and group-wide commitment like IOI’s Net-Zero target. They will present

the sustainability highlights and divisions’ performance during bi-annual committee meetings. The committee also will exercise their responsibilities in reviewing policies, standards and sustainability risk, ensuring the efficient functioning of IOI’s Grievance Mechanism, including reviewing the contents of the Annual Sustainability Report as required under various local and international requirements.

Sustainability Advisory Panel (“SAP”) and Sustainability Consultation Forum (“SCF”)

The SAP is composed of NGOs, multinational brands and subject-matter experts, as well as representatives from IOI Group senior management. The panel is responsible for advising the Group on its sustainability commitments and is the core external panel members of the Sustainability Consultation Forum (“SCF”). The SCF is a platform that IOI introduced to discuss complex sustainability topics together with external stakeholders such as NGO’s, subject-matter experts, governmental departments, customers, etc., as well as to gather bottom-up feedback from our own internal stakeholders.

IOI Climate Change Action (“CCA”) Financial Disclosure Committee

A committee for CCAi was introduced in 2022 by IOI to help monitor climate-related financial risks and financial impacts towards achieving Net-Zero. The committee is also responsible to systematically track and document the financial investments or projects related to the reduction and/or removal of GHG emissions throughout IOI’s operation. The composition of the committee consists of the chairperson which is the Group CFO and project leads from relevant departments such as Finance, Sustainability, Operations, etc.

Group Head of Sustainability (“GHS”)

The Group’s daily sustainability matters are led by IOI’s GHS. In this position, the GHS communicates and reports directly to the GMD to ensure all the Group’s sustainability commitments, policies, guidelines, etc., are developed and implemented by the respective divisions (Plantation and Resource-based). GHS is also responsible for corporate sustainability and help aligns the Group’s strategy as well as oversees the overall implementation of sustainability policies and practices for the Group.

Sustainability Leads (for each business segment)

Sustainability functions across the business operations are assisted by the division’s Sustainability Lead by ensuring sustainable practices and compliances are fully embedded within each operating unit. Operating units together with regional sustainability teams are responsible in ensuring regular internal sustainability audits, engagement with relevant stakeholders as well as regional sustainability meetings and management reviews are being conducted in a timely manner.

STAKEHOLDER ENGAGEMENT

At IOI, we adopt a transparent and proactive approach when engaging with both our internal and external stakeholders. We believe that effectively managing the expectations, needs and concerns of our key stakeholders and taking their feedback into consideration will enable us to develop effective solutions to matters that are material to both IOI and our stakeholders. Ultimately, this will also aid IOI to better balance environmental protection and social needs without compromising economic requirements for IOI to remain resilient and competitive in the market. Throughout FY2023, IOI has initiated various activities to understand trends, obtain information, as well as address concerns and gather the perspectives of our stakeholders. A full range of assessments on the value created through these stakeholder engagements is communicated transparently to illustrate our accountability in fulfilling these commitments. More information on our stakeholder engagements are also reported regularly in our website¹.

EMPLOYEES		
Activities FY2023	Output/Values Created	Reference Page
<ul style="list-style-type: none"> Following the success of the “Plant your own food” initiative, IOI launched the IOI Urban Garden initiative for IOI’s HQ employees to start their own garden 	<ul style="list-style-type: none"> Promote wellbeing of our employees by encouraging a healthy lifestyle and building a sense of community 	Page 65
<ul style="list-style-type: none"> Activities, training, and development programmes on various topics 	<ul style="list-style-type: none"> Continuous learning, capacity building, and increasing awareness for our employees 	Page 64
<ul style="list-style-type: none"> Organised group wide International Women’s Day celebration with the hashtag #EmbraceEquity 	<ul style="list-style-type: none"> Empower and show appreciation to our female employees as an important part of our workforce and promoting gender equality 	Page 64

CUSTOMERS		
Activities FY2023	Output/Values Created	Reference Page
<ul style="list-style-type: none"> Participated in IOI’s inaugural Panel Discussion on IOI’s Pathway to Net-Zero 	<ul style="list-style-type: none"> Communicate IOI’s targets, climate risks and opportunities, as well as initiatives in addressing climate change 	Page 39
<ul style="list-style-type: none"> Responding to customers’ sustainability-related updates and enquiries 	<ul style="list-style-type: none"> Build trust among our customers by demonstrating continuous improvement in our sustainability performances and promote transparent communication of material issues and addressing customers’ concerns 	Pages 42 - 45

COMMUNITIES		
Activities FY2023	Output/Values Created	Reference Page
<ul style="list-style-type: none"> Full day, zero cost education for workers’ children in our Sabah plantations 	<ul style="list-style-type: none"> Encourage children within our operating units to pursue education and a better future while safeguarding them from potential risks of child labour 	Page 66
<ul style="list-style-type: none"> Donations to charity, hospitals, and schools through our operating units as well as IOI’s charity arm IOI Foundation 	<ul style="list-style-type: none"> Contributes to our surrounding communities by supporting better education and medical treatment 	Page 68
<ul style="list-style-type: none"> Engagement with smallholders to improve smallholder livelihood and assist them to achieve and sustain their MSPO certification 	<ul style="list-style-type: none"> Support our smallholders in improving sustainability practices 	Page 67

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

SUPPLIERS		
Activities FY2023	Output/Values Created	Reference Page
<ul style="list-style-type: none"> Annual assessments and programmes to track untraceable volumes of FFB 	<ul style="list-style-type: none"> Increased transparency and traceability of fresh fruit bunches (“FFB”) sources and assist suppliers to address gaps in the implementation of our No Deforestation, No New Planting on Peat, No Exploitation (“NDPE”) commitments 	Pages 42 - 45
<ul style="list-style-type: none"> Engagement on ethical recruitment and labour transformation programmes 	<ul style="list-style-type: none"> Create awareness in addressing issues surrounding indicators of forced labour 	Pages 42 - 43
<ul style="list-style-type: none"> Participated in IOI’s inaugural Panel Discussion on IOI’s Pathway to Net-Zero 	<ul style="list-style-type: none"> Communicate IOI’s targets and commitments towards achieving Net-Zero to our supply chain 	Page 39

REGULATORS		
Activities FY2023	Output/Values Created	Reference Page
<ul style="list-style-type: none"> Maintaining industry association memberships and adhering to relevant government and international policies and regulations 	<ul style="list-style-type: none"> Ensure compliance with industry standards as well as relevant local and international policies and regulations 	Page 13
<ul style="list-style-type: none"> Engagement to gather feedback from government departments and agencies (eg, NRECC, MPOB, etc) on latest requirements and implementation gaps 	<ul style="list-style-type: none"> Feedback from regulatory bodies to address various sustainability issues and ensure compliance 	Page 13

SHAREHOLDERS & INVESTORS		
Activities FY2023	Output/Values Created	Reference Page
<ul style="list-style-type: none"> Respond to sustainability-related inquiries from our shareholders and investors 	<ul style="list-style-type: none"> Addressed investors’ points of interest to provide better understanding on our ESG practices 	Pages 24 - 25
<ul style="list-style-type: none"> Disclosure on ESG ratings and assessments, as well as respond to specific disclosure requests by investor groups 	<ul style="list-style-type: none"> Transparent disclosures on IOI’s sustainability performance increases confidence among investors and shareholders as well as enhances IOI’s reputation through continuous improvement of our ratings 	Page 10

INDUSTRY ASSOCIATION/CIVIL SOCIETY		
Activities FY2023	Output/Values Created	Reference Page
<ul style="list-style-type: none"> Engagement with industry associations relevant to our business to discuss sector issues and concerns 	<ul style="list-style-type: none"> Address concerns that are industry-specific and having a stronger voice as a united grouping 	Page 54
<ul style="list-style-type: none"> Involvement in forums, discussions, working groups, taskforces and other knowledge sharing platforms (eg Securities Industry Development Corporation (“SIDC”), Business Council of Sustainable Development (“BCSD”), etc., 	<ul style="list-style-type: none"> Communicate sustainability agenda, practices, challenges, etc and help improve negative perception towards sustainable palm oil 	Pages 39 - 40

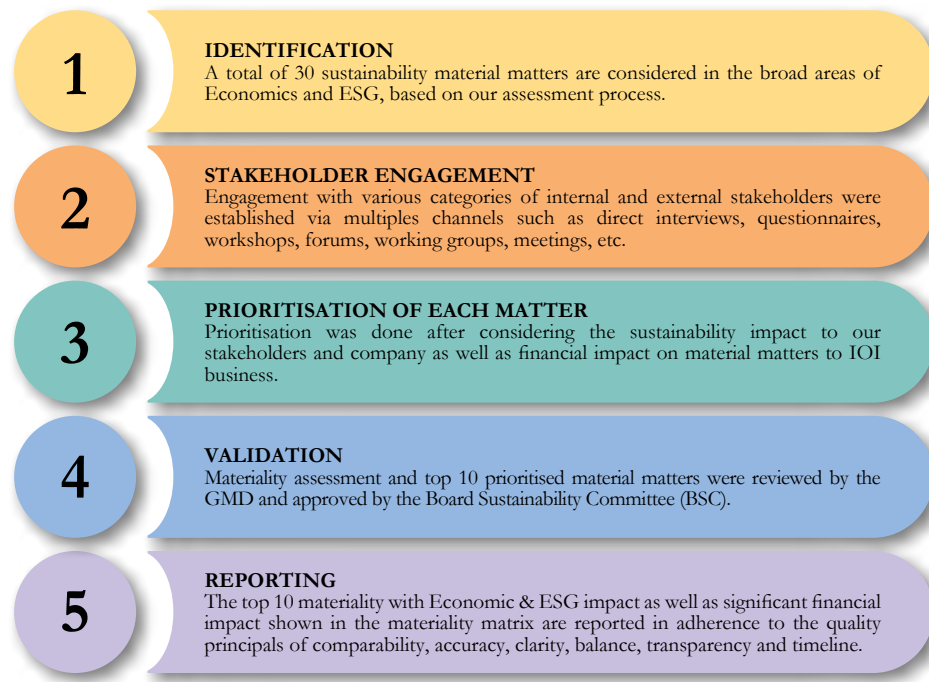
OUR MATERIAL SUSTAINABILITY MATTERS

OUR MATERIAL SUSTAINABILITY MATTERS

SUSTAINABILITY MATERIAL MATTERS

MATERIALITY ASSESSMENT

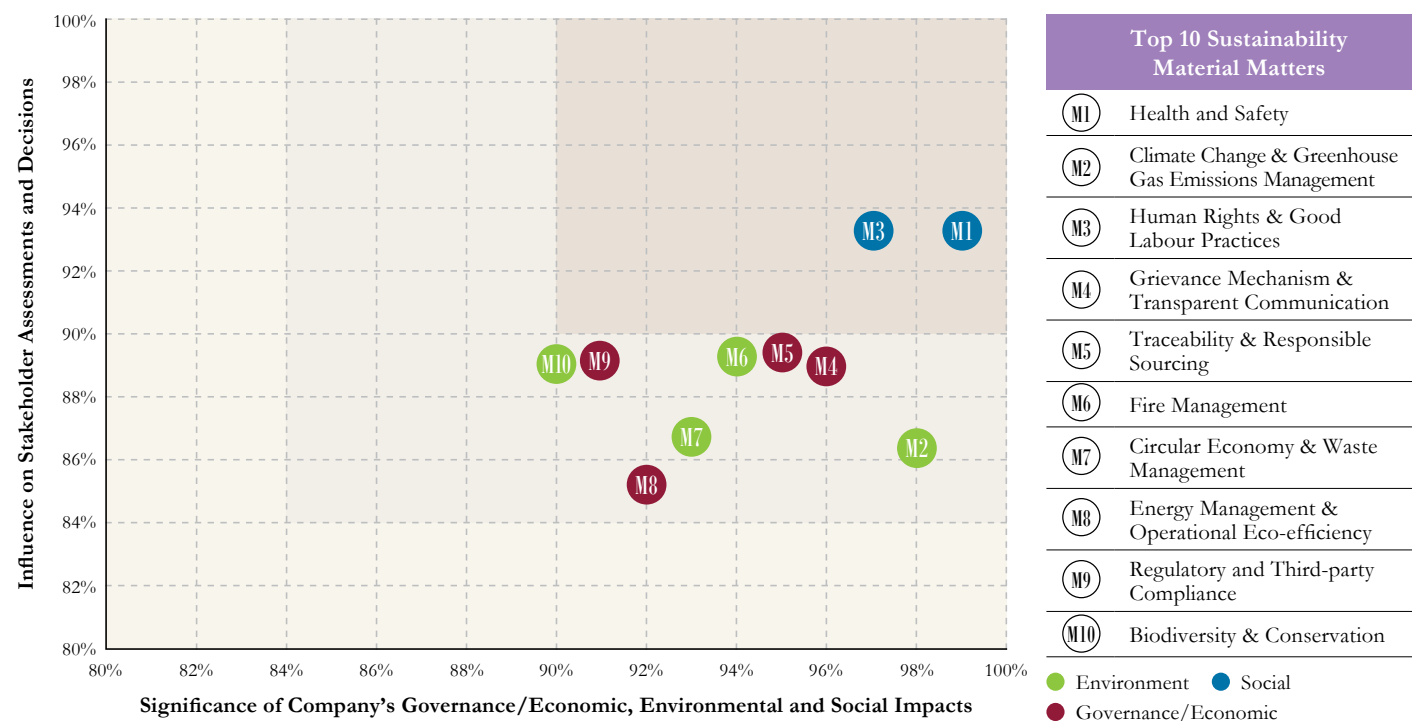
IOI conducts a full yearly materiality assessment to identify material matters that have significant impacts to stakeholders and our business. Our materiality assessment process is guided by Bursa Malaysia's Sustainability Reporting Guide 3rd Edition, Bursa Malaysia's Materiality Toolkit, and the Global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



MATERIALITY MATRIX

This year, four new materiality matters are identified as our top ten material matters (i.e., fire management, energy management & operational efficiency, circular economy & waste management, as well as biodiversity & conservation). Details of the top ten priority materiality matters, our related response and links to the relevant UN Sustainability Development Goals, etc., can be found in section "Top 10 Sustainability Material Matters and Our Responses". The 11 Material Matters cited by Bursa Malaysia that have been considered by IOI but are not included in our top ten materiality matters will be disclosed and referenced in other sections throughout this report.

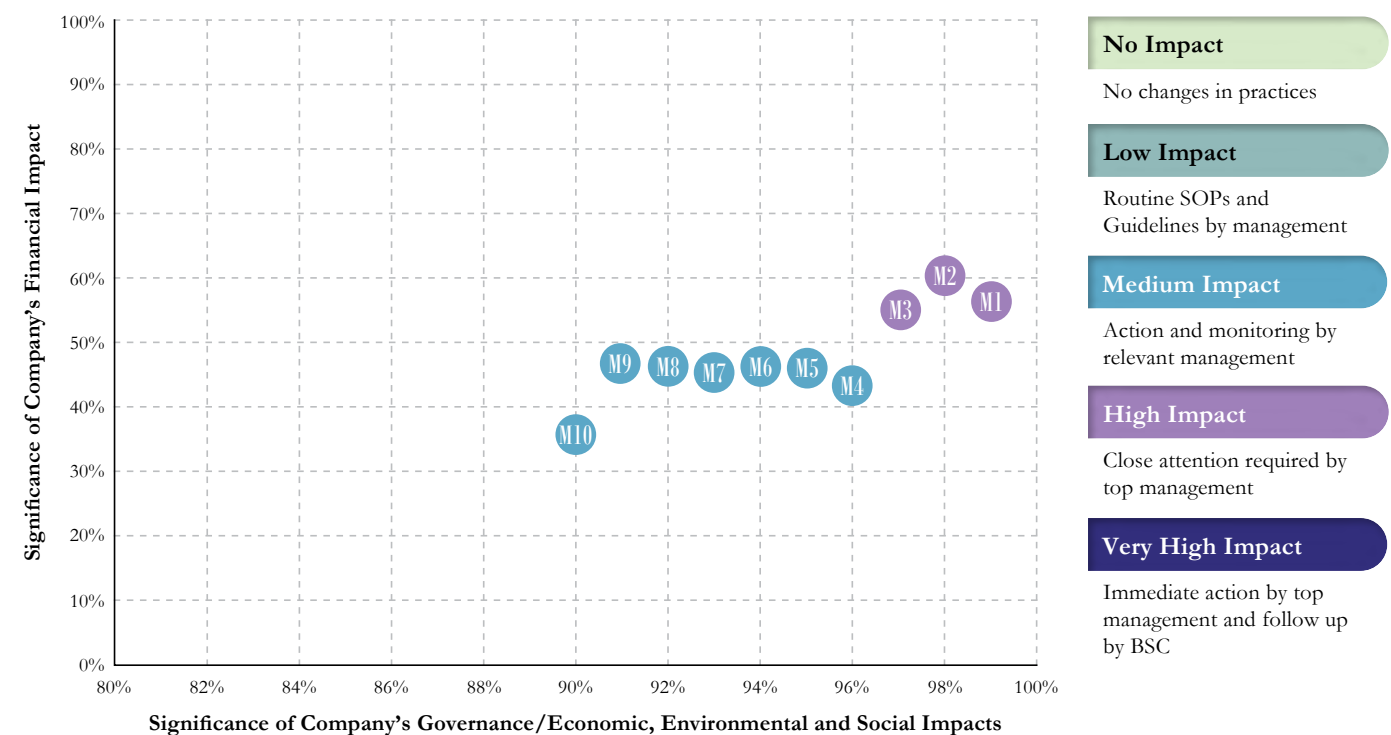
SUSTAINABILITY MATERIALITY MATRIX



DOUBLE MATERIALITY

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

DOUBLE MATERIALITY MATRIX



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

TOP 10 SUSTAINABILITY MATERIAL MATTERS AND OUR RESPONSES

NAVIGATION
ICONS

Stakeholders

Capitals

Corporate Risks

M1 HEALTH AND SAFETY

Why is this Topic Important to Business, Environment, and Society	Our Responses
<p>A safe and healthy working environment will enable our employees to deliver high quality work, thus contributing to higher productivity. Safety risks at the workplace can cause health problems and injuries, leading to absenteeism and lower income, potentially affecting the livelihood and wellbeing of our workforce. Serious safety issues may halt our operations at both plantation and manufacturing sites. Moreover, non-compliance with health and safety requirements can incur fines that leads to reputational damage and thus negatively impact our business.</p>	<ul style="list-style-type: none"> Implement good and accident prevention practices Regularly review and update our policies, guidelines, and SOPs in a timely manner Conduct safety trainings and campaigns according to the training programme
<p>Link to Stakeholders </p> <p>Link to Capital Input and UN SDG </p> <p>Links to Corporate Risks R1 R3 R5 R6</p> <p>Page Reference: 62 - 63</p>	

M4 GRIEVANCE MECHANISM AND TRANSPARENT COMMUNICATION

Why is this Topic Important to Business, Environment, and Society	Our Responses
<p>A grievance mechanism provides a platform for affected parties to voice their concerns. An effective mechanism can enhance engagement, promote accountability, and transparency. Negligence in addressing grievances can damage company's reputation, lead to a loss of business, and increase the cost of grievance resolution.</p>	<ul style="list-style-type: none"> Establish multiple grievance channels for reporting at their conveniences (e.g., Whistleblowing, IOI Mesra Application, etc.) Monitor and update the status of grievances in a timely manner Being fair and transparent in grievance resolution
<p>Link to Stakeholders </p> <p>Link to Capital Input and UN SDG </p> <p>Links to Corporate Risks R1 R4 R5 R6</p> <p>Page Reference: 61 - 62</p>	

M2 CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS MANAGEMENT

Why is this Topic Important to Business, Environment, and Society	Our Responses
<p>Continuing business as usual in a fast-changing environment without a GHG management plan will exacerbate the impact of climate change. Ignorance on GHG emissions will increase our exposure to climate-related risks, thus impacting business resilience, reputational damage and high costs due to carbon tax.</p>	<ul style="list-style-type: none"> Commit to SBTi FLAG Develop a roadmap to achieve Net-Zero target Implement Climate Change Actions in line with TCFD No deforestation and conversion of natural ecosystem areas Continue to explore latest technology and innovations to adapt and mitigate climate change
<p>Link to Stakeholders </p> <p>Link to Capital Input and UN SDG </p> <p>Links to Corporate Risks R1 R2 R3 R4 R5 R6</p> <p>Page Reference: 34 - 45</p>	

M5 TRACEABILITY AND RESPONSIBLE SOURCING

Why is this Topic Important to Business, Environment, and Society	Our Responses
<p>Responsible and transparent sourcing can result in not only a positive social impact (e.g., eradicate forced and child labour, respecting human rights, etc.) but can also avoid negative environmental consequences (e.g., deforestation, conversion of natural ecosystem etc.). It is vital that we ensure our products are traceable and responsibly sourced to avoid our businesses from being sanctioned.</p>	<ul style="list-style-type: none"> Traceability information is updated regularly and published on our dashboard Continued supplier engagements for NDPE compliance and monitoring Strengthen labour rights practices of our suppliers in collaboration with several civil societies
<p>Link to Stakeholders </p> <p>Link to Capital Input and UN SDG </p> <p>Links to Corporate Risks R1 R4</p> <p>Page Reference: 42 - 45</p>	

M3 HUMAN RIGHTS AND GOOD LABOUR PRACTICES

Why is this Topic Important to Business, Environment, and Society	Our Responses
<p>Upholding human rights within our operation is vital to ensure a safe working environment and safeguard our workforce from any incidence of forced labour, including child labour. Negligence in respecting human rights can cause unfair treatment and increase the number of workforce turnover. The company may also face significant legal and reputational risks including import bans on our palm oil products from other countries.</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. Protecting children's right by providing clean and healthy environment, education, medical, etc.,
<p>Link to Stakeholders </p> <p>Link to Capital Input and UN SDG </p> <p>Links to Corporate Risks R1 R5</p> <p>Page Reference: 60 - 67</p>	

M6 FIRE MANAGEMENT

Why is this Topic Important to Business, Environment, and Society	Our Responses
<p>Wildfires have a negative impact on wildlife, biodiversity, and the nearby communities, especially due to haze hazards. We ensure that our fire prevention and monitoring programmes in both plantation and resource-based manufacturing are in place to avoid any catastrophe especially to our plantations and surrounding communities and any legal actions or fines against us that could lead to business sanctions.</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 were regularly communicated
<p>Link to Stakeholders </p> <p>Link to Capital Input and UN SDG </p> <p>Links to Corporate Risks R1 R4 R6</p> <p>Page Reference: 49</p>	

OUR MATERIAL SUSTAINABILITY MATTERS

M7 CIRCULAR ECONOMY AND WASTE MANAGEMENT

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

Irresponsible production and consumption can overexploit natural resources, putting biodiversity and our future generations at risk. We adopt the 7Rs of circularity to reduce our GHG footprint and other environmental impacts. The 7Rs aim to reduce carbon emissions by repurposing materials for other uses, reducing the need for new raw materials, and minimising environmental impact. Waste management is one of the critical areas that has legal requirements and sustainability standards that we must comply. Failure to do so can result in a negative impact on the environment, society, reduced marketability, and the risk of fines imposed by the authorities.

Our Responses

- Waste management according to law and regulations
- Waste such as solid POME and EFB are converted to value-added products such as fertilisers in plantations
- GHG reduction through methane capture facilities at palm oil mills
- Responsible water management
- IOI Palm Wood converts oil palm trunks into commercial products

Link to Stakeholders



Link to Capital Input and UN SDG



Links to Corporate Risks



Page Reference

34 - 36,
51 - 52

M8 ENERGY MANAGEMENT AND OPERATIONAL ECO-EFFICIENCY

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

Good energy management practices, such as consuming less energy, using fewer resources, and producing less waste, will improve our efficiency and in turn, ensure GHG reduction. The use of renewable energy can assist the company in not relying fully on non-renewable energy sources, especially fossil fuel and coal. Poor efficiency can result in high operational costs, affecting our bottom line and hindering our ability to reduce GHG emissions and avoid carbon taxes.

Our Response

- 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

Link to Stakeholders



Link to Capital Input and UN SDG



Links to Corporate Risks



Page Reference

36 - 38

M9 REGULATORY AND THIRD-PARTY COMPLIANCE

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

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

Our Responses

- Compliance with sustainability certifications such as RSPO, MSPO and ISCC
- Regular audits by internal and external parties, including third-party audits
- Adherence to all applicable local and national regulations

Link to Stakeholders



Link to Capital Input and UN SDG



Links to Corporate Risks



Page Reference

42 - 45

M10 BIODIVERSITY AND CONSERVATION

Why is This Topic Important to Business, Environment and Social?

Protection of our biodiversity and conservation areas where we operate is important to safeguard our environment and minimise the potential negative impacts that might affect our business. Any breach or non-compliance, especially in our plantation areas can have a direct impact on IOI.

Our Response

- Monitoring NDPE compliance of our third-party suppliers through engagement, site visits and assessments
- Collaborating with other stakeholders on conservation efforts
- Enhancing the biodiversity guideline to also include a focus on the ecosystem
- Monitoring identified HCV and conservation areas, including the practice of 'No Hunting' of RTE species

Link to Stakeholders



Link to Capital Input and UN SDG



Links to Corporate Risks



Page Reference

42 - 43,
53 - 55

ENVIRONMENTAL, SOCIAL AND GOVERNANCE/ECONOMIC

ENVIRONMENT



- Climate Change and GHG Emissions Management
- No-deforestation and Sustainable Land Use
- Biodiversity and Conservation
- Water Management
- Agrochemical Management
- Regenerative and Precision Agriculture
- Circular Economy and Waste Management
- Fire Management

SOCIAL



- Health and Safety
- Human Rights and Good Labour Practices
- Ethical Recruitment and Responsible Employment
- Diversity, Inclusivity and Equal Opportunity
- Community Engagement and Social Responsibility
- Child Rights and No Child Labour
- Gender Equality and Women Empowerment
- Smallholder Development

GOVERNANCE / ECONOMIC



- Grievance Mechanism and Transparent Communication
- Traceability & Responsible Sourcing
- Supply Chain Management
- Regulatory and Third-Party Compliance
- Anti-Corruption and Assurance
- Risk Management
- Business Ethics and Code of Conduct
- Remuneration for Senior Management
- Low Carbon Technology
- Digital Integration and Geospatial Technology
- Sustainability Certification
- Data Privacy and Security
- Energy Management and Operational Eco-Efficiency
- Palm Biotechnology and Product Innovation

ENVIRONMENTAL, SOCIAL AND GOVERNANCE/ECONOMIC



ACCELERATING OUR CLIMATE CHANGE ACTION INITIATIVES



IOI has taken a bold step forward by embracing a comprehensive and integrated strategy to decarbonise our business operations, aiming to achieve Net-Zero within the Group by 2040. The journey towards Net-Zero entails a holistic approach that encompasses circularity principles, the adoption of cutting-edge green technologies and a drive for innovation in optimising resource utilisation, reducing greenhouse gas emissions, enhancing energy efficiency and transitioning to a cleaner and more sustainable future. We are poised to create a more resilient future while driving positive change within our industry.

Being Sustainable:

Taking actions on any of the issues raised, making it known that the issues are being addressed sustainably



No Greenwashing:

Being transparent about key decisions & reasons behind them to show that the issue is not being swept to one side



Engagement:

Listening to our stakeholders and having an awareness of their arguments and demands when making key decisions



CLIMATE CHANGE ACTION INITIATIVE (CCAi)

OUR OPERATION (SCOPE 1 & 2)

MANAGEMENT APPROACH

Climate and nature are deeply intertwined. As a result, any extreme climate events can cause detrimental impacts to our natural environment such as ecosystem degradation, spread of invasive species, loss of biodiversity, etc. Comprehending this nature related dependencies to our operation, IOI had introduced a **Climate Change Action initiative** (“CCAi”) since 2019 aiming to manage risks and explore opportunities arising from climate change. The CCAi is also in line with our 5 Strategic priorities, especially on improving our planting material to achieve high yield and crop diversification (see our achievements in AR 2023, pages 47, 49).

Our reporting on the CCAi is in alignment with the recommendations from the **Task Force on Climate-Related Financial Disclosures** (“TCFD”) and is structured around four thematic areas: governance, strategy, risk management, metrics and targets with reference to the International Sustainability Standards Board (“ISSB”) climate-related disclosures. Under double materiality assessment, climate change is identified as a sustainability risk that has a high financial impact after being reviewed using the Group’s Enterprise Risk Management (“ERM”) framework (see our ‘Materiality’ section at pages 26 - 27 for further detail).

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

Governance

The CCAi have direct Board oversight. As stated in our Sustainability Governance (see pages 22 - 23 in ASR 2023), the strategies and processes designed to manage sustainability-related risks and opportunities as well as its performance are discussed at the BSC. The chairman of the BSC, an Independent Non-Executive Director who is also our Climate Champion, together with 2 other Board members, ensure that all CCAi related activities are holistically integrated into the Group’s Strategy and Business Model. The implementation of the decisions made by the BSC and the monitoring of

Strategy

IOI Group’s strategy to combat climate change is developed around the following commitments:

- To reduce our climate change impact by committing to achieving Net-Zero for carbon intensity by 2040**
- To promote climate change action plan and practices through innovation, improved efficiency and support actions throughout the operations**
- To increase the resilience of our business by managing risks and opportunities, forecasting climate scenarios for climate impact valuation, incorporating our 7Rs of circularity & practising Precision & Regenerative Agriculture.**

CCAi-related performance at the operation level are overseen by the GSSC. A CCA Financial Disclosure Committee for this initiative was also formed to, among others, track, document, and monitor financial investments and performance in projects or activities related to climate change actions. Finally, to ensure accountability and group-wide implementation, the CCAi and related performance are part of the Key Performance Index (“KPI”) for the GMD, top management, and the rest of the organisation. As such, suitable remuneration would be awarded based on meeting or exceeding the KPI.

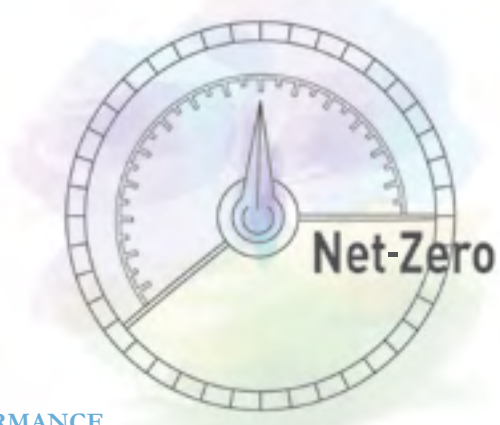
To enable IOI to develop resilient strategies and financial plans in a more holistic way, a group-wide quantitative climate-related risks assessment had been conducted in 2021 (refer to ASR 2021 & 2022 for details). These risk assessments enabled IOI to make climate impact valuations which is in alignment with TCFD recommendations.

Risk Management

IOI has conducted a quantitative group-wide climate-related transition and physical risks assessment modelling using different climate scenarios (i.e., RCP 2.6, RCP 4.5, RCP 8.5) until 2050. The assessment was conducted using specific data from IOI, international climate organisations and relevant third parties with an expert TCFD consultant. Out of the seven climate hazard indicators, IOI faces greatest exposure to heatwaves with some locations facing potential issues of water stress and sea level rise. Full detail on IOI’s climate-related risks assessments is reported in ASR 2021¹ (pages 30 - 31) and ASR 2022² (page 29).

IOI uses Internal Carbon Pricing (“ICP”) as a risk mitigation tool to prepare for climate related risks events such as resource availability, supply chain disruption, etc., and for planning decarbonising projects to mitigate our GHG emissions as we transition to a low-carbon economy. IOI has established an ICP shadow price which considers the effects of future regulations and cost related to all scopes of GHG emissions for the investments in our CCAi to mitigate GHG emissions across our operations and supply chains. The ICP was set for Plantations at RM 60/MT CO₂e and Resource-based manufacturing at RM 80/MT CO₂e for Malaysia and EUR30/MT CO₂e for our operating sites in Germany, respectively. Information on our financial investments regarding our decarbonisation activities are available in page 155 of Financial Section of our AR 2023.

¹ See ASR 2021, pages 30-31 for IOI’s climate-related risks assessments.



Current and Emerging Opportunities

(A) Repurposing Oil Palm Trunk (“OPT”) into Premium Palm-Based Wood Products

IOI Palm Wood Sdn Bhd was established to commercially produce engineered wood panels sustainably from OPT waste. The idea of repurposing OPT waste into palm wood locks in the GHG which would otherwise be released into the atmosphere. Furthermore, the use of palm wood serves as substitute for traditional timber that would ease the pressure on harvesting natural forest, thus preserving habitats and ecosystems.

The IOI Palmwood manufacturing facility, a first in Malaysia utilising customised European technology of repurposing OPT, has the capacity of producing up to 80,000 m³ per annum of palm-based wood products. This premium product is commercially named “OnCore” and include premium grade kiln dried palm lumber, blockboards and palm wood panels. The OnCore products are produced with adherence to international quality and safety standards³. All OnCore products are treated to last for more than a decade which extends their role in GHG storage. The end-of-life OnCore products can also be upcycled or used as bioenergy that not only expands the circularity potential of this product but also further enhance the commercial potential of this whole venture.

(B) Voluntary Carbon Market

Carbon offsets are gaining traction as companies are seeking ways to neutralise their emissions due to the pressure especially from investors to act on climate change. The demand for carbon offsets would grow exponentially when options for abatement get exhausted in the coming decades. IOI foresee that there are opportunities for the company to participate in the voluntary carbon market (“VCM”). Our company can potentially create surplus carbon credits through technology- and nature-based solutions that can be traded on the VCM. Highlights of our potential carbon crediting projects are as follows:

- TECHNOLOGY-BASED:** Currently, IOI has 10 methane capture facilities that has the potential to capture up to 45 million m³ biogas per annum. We are set to increase a further 4 such facilities. This may result in a surplus of biogas which can be sold to the gas network or energy grid systems to generate carbon credit.
- NATURE-BASED:** There are opportunities for reforestation projects in degraded areas outside of IOI’s boundary. Reforestation activities can also promote biodiversity and enhance surrounding ecosystems that would add value to the carbon credits.

Mitigation and Adaptation

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

(A) PLANTATIONS

Generating Renewable Energy Using POME

Methane from palm oil mill effluent (“POME”) is one of the largest contributors of GHG emissions in our plantation operations. Recognising the impact of methane on climate change, our plantations have initiated the installation of methane capture facilities since 2013 to curb these emissions. To date, we have installed 10 methane captures plant that have the capacity to produce about 45 million m³ of biogas, with 4 more to be installed in the coming years. The repurposing of the biogas to be utilised for the boilers and for electricity generation using boiler burner and gas engine, respectively, allows IOI to reduce our dependency on non-renewable source of energy such as fossil fuels, especially diesels. This alternative fuel also meant that the biomass which was previously used to be burned in the boilers, can now be used for other purposes such as for mulching, fertiliser, activated carbon, etc. Currently, the utilisation of biogas in our mills is at 40%. This year, we generated around 38 million m³ of biogas but did not achieve its maximum capacity due to the malfunctioning of two of our large biogas plants. Maintenance work is ongoing for the two biogas plants to ensure we continue to maximise biogas generation in all our mills and procedure has been put in place to ensure that this sort of incidence will not re-occur.

³ <https://ioipalmwood.com/ProductOverview>

¹ https://www.ioigroup.com/Content/IR/PDF/SR/2021_SR.pdf ² https://www.ioigroup.com/Content/IR/PDF/SR/2022_SR.pdf



Improving Planting Materials via Research

IOI Palm Biotech continues to develop better oil palm planting materials to increase yields through innovative Research and Development (“R&D”) programmes. This approach is necessary as one of the ways in which IOI approaches the issue of reduced land for agriculture. To date, our estates have planted 30%-50% clonal palms and achieved an oil extraction rates (“OER”) up to 23.5%. This achievement was the result of improved propagation protocol that was developed through 30 years of intensive and systematic R&D. Moving forward, IOI Palm Biotech team will intensify their work on molecular and genome R&D of our oil palm planting materials to further improve the oil palm’s resistance to extreme events (e.g., droughts, extreme heat, etc.).

Regenerative and Precision Agriculture

IOI implemented Precision Agriculture (“PA”) to ensure our oil palm trees receive the exact agricultural input they require to increase their yield while minimising wastage and environmental impacts. The PA practices work together with Regeneration Agriculture (“RA”) to enhance soil health, promote biodiversity as well as stabilise and give balance to the ecosystem to further support the health our crops and subsequent oil yields. Implementation of PA, coupled with RA practices can also result in GHG emissions reduction and sequestration within the plantations. For more details, refer to ‘Regenerative and Percision Agriculture’ section in pages 56 - 57.

⊕ See pages 56 - 57 on Regenerative and Precision Agriculture.

Mechanisation

Electrical Agriculture Machines (“EAM”) are actively being introduced to progressively replace our conventional fossil fuel-based machineries in our plantations. Electric mechanical carts were added to IOI Plantation’s EAM line this financial year to reduce reliance on fossil fuels in our operations while at the same time, improve workers’ productivity. The implementation progress of Mainline Evacuation system for in-field FFB evacuation has increased from last year’s 50% to 76%. This system is expected to be fully implemented by next year and would reduce the usage of fossil-based tractors and further improve efficiency in FFB evacuation. Mechanisation has also contributed to reducing GHG emissions through optimising the use of agrochemicals by using Geo-I Circle Sprayer. Mechanisation is not only helping to minimise our GHG emissions but also promoting climate justice in our operations (see page 63 for more detail).

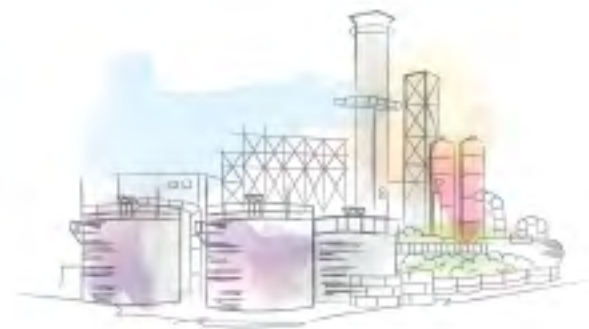


Electric Mechanical Cart: Assist in transporting and evacuation of FFB in the plantations

⊕ See page 63 on Climate Social Justice.

(B) RESOURCE-BASED MANUFACTURING

Refineries



Palm Kernel Shell
30% Lower Fuel Consumption
 Improve Combustion Efficiency of Empty Fruit Bunch (“EFB”)
 Adoption of EMS that worked with **RPO-OM**

IOI Refineries (“IOIEO” and “IOIPCEO”) are continuously upgrading their operations to reduce GHG emissions by implementing process change (focussing on automation and digitalisation), heat and steam recovery, and, installing new equipment. At IOIEO, the use of liquified natural gas (“LNG”) has resulted in 10% lower GHG emissions compared to diesel fuel usage. On top of that, enhancements were made to improve combustion efficiency of Empty Fruit Bunch (“EFB”) fibres and Palm Kernel Shell (“PKS”) that has resulted in 30% lower fuel consumption within its operation. IOIEO has reduced its power consumption by 40% through installation of LED lights and inverters as well as heat and steam recovery. The refinery also took further steps to reduce power consumption by adopting Energy Management System (“EMS”) and conduct regular meetings among its energy committee to discuss and review progress on energy saving projects. Similarly, IOIPCEO has also shown reduction on its energy consumption through the adoption of EMS that worked with Realtime Prod Organiser Operation Management (“RPO-OM”). Going forward, IOIPCEO will explore further the use of biomass and other renewable energy mechanism (e.g., virtual power purchase agreements, “VPPA”) to improve its energy efficiency.

Oleochemicals

IOI Oleo’s facilities in Malaysia are gearing towards optimising the use of green electricity through solar panels which are installed at the rooftops of offices, stores and factories. For our Oleochemicals facility in Prai, RPO-OM working in tandem with the EMS was implemented to assist in monitoring and reducing energy consumption. IOI Oleo is also planning to set up additional Combine Heat and Power Cogeneration (“Cogen”) and solar panels at our Prai facility that is estimated to reduce GHG emissions by up to 3%. To reduce the dependency on fossil fuel-based energy further, a second 6.5MW Cogen plant has been installed at our Pasir Gudang facility. Solar thermal had been also installed to reduce energy usage for water heating at the same facility. On top of that, IOI Oleo is also exploring the use of electrical boilers as well as renewable energy utilisation for its operation in the coming years.



Optimising the Usage of Green Electricity through Solar Panels

A New **6.5MW** Cogen Plant installed in Pasir Gudang

Metrics and Targets

In the short-term basis, the Group carbon intensity is targeted to achieve more than 40% reduction (~4% reduction per annum) by 2025 based on our 2015 baseline. By 2030, our medium-term target is to achieve at least carbon neutral for Scopes 1 and 2 against our 2015 baseline. Specifically, this will be done through the adoption of improved low carbon technologies, enhancing rehabilitation and tree planting efforts in our conservation areas as well as accelerating our circularity activities. Long term, IOI targeted to achieve Net-Zero for Scopes 1, 2 and 3 by 2040 (Refer to Pathway to Net-Zero at pages 6 - 7).

⊕ See pages 6 - 7 for Pathway to Net-Zero.

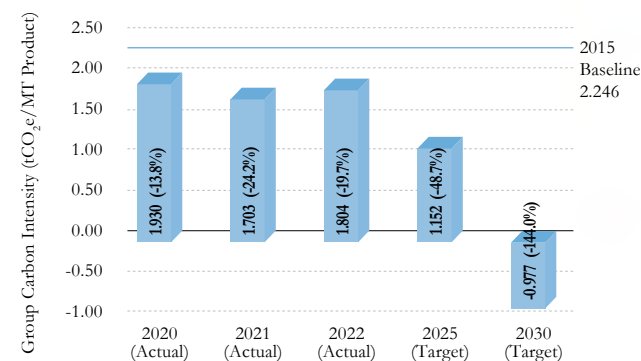
(A) GROUP

Our Group carbon intensity is calculated using science based methodologies such as RSPO PalmGHG that is aligned with the GHG protocol as well as ISO 14064, an international standard developed by the International Organisation for Standardisation (“ISO”). As of FY2023, IOI’s group carbon intensity has reduced -19.7% compared to our baseline in 2015. This year, we missed our target of -28% due to the breakdown of 2 of our large methane captures. Otherwise, IOI should be on track to meet our mid-term 2025 target and expects to achieve our 2040’s Net-Zero target as we foresee higher removal and reductions of GHG emissions through our CCAi at both Plantation and Resource-based manufacturing business segments.

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

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

Group Carbon Intensity (tCO₂e/MT Product)



All Land Use Change (“LUC”) since 1995 from a 2015 baseline year, in alignment with the Greenhouse Gas Protocol draft on Land Sector and Removals.

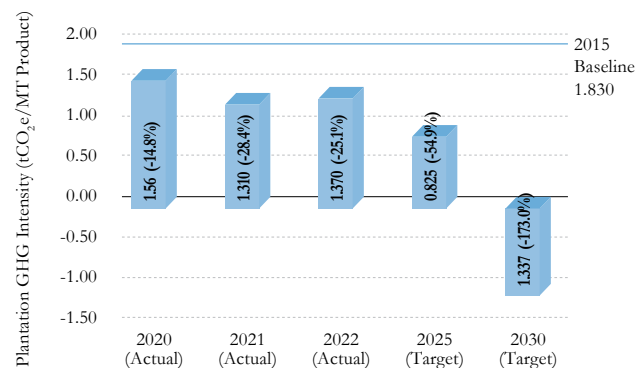
Commitment to a Moratorium on no deforestation since 2016, which aligns with the Accountability Framework initiative (“AFI”) guidance.

Commitment to No Deforestation, No New Planting on Peat, No Social Exploitation (“NDPE”) since 2016 and Zero Burning since 2014.

(B) PLANTATION (ESTATE AND MILL)

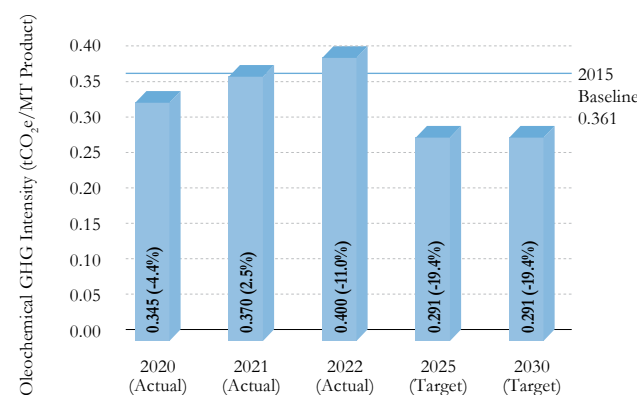
Carbon intensity for plantation in 2022 reduced by -25.1% in comparison to 2015 baseline. The reductions were slightly lower compared to last year due to the breakdown of our two large biogas plant. However, we expect to achieve higher reductions for Plantation when the biogas plants are up and running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

Plantation GHG Intensity (tCO₂e/MT Product)



Carbon intensity for Oleochemical was similar since 2020, which ranges between 0.345 to 0.400 tCO₂e/MT Product. Oleochemical's carbon intensity reduction was not significant in the past few years due to reduced operational volume and lack of low-carbon energy alternatives. However, the target of 0.291 tCO₂e/MT Product by 2025, while challenging due to a certain extent on market forces, can be achievable as Oleochemical has planned to accelerate their adoption of renewable energy (e.g., VPPA) and increase operation efficiency through digitalisation.

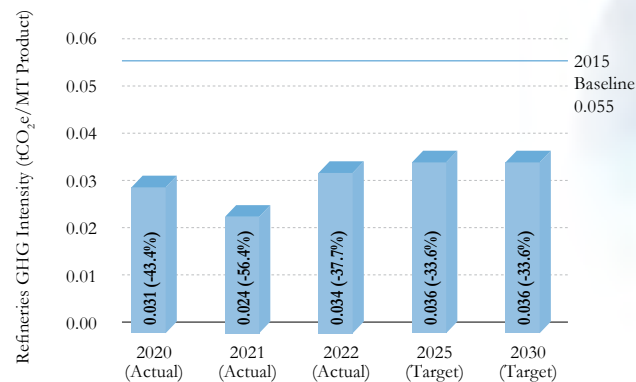
Oleochemical GHG Intensity (tCO₂e/MT Product)



(C) RESOURCE-BASED MANUFACTURING

In 2022, carbon intensity reduction for refineries is 37.7% in comparison to the 2015 baseline. The increase in carbon intensity from the previous financial year is mainly due to a drop in production volume this year. Our refineries are exploring further improvement in operation efficiency through digitalisation and modern technologies to further reduce their carbon intensity.

Refineries GHG Intensity (tCO₂e/MT Product)



CLIMATE CHANGE ACTION ENGAGEMENT PROGRAMMES

MANAGEMENT APPROACH

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

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

Panel Discussion on IOI's Pathway to Net-Zero

In conjunction with IOI's Earth month campaign, and in line with our CCAi, we organised a hybrid webinar that involved a Panel Discussion on IOI's Pathway to Net-Zero on 21st March 2023. The five members from IOI's Senior Management Team that were involved in the discussion to share our action plans and strategies towards Net-Zero by 2040 were from both the upstream and downstream operations, strategy, sustainability and green technology (utilising biomass - OPT). The panel discussion was moderated by Mr. Faizal Parish, Director of Global Environment Centre ("GEC"), with over 100 internal and external stakeholders attending both physically and virtually. The panel discussion aimed to create awareness regarding our Net-Zero journey and to promote transparency among relevant stakeholders especially our suppliers and customers as well as encourage collaboration among us in decarbonising the supply chain. During this inaugural Panel Discussion, we had also formally announced our commitment to the SBTi FLAG. The moderator of the panel then concluded the discussion with a remark that IOI's ambitious Net-Zero target by 2040 is extremely timely as it meets with the recent release of the Intergovernmental Panel on Climate Change ("IPCC") report, which underscores the urgency of taking more ambitious action to secure a liveable future for all.

Sustainability Consultation Forum ("SCF")

IOI first introduced SCF in 2021 as a platform to gather thoughts and views from our stakeholders to discuss on complicated sustainability issues (More information on SCF can be found in page 40). A climate related forum was conducted last year during the 2nd SCF involving Climate Change strategy and achieving Net-Zero (See ASR 2022 page 33 for detail). Finally, this year, our 3rd SCF was more focused towards Supply Chain Decarbonisation and Responsible Sourcing practices across IOI's Supply Chain.



IOI's senior management team in a discussion with stakeholders during the 2nd SCF.

2nd SCF on Climate Change Strategy and Achieving Net-Zero

Our progress towards addressing gaps identified during the 2nd SCF is within the timeline suggested by our stakeholders (see Executive summary published on 21st November 2022 for more information¹). GHG emissions accounting and disclosure for our Plantation and Manufacturing operations are based on the PalmGHG (aligned to the GHG Protocol) and ISO 14064 methodology respectively. Currently we are involved with RSPO's PalmGHG Working Group to help review the PalmGHG calculator tool to reflect the current changes and advancement in GHG emissions data. Some of the changes proposed include taking into consideration, sequestration from palm 25 years and above, HCVs, other set aside conservation

areas, etc. Full review by the RSPO Palm GHG Revision Working Group is expected to be completed by end of 2023.

During the SCF we also discussed emissions reduction activities and initiatives for achieving Net-Zero as mentioned in the CCAi section (pages 34 - 45). For example, as part of our CCAi, IOI has collaborated with various partners on emissions reduction projects and regenerative agriculture such as Nestle on tree planting (i.e., ReLEAF), IDH-The Sustainable trade Initiative ("IDH") on biodiversity conservation and ecosystem enhancement projects (e.g., South Ketapang Landscape Initiative) and, Commonwealth Agricultural Bureaux International ("CABI") on soil microbial study to improve soil health. More details on our efforts in enhancing biodiversity and ecosystem and regenerative agriculture are reported in pages 53 - 57.

3rd SCF on Towards Supply Chain Decarbonisation and Responsible Sourcing Practices Across IOI's Supply Chain

As reported both in pages 6 - 7 of the 2023 ASR and SBTi dashboard², IOI has developed a time-bound emissions reduction roadmap aligning with the SBTi FLAG criteria for all Scopes. IOI is among the leading companies in Malaysia that has committed to SBTi FLAG under the Food Production-Agricultural production sector where our GHG emissions reduction targets are reported as intensity-based.

IOI is in preparation to conduct our 3rd SCF in August this year revolving around the theme Towards Supply Chain Decarbonisation and Responsible Sourcing practices across IOI's Supply Chain. This SCF will be facilitated by Robertsbridge to gather feedback and suggestions from experts and thought leaders, focussing on the topic of supply chain decarbonisation, as well as compliance with European Union Deforestation Regulations ("EUDR") and Human Rights Due Diligence ("HRDD") criteria across our supply chain.

Decarbonising the supply chain is a complex and challenging task. Hence, outcomes and learnings from this SCF would enable IOI to develop targeted plans and strategies to help our supply chains to reduce their GHG emissions. This in turn will enable IOI to achieve Net-Zero by 2040. On another topic relevant to our supply chain, we will develop action plans based on the key takeaways received during the SCF on the EU Deforestation regulations and the HRDD as well as how our supply chain will have to deal with these new requirements going forward. An executive summary will be published and shared in the following few months after this SCF.



Participants of our 3rd SCF

SUPPLY CHAIN (SCOPE 3)

MANAGEMENT APPROACH

IOI recognises the complexities involved in addressing the 15 categories within Scope 3. In IOI's case, we have identified that the GHG emissions are mainly derived from the "Purchased goods and services" category, i.e., our supply chains. The need to understand Scope 3 was important to enable us to identify the risks and opportunities associated with decarbonising our supply chain especially in context of our Net-Zero by 2040 target. Thus, to avoid greenwashing, our approach in this matter has been very measured, systematic and with transparency. For example, we undertake to measure our supply chain GHG emissions (Scope 3) utilising methodologies such as the RSPO's PalmGHG which is audited under RSPO's certification process and aligned with the GHG Protocol as well as ISO 14064 whose standard is recognised globally and to disclose our information as recommended by reporting frameworks such as TCFD, ISSB, SBTi FLAG and AFI.

In addition, SBTi FLAG and AFI also recommended companies to disclose progress towards deforestation- and conversion-free supply chain because efforts to reduce deforestation can help to mitigate GHG emissions. This is very much in line with IOI's own commitment to build traceable and transparent supply chains, whereby all our suppliers are required to be in compliant with the NDPE as contained in our SPOP. (For more details, refer to Responsible Sourcing and Traceability section in pages 42 - 45). Another way to aid our suppliers to embark with IOI's Net-Zero journey, is for IOI to conduct awareness and capacity building programmes as well as engaging with them on possible collaborations to reduce their GHG emissions.

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

Last year, IOI started to include reporting GHG emissions intensity for Scope 3. Our Scope 3 calculation for all business segments uses both average-data method and spend-based method based on the GHG Protocol, depending on data availability and categories relevant to our business. Scope 3 emissions intensity of our 2 business segments (Plantation & Resource-based Manufacturing) are as follows:

Business Segments	2020	2021	2022
Plantation (tCO ₂ e/MT Product)	0.16	0.2	0.2
Resource-based Manufacturing			
a) Refinery (tCO ₂ e/MT Product)	3.03	3.13	3.36
b) Oleochemical (tCO ₂ e/MT Product)	4.62	5.54	4.41
Group Total (tCO₂e/MT Product)	7.81	8.87	7.97

“As a Group, 92% of our purchased goods and services were sourced locally, while 18% were sourced from our international suppliers.”

As shown in the table, the highest contribution for Scope 3 emissions is from our Resource-based manufacturing business which encompass 98% of the Group's total Scope 3. Among the Scope 3 fifteen categories, Category 1 - Purchased goods and services, was the highest, particularly for the purchase of palm oil and other corresponding processed products which represent about 94% of Resource-based Manufacturing's Scope 3. For Plantation, the main contributing category in Scope 3 is also from Category 1. Among the purchased goods, agrochemicals are the main contributors of Scope 3. However, Scope 3 from the Plantation represent a small fraction of the Group's total Scope 3, i.e., around 2%. As a Group, 92% of our purchased goods and services were sourced locally, while 18% were sourced from our international suppliers.

IOI is mindful that having a strong supply chain management framework is crucial to effectively manage and reduce our Scope 3. We envisage that the outcome from the 3rd SCF on "Towards Supply Chain Decarbonisation and Responsible Sourcing" would provide us with more insights on how to manage our Scope 3 and help contribute to IOI achieving Net-Zero by 2040.

¹ https://www.ioigroup.com/Files/news/pdf/IOI%20SCF_Summary%20Report_Revised_ERM_21112022_r2.pdf

² <https://sciencebasedtargets.org/companies-taking-action#dashboard>

RESPONSIBLE SOURCING AND TRACEABILITY

RESPONSIBLE SOURCING

MANAGEMENT APPROACH

IOI had long taken the crucial step of establishing a sustainable palm oil supply chain by committing and implementing NDPE together with a moratorium on deforestation since 2016. To ensure the success of this endeavour, we continuously monitor our suppliers towards delivering their NDPE commitment and support zero conversion of natural ecosystems. Apart from that, we also encourage our suppliers to provide their commitment towards rehabilitating their deforested land.

While continuing with our pledge to support our suppliers to address matters such as deforestation, peatland protection and human rights, we are also extending our know-how to our suppliers regarding climate change and its impact to our industry. Commencing this year, IOI and especially our responsible sourcing team have embarked on a new journey, drawing significant attention to the traceability of suppliers' Scope 3 emissions. This emphasis arises from the fact that Scope 3 emissions within the IOI supply chain also include 3rd party suppliers. IOI has taken the initiative to engage with these suppliers and provide guidance on their GHG emissions intensity and corresponding mitigation efforts to reduce them. Concurrently, we have initiated a supply chain mapping exercise on scope 3 emissions aimed at understanding the extent of GHG emissions intensity contribution from our suppliers.

On another front, the EUDR regulations have also drawn the attention of both the industry and the country. In response to this matter, IOI is focusing on strengthening the traceability to plantations and working to ensure optimum levels of assurance for the export of palm oil-based products to the EU market. IOI has taken an even further step by working towards having an NDPE Implementation Reporting Framework ("IRF") and Traceability to Plantations ("TTP") for 3rd party suppliers that progresses towards third party verification.

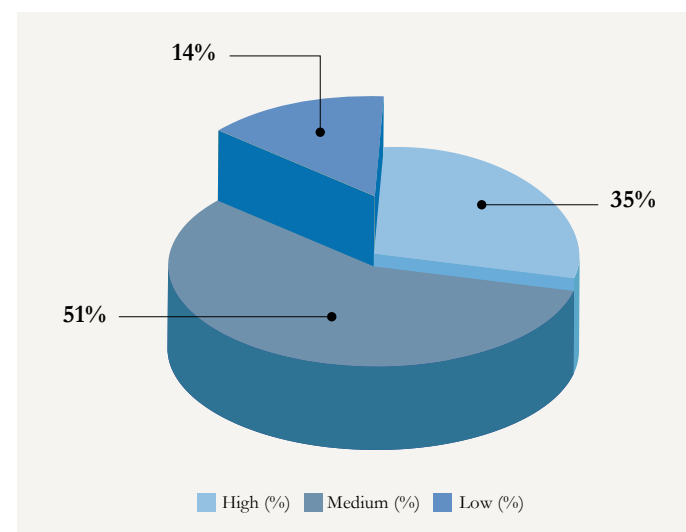
ACTIVITY DRIVEN APPROACH AND PERFORMANCE

IOI is fully aware of the risk associated with adverse findings related to supply chain issues and the reputational risk posed by suppliers' non-compliance with NDPE requirements. As such, we continue the proactive approach of engaging suppliers to ensure their compliance with IOI's policies and guidelines as well as improve our traceability scores.

Primarily, the IOI responsible sourcing team maintained our partnership with the Earthworm Foundation to utilise the Tools for Transformation ("T4T") for suppliers' self-assessment with the aim to communicate, identify, prevent and mitigate risks of potential NDPE violations. Some of the NDPE performance indicators assessed include forced labour conditions, suppliers reporting on deforestation, grievance mechanism, etc. In our latest T4T self-assessment, 95.78% of suppliers engaged reported having NDPE policy, signifying a large majority of our suppliers are aligned with IOI's policies and guidelines.

Alongside with providing avenues to understand suppliers' commitment on NDPE before charting suitable engagement programmes, the T4T also enables technical assistance to be given to suppliers on ways to address identified issues and gaps. These gaps include suppliers' lack of awareness and extent of their adherence regarding NDPE policies. As an example, for suppliers reported as "no NDPE commitments", they were found to actually have partial NDPE commitments when we engaged to rectify the issue. Other challenges are the significance of extending commitments to an additional layer of their FFB and Palm Kernel suppliers, etc.

IOI's approach to mapping our own and third-party suppliers is to classify our suppliers based on three main priority levels, namely high, medium and low, as shown in the Mill Prioritisation Profile below. Priority level has been classified based on evaluating each supplier by their traceability score (Refer to page 44 for the updated traceability scores), deforestation threat level, supplier engagement status, T4T's result – time bound action plan status, portion of supplying volume, etc. Based on the Prioritisation Profile, we aim to engage all the high priority suppliers to enhance their commitments towards IOI's Responsible Sourcing Guidelines within 3 years.



IOI Group Mill Prioritisation Profile as of June 2023 (Refer to IOI's Palm Oil Dashboard & Traceability)

RESPONSIBLE SOURCING AND TRACEABILITY

Also on the basis of the prioritisation profile, IOI has taken stepwise approaches to improve overall NDPE and TTP compliance by mapping out the supply chain. Following that, we continuously implement supplier engagement programmes to raise awareness towards NDPE compliance, improving traceability scores, and develop stronger relationships with our suppliers. To ensure accountability, all engagement activities are being kept updated periodically on our Palm Oil Dashboard & Traceability webpages. Please refer to IOI's Palm Oil Dashboard and Traceability for more information (<https://www.ioigroup.com/sustainability/palm-oil-dashboard-traceability>).

Our responsible sourcing approaches always begin with establishing NDPE commitments with our suppliers, followed by encouraging the suppliers to be certified under MSPO and RSPO. These certification schemes ensure compliance with environmental, social, and labour rights standards as well as NDPE and traceability requirements. To date, 100% of our suppliers are MSPO certified and 23.26% of our suppliers are RSPO certified.

For Crude Palm Oil ("CPO"), 100% of our suppliers are MSPO certified while 38% of our suppliers are RSPO certified. For palm kernels ("PK"), all our suppliers are 100% MSPO certified while 18% of them are RSPO certified. We then engage with our suppliers to review the results of our compliance monitoring and the outcomes of personalised action plans generated from the T4T self-assessment. This step aims to enhance transparency, as well as social and environmental performance.

Examples of engagement with suppliers includes:

- 1 Supply Chain Mapping and Monitoring - Sungei Kahang POM, Meridian POM
- 2 Ethical Recruitment, Human Rights Due Diligence - UMB
- 3 Labour Transformation Programme - Kim Loong Sabah
- 4 Traceability to Plantation Pilot Engagement and NDPE Socialisation - Rompin POM, Rakyat Ketengah Perwira, Felcra Jayapura.
- 5 NDPE Socialisation and Compliance - Taner R&D, Keningau and Toupous mills.

In addition, IOI utilises spatial data monitoring tools and services such as Starling to monitor the risk of deforestation and land use activities by our suppliers. The near real-time information provided by these tools offer accurate insights into deforestation-related activities, thus providing robust evidence for our engagement strategies and decisions. The same approach is applied through Palmoil.io and GFW Pro to access real-time data, ensuring a fire and deforestation-free supply chain. As part of our supplier engagement activities, we consistently emphasise the benefits and accessibility of satellite tracking technologies like GFW Pro.

All these efforts are helping us to be more well-prepared and compliant with EUDR requirements. The EU's Deforestation Regulation is significantly important to IOI, mainly due to the export of our palm oil-based products to Europe. The stringent regulations, especially regarding expectations for a deforestation-free supply chain and traceability, will however, pose a greater challenge for small producers exporting their products to Europe.



Regular updates on traceability progress through IOI's Palm Oil Dashboard

TRACEABILITY

MANAGEMENT APPROACH

Another key aspect of a sustainable supply chain is traceability. Among the ways that we ensure traceability is by requiring our suppliers to disclose their location and ownership information. Being certified sustainable through mandatory government schemes like MSPO and ISPO or voluntary schemes like RSPO is one way to ensure traceability as these certifications require ownership and legality be disclosed. Our Responsible Sourcing team strives to further enhance traceability of our oil palm products to ensure that our additional commitments as stated in both our SPOP and Responsible Sourcing Guidelines documents are also socialised and adhered to through regular stakeholder engagements. This is essential to ensure compliance. In the event of non-compliance, IOI will work closely with suppliers to develop time-bound action plans aimed at increasing policy adherence. The traceability information collected is then published in IOI's Palm Oil Dashboard & Traceability¹. As mentioned in page 42, we have also begun tracking Scope 3 emissions from our suppliers in alignment with our goal to achieve Net-Zero GHG emissions intensity by 2040.



IOI's Responsible Sourcing team discussing traceability results with our suppliers



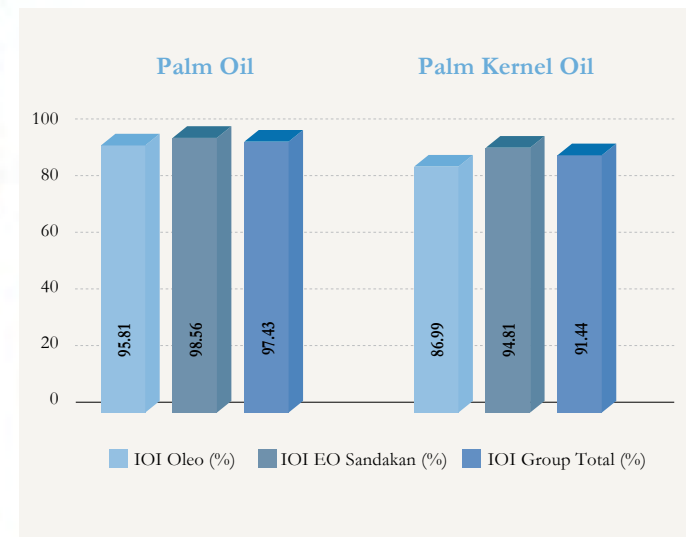
Stakeholder engagement to increase our supply chain traceability

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

The ability to track and verify the origin of FFB or Palm Kernel source is typically referred as traceability. To improve our Traceability to Plantation ("TTP") score, IOI has conducted TTP exercise in May 2023 with all our supplying mills and kernel crushers. An improved understanding of the importance of traceability among our suppliers has helped to facilitate the data collection process, resulting in greater traceability information that can boost buyers' confidence in the oil products they are sourcing from us. In addition, 100% of our suppliers in Malaysia are MSPO certified, enabling us to easily verify their data. With their adherence to our policies and guidelines that include NDPE and ethical practices, this will enable our customers to have the required information to purchase our products with greater assurance.

As of June 2023, IOI has achieved 97.43% traceability for CPO and 91.44% for PKO. It has significantly improved over the prior financial year. By practising continuous supplier engagement initiatives and constant Traceability to Plantation exercise, IOI will continue to improve the traceability score.

Traceability scores and achievements from Dashboard are presented below:



IOI Group traceability info as of June 2023 (Refer to IOI's Palm Oil Dashboard & Traceability)

IOI's traceability score showed a significant improvement due to exemplary cooperation from the suppliers.

Suppliers' Scope 3 Emissions

IOI is committed to achieving Net-Zero by 2040, encompassing Scopes 1, 2, and 3. As we are aware, Scope 3 emissions are mainly derived from supplier's Scope 1 & 2 emissions. Thus, recognising this connection, IOI has proactively embarked on strategic approaches to effectively address the supply chain Scope 3 emissions challenges.

Starting with Supply Chain Mapping, IOI has initiated the process of mapping the entire supply chain to identify all the stages, processes, and entities involved as per the 15 categories found in scope 3. This mapping exercise is crucial in understanding the extent of GHG emissions and the facilitates targeted for mitigation efforts. Moving on to GHG assessment, IOI is conducting a comprehensive GHG assessment to quantify emissions at each stage of the supply chain. This assessment provides valuable insights into the major emissions sources, enabling prioritisation and focused actions.

The next important step involves IOI actively engaging and creating awareness as well as conducting capacity building for the suppliers and the local communities about not only the importance of reducing GHG emissions but also about how to mitigate GHG emissions. Additionally, through this close engagement, we hope to collaborate with our suppliers to adopt sustainable and best practices, and share relevant data on emissions sources. By highlighting specific emissions sources, suppliers can then prioritise their mitigation efforts and allocate resources more effectively, by concentrating on areas such as renewable energy, transport optimisation, waste management, and many more.



Understanding our ground operations to identify GHG emissions reduction opportunities

¹ <https://www.ioigroup.com/sustainability/palm-oil-dashboard-traceability>



MAKING NATURE POSITIVE DIFFERENCE



IOI recognises the immense value that nature plays, particularly the crucial roles of carbon sequestration together with biodiversity conservation within our operations. Therefore, to bring about these beneficial effects that would support and enhance nature's well-being, we are taking multiple proactive steps to generate awareness of its importance and to drive innovation to help develop nature-based solutions that can harness the power of nature's ecosystem in order to promote its health and resilience. Ultimately, our sustainable goal is to ensure that our activities would contribute towards a net positive impact on nature.



MAKING NATURE POSITIVE DIFFERENCE

SAFEGUARDING NATURAL RESOURCES

MANAGEMENT APPROACH

Safeguarding our natural resources is part and parcel of our commitment as stated in IOI's SPOP. This commitment includes protection of HCV and HCS areas as well as other conservation areas like riparian & buffer areas, etc. as these areas are essential to biodiversity preservation and maintenance of ecosystems. Our conservation areas have been identified, mapped, managed and monitored using relevant methodologies like the HCS Toolkit and the HCV Assessment, etc. We are 100% MSPO certified and our mills and estates are 100% and 94% RSPO Certified respectively. We are essentially in alignment with the recommendations from the draft Science Based Targets for Nature ("SBTN") guidance. Under the No Deforestation moratorium that IOI had put in place since 2016, our plantation operations are in full compliance with the requirements of the European Union Deforestation Regulation ("EUDR") and aligns with the AFI. All our HCV, HCS, and set-aside conservation areas are monitored for potential encroachment and fire incidents through drones, towers and patrolling as well as via geospatial imagery through the Starling satellite service.

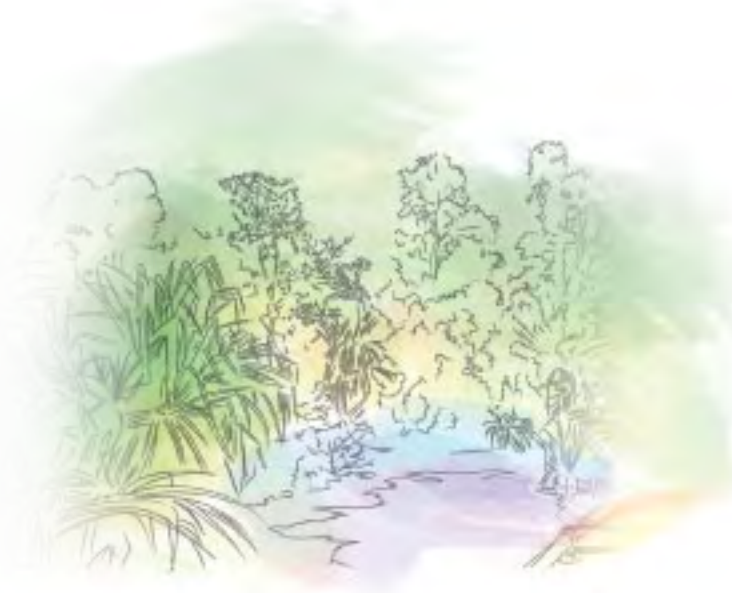
IOI recognises our operation's impacts and dependencies on natural resources, especially for water and soils. Through our Environmental Management guidelines¹ we commit to reduce our ecological footprint. We also adhere to all environmental-related laws and conventions (e.g., Environmental Quality Act and Regulations, Environmental Protection Enactment, Water Act, change to 'United Nations Framework Convention on Climate Change ("UNFCCC)'). To ascertain our impacts and dependencies towards the environment, IOI annually reviews the Environmental Impact Assessments ("EIA"). We also engage external environmental consultants to conduct EIAs when replanting, as well as adopt responsible production as guided by our SPOP. To reduce our impacts and dependencies on natural resources, IOI adopts the concept of 7Rs of circularity, derived from seven activities - Rethink, Repurpose, Reduce, Reuse, Recycle, Repair and Recover as illustrated in our Value Creation Model (pages 20 - 21).

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

In FY2023, there was no significant fines or non-monetary sanctions reported for non-compliance with environmental regulations from all our business segments.

Protection of Our Conservation Areas

As guided by our SPOP, we have identified and are protecting 9,103.07 ha of HCVs and other conservation areas within our operations. This year, our HCVs stand at 2,742.97 ha, while the total number of non-HCVs conservation areas is 6,360.10 ha, similar as in the last financial year. Aside from protecting these conservation areas, identified degraded areas are being assessed and rehabilitated. One of the activities that we undertook to rehabilitate these degraded areas was by planting indigenous tree species in order to support the existing biodiversity ecosystem. More information on our efforts to maintain and enhance biodiversity and its ecosystem along with impacts are showcased in the "Enhance Biodiversity and Ecosystems" section on pages 53 - 55.



Type of areas	Malaysia	Indonesia	Total Areas
HCV areas (ha)	1,248.83	1,494.14	2,742.97
Other set-aside conservation areas, non-HCVs (ha)	3,538.23	2,821.87	6,360.10

¹ https://www.ioigroup.com/content/S/PDF/environmental_management_guidelines.pdf



No Deforestation

To date, IOI received zero deforestation and deforestation-related grievances reports within our operation boundaries since our moratorium on "no deforestation" in 2016. Our No Deforestation commitment was also extended to our direct suppliers as stated in our Responsible Sourcing Guideline. We engage constantly with our third-party suppliers regarding our No Deforestation commitments. As of now, no cases of deforestation were detected from our suppliers as well. This is an important achievement, especially considering the EUDR that came into force this year.

The effective measures taken to monitor and avoid deforestation are as follows:



⊕ See page 42 for responsible sourcing.

Fire Management In and Around Our Plantation

Wildfires can cause habitat loss leading to biodiversity and ecosystem degradation. Moreover, smoke released from wildfires reduces air quality and impacts not only livelihoods but also human health. Our Fire Management² approach to mitigating wildfires is a continuous loop process comprising of 3 stages as follows:



Our firefighting team is working to control a wildfire



Fire drill carried out to strengthen our fire management team

During FY2023, the total number of wildfire incidence recorded is 40, with only 3 within our concessions while 37 incidents were outside IOI's boundaries. However, fire risks are predicted to increase due to the El Nino weather event especially towards the end of 2023 (start of FY2024). As a precautionary measure to prevent occurrence of wildfires, IOI has planned to build 14 additional fire towers, especially around peatland areas.

	Fire Incidents Within IOI's Boundaries			Fire Incidents Outside IOI's Boundaries		
	FY20/21	FY21/22	FY22/23	FY20/21	FY21/22	FY22/23
Malaysia	1	1	2	4	4	3
Indonesia	2	0	1	41	16	34
Total	3	1	3	45	20	37

² Factsheets: https://www.ioigroup.com/Files/investor-relations/pdf/IOI_SR2020.pdf

Peatland management

To date, our total peatland areas stand at 6,624.34 ha and are managed according to IOI's Peatland Protection and Management Guideline. We ensure that water levels in our peatlands is properly managed as dried and overly drained peatlands are prone to fire as well as releases GHG due to oxidation of the peat. Rehabilitation programme such as tree planting has also been rolled out to enhance the habitat quality of our degraded peatlands. Moreover, we also collaborated with experts and relevant stakeholders (e.g., GEC, IDH, etc.) to ensure peatlands within and outside of IOI boundary are protected and managed responsibly. More details on our peatland management activities can be found in pages 53 - 54.



Peatland area near our operations in Indonesia

	Peatlands (ha)
Malaysia	2,088.35
Indonesia	4,535.99
Total	6,624.34

Water Management

IOI conducted a Climate-related Physical Risk assessment using the Climate Modelling Datasets and Relevant Hazard Models and identified "water stress" as one of the physical risks that we needed to monitor. From the onset, we are mindful that it is always important to manage and consume water responsibly. The details of our water stewardship approach can be found in ASR 2021, page 39³.

At IOI plantations, we protect buffer zones along natural streams and catchment areas to minimise our operational impacts on water and its functioning ecosystem (e.g., filtering pollutants from runoff, control erosion and provide habitat for biodiversity). For those degraded buffer zones, we institute rehabilitation and enrichment planting programmes to improve habitat quality and its functioning ecosystem.

We ensure that our mill operations at IOI Plantation does not pollute the water. Palm Oil Mill Effluent ("POME") from all the mills are treated in wastewater ponds before being discharged to the streams or rivers. POMEs were treated following the legal limit of local environmental standards in Malaysia and Indonesia. The discharged limit of Biological Oxygen Demand ("BOD") level ranged between 20mg/l and 100 mg/l, depending on the legal limit set to the respective mill by local environmental department. Similarly, effluent water from our Resource-based manufacturing (i.e., IOI Refinery and IOI Oleo) operations are treated to the legal limit following



Rainwater harvesting system installed at our Pan-Century Oleochemical Facility



³ See pages 53 - 55 for our rehabilitation efforts.

³ https://www.ioigroup.com/Files/investor-relations/pdf/IOI_SR2021.pdf

Waste Management

the local environmental standards. Instead of discharging into waterways, IOI refineries recycled and reused treated water from Palm Oil Refinery Effluent ("PORE") for general use. For IOI Oleo on the other hand, its treated effluents were recycled and reused for the cooling towers.

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

Water Consumption Intensity (m ³ /MT Product)	FY2021	FY2022	FY2023
Plantation (mill operations)	1.55	1.25	1.18
Refinery	0.48	0.36	0.6
Oleochemical	1.85	2.09	2.19
Group	3.90	3.70	3.97

Currently, none of IOI's operations are within water-stressed regions. However, through our climate-related physical risks analysis, some of our manufacturing facilities may face the risk of water stress in later years. We are continuously exploring new technologies to minimise water consumption, especially for those operations that will be impacted by water stress.



Rain gutter is installed beside the roof of the Palm Kernel Dry Fractionation Plant ("PKDF") to collect rainwater, that flows by gravity into catchment pond.



Recycling of old tires at one of our estates in Sandakan

IOI integrates 7Rs of Circularity to manage our waste responsibly in order to reduce our environmental footprint. For FY2023, the Group achieved 95% recycling rate of non-hazardous waste, which is a 13% increase compared to last year. On the other hand, all hazardous wastes were disposed following local laws and regulations. IOI Plantation recycled and reused 97% of the non-hazardous waste. The recycled wastes are largely biomass (e.g., empty fruit bunches and POME) that are produced from mill productions and are used as organic fertiliser at the plantations. This year, we have initiated our collaboration with Tetra Pak on a project to recycle Used Beverage Cartons ("UBC") in our estates. More details on our UBC recycling project with Tetra Pak are in the next section in page 52.

IOI Refinery maintains high efficiency in its waste management reaching up to 97% of non-hazardous waste being recycled and reused. For example, biomass from the treated Palm Oil Refinery Effluent ("PORE") as well as ashes that are produced from its operation were sold and repurposed as fertilisers. The division has also recycled and repurposed worn-out filter plates into plastic pallets, furniture, automotive parts and many other products. This year, IOI Oleo showed improvement in its waste management with a recycling rate of 46%. One of the key efforts taken by IOI Oleo to reduce its waste disposal is by repurposing its soap scraps into hygienic and scented soaps in collaboration with third-party customers. IOI Oleo is also working with other third-party customers to repurpose the sludges into raw materials for cement industry.

	Recycled/ Reuse of Non-Hazardous Waste (MT)	Non-Hazardous Waste Disposed (MT)	Hazardous Waste Disposed (MT)	Overall Waste Generated (MT)
IOI Plantation	493,152.56	14,959.73	441.08	508,553.37
IOI Refinery	10,216.69	221.02	72.22	10,509.93
IOI Oleochemical	3,011.90	3,816.13	6,459.17	13,287.20
Group Total	506,381.15	18,996.88	6,972.47	532,350.50

IOI has partnered with Tetra Pak to recycle UBC at IOI Plantations, an initiative that very much applies our 7Rs of circularity. Our objective is to expand upon our existing recycling practices with additional focus on Tetra Pak type cartons. The direct impact of this initiative will be to reduce their disposal in landfills and GHG footprint, in alignment with the UN SDG 12.4. Additional benefits include promoting a healthy recycling habit among our workers plus enabling the workers to have the opportunity to generate supplementary income by participating in the recycling programme.

This initiative which started in October 2022, began with a Management Engagement Session with Tetra Pak, followed by Employee Engagement Sessions led by Peninsular’s Regional Sustainability team (“IOI Peninsular”). During the Management Engagement sessions, Tetra Pak delivered a comprehensive presentation on the strategies and guidelines for the implementation of this initiative.

As for the employee engagement, Tetra Pak demonstrated the proper method of folding and flattening beverage cartons for effective recycling to over 4,000 of our on-site employees in January 2023. To date, IOI Peninsular has received and distributed 31 jumbo bags for collection of the used cartons to all 31 operating units within the region. Each jumbo bags can hold up to 5,000 pieces of used beverage cartons.



To further encourage participation by our workers, IOI has organised a UBC Collection Competition. The aim of this competition is to motivate employees to actively participate in recycling UBC. The duration period for the competition is from March 2023 to November 2023.

Due to the positive response by our employees in Peninsular Malaysia, IOI will expand the UBC Collection initiative to our Sabah region in the coming years.



ENHANCING BIODIVERSITY AND ECOSYSTEM

MANAGEMENT APPROACH

IOI is committed to biodiversity protection and ecosystem enhancement. We recognise that nature loss poses major risks to businesses, while moving towards nature-positive activities can offer opportunities and investments to businesses. Thus, we have taken steps to reduce the risks of our presence to our environment while we concurrently, worked to safeguard our conservation areas. We have taken the effort to enhance the biodiversity and ecosystem within our concession. The preservation, protection, and enhancement of biodiversity and ecosystem are articulated clearly in both our IOI SPOP and the newly revised Biodiversity and Ecosystem Enhancement Guidelines.

The newly revised Biodiversity guideline included added recommendations such as wildlife biodiversity surveys and reforestation with baseline setting to ensure enhancement of the ecosystem. We have also taken into considerations the recommendations in the draft SBTN when revising our guidelines to ensure that our commitment to safeguarding natural resources and biodiversity are in the forefront of current requirements. These efforts are to be integrated into any landscape approach initiatives and environmental management involving our day-to-day operations.

In addition, IOI is involved, via the Business Advisory Group (“BAG”), in helping to mainstream biodiversity at the national level and help to develop Malaysia’s National Policy on Biodiversity (“NPBD”) to be in line with the Kunming-Montreal Global Biodiversity Framework (“GBF”).

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

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

Landscape Initiatives

South Ketapang Landscape Initiative

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

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

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

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

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

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

In addition to the existing project implementation, with the new collaboration with IDH, we are looking into the potential of reforestation, carbon assessment and evaluation to increase the greening value of our conservation areas.



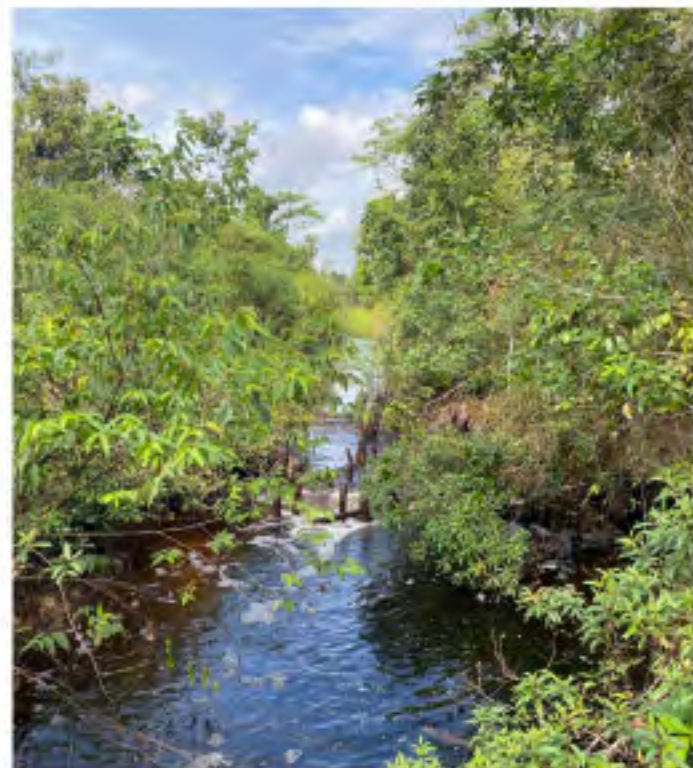
Fieldwork being carried out by our workers at the South Ketapang Landscape

Bukit Leelau Mini Landscape

In 2019, a visionary multistakeholder project was initiated, involving indigenous communities, CSO, the Pahang state government and our company since the area concerned was adjacent to our Bukit Leelau Estate in Peninsular Malaysia. The pioneering undertaking encompasses fire prevention & control, forest & peat rehabilitation, and empowerment programmes for the *Orang Asli* communities (please refer to ASR 2020 for more details).

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

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



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

Managing Biodiversity and RTE Species Within Our Operation

We have three main collaborations involving multi-stakeholders to monitor and protect Rare, Threatened and Endangered (“RTE”) species according to the IUCN Red List. The focus areas of the collaboration projects are mainly in Peninsular Malaysia, Sabah and Indonesia where IOI plantations are located.

Peninsular Malaysia - A Collaboration with Management and Ecology of Malaysian Elephants (“MEME”)

In Peninsular Malaysia, IOI faces mainly human-wildlife conflicts with wild Asiatic elephants. To help circumvent this, IOI is collaborating with MEME to manage human-wildlife conflicts and achieve coexistence with elephants around our plantations.

MEME and all collaborative partners actively study elephant behavior through tracking, collaring wild elephants and behavioral studies. Model communities were also identified at different scales to co-design strategies for managing Human-Elephant Conflict (“HEC”). The effectiveness of these strategies is monitored and the communication plans for communities facing HEC are developed with the aim of conveying the findings to decision-makers in both the public and private sectors. Following this, HEC management and safety procedure is to be developed to educate plantation communities and the public on the approaches and appropriate ways to handle HEC to enable a safe living environment, both for humans and wildlife.



Safety poster for handling HEC developed

Reforestation Programme

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

IOI-Nestle RELeaf Project

During FY2022, IOI undertook a reforestation programme with Nestle. This collaboration called “IOI-Nestle RELeaf” project aims to enhance the forest cover in conservation areas, particularly the critical buffer zones surrounding the Kinabatangan River in Sabah (for details refer to ASR 2022, Page 49).

Currently, IOI and Nestle together have initiated and successfully completed the planting of indigenous forest trees in the buffer zone around the Kinabatangan River in Mayvin 2 Estate, and Mayvin 5 Estate in Sabah. Going forward, we will put in place the necessary resources to ensure that the indigenous trees planted are nurtured as part of our strategy to increase carbon sequestration within our conservation areas.

Laran Tree Planting Project

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

Consultation with Global Frameworks - Kunming-Montreal GBF and SBTN

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

- A blueprint for the Strategic Roadmap for the Business and Private Sector in Malaysia
- Business Action Plan for the Implementation of the Kunming-Montreal GBF

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

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

Sabah - A Collaboration with Sabah Wildlife Department (“SWD”), HUTAN & Seratu Aatai

In Sabah where more than 60% of our plantations are present, we continue to actively collaborate with SWD, HUTAN & Seratu Aatai in protecting RTE species, including orangutans, pygmy elephants, proboscis monkeys, etc., that live adjacent to some of our plantations.

Apart from engaging and creating awareness among neighbouring stakeholders, including the local communities, our plantation staff in Sabah also continues to be trained as Honorary Wildlife Wardens & Honorary Forest Rangers to equip them with the knowledge for handling human-wildlife conflicts. They also carry out patrols as a preventative measure against illegal hunting, poaching, etc.

In addition to the existing good practices, IOI has been working with HUTAN to install camera traps in areas with a high likelihood of human-wildlife conflict and biodiversity hotspots. A camera trap is typically equipped with a motion sensor and helps gather valuable data on species’ location, population sizes and species interaction. The data gathered can then give in-depth understanding on the impact that humans have on wildlife and wildlife behaviors. The data could also provide information on illegal hunting and help prevent poaching or illegal trafficking of RTEs.



Local community members near South Ketapang Landscape

Indonesia - A Collaboration with BKSDA

Within our Indonesian concession in Ketapang, West Kalimantan, biodiversity conservation and the enhancement of its ecosystem constitute key objectives of our Ketapang Landscape approach project. Please refer to the section under the Ketapang Landscape initiative for more details.



Elephant collaring with the help of SWD

REGENERATIVE AND PRECISION AGRICULTURE

MANAGEMENT APPROACH

While regenerative and precision agriculture have recently garnered a lot of attention from both mainstream and social media, these matters are nothing new at IOI. As stated in our SPOP, PA and RA are part and parcel of our agricultural operations. These approaches together have helped, amongst others, to enhance and sustain soil health leading to improved crop yield. Healthy soils not only yield more food and nutrition, but also play a vital role in carbon sequestration and increased biodiversity, including a variety of soil organism.

Precision Agriculture practices includes optimising the use of various technologies and innovations that are align with present demands. This includes the application of Geographical Information Systems (“GIS”) tracking to pinpoint with greater precision the areas requiring more fertilisers resulting in increased the work efficiency of our workers applying fertiliser in our operating units. While PA has optimised yields in our operations, pairing it with RA’s best agriculture practices and agrochemical management drives our efforts to more sustainable practices and reduces the negative environmental effect to our soil and crop health.

In line with RSPO’s requirement to reduce chemical use, IOI integrates natural pest management as part of our integrated pest management (“IPM”) in our plantation areas. Among examples of biological pest control include maintaining plants like *Cassia cobanensis* to facilitate the growth of natural predators and barn owls for rat control. To further reduce unnecessary pesticide usage, our plantation team regularly carry out pest damage census to assess the severity of pest impacts before making decisions. By doing so, negative impacts to the natural soil ecosystem can be avoided.



Cassia cobanensis



ACTIVITY DRIVEN APPROACH AND PERFORMANCE



IOI’s oil palm nursery

The implementation of regenerative and precision agriculture has resulted in a 30% increase in the worker-to-hectare ratio by increasing the productivity of our operations. Precision agriculture practices, including mechanisation in field (refer also to page 36), have not only led to an increase of productivity but have also minimised wastage and protect the environment and ecosystem. Simultaneously, by implementing the best agriculture practices, we have successfully reduced Greenhouse Gas (“GHG”) emissions in our operations, particularly in Scope 1 emissions. This reduction is achieved through the decreased or precise usage of chemical fertilisers and pesticides. We are continuously searching for and implementing new technologies, with the aim of improving soil health and crop health.

IOI has consistently strived to enhance its operation by integrating more advanced technologies into its processes. One of the noteworthy example is the utilisation of GPS tracking in conjunction with targeted applications. This strategic approach has not only demonstrated the company’s innovation but has also yielded convincing results. Please refer to ASR22 for more details.

Best Agricultural Practices and Integrated Pest Management

Generally, oil palms trees are felled for replanting when they grow too high for harvesting and no longer bear viable fruits. The felled palms are often chipped and left to decay naturally in the plantations for mulching and nutrient cycling. In areas where there are pygmy elephants present around our estates in Lahad Datu, Sabah, they eat trunks of the “chipped” old palm trees contributing towards a harmonious existence between the pygmy elephants and oil palm landscape.

Among the biomass, oil palm trunks (“OPT”) are the most abundant, and the decomposition of the OPT releases greenhouse gases. The presence of high amounts of OPT biomass can potentially become the source of pests (e.g., Rhino beetles) and diseases (e.g., Ganoderma) due to slow decomposition. Thus, IOI has embarked on implementing good agricultural practices by seizing opportunity to repurpose felled OPT waste within our plantations into commercially sustainable eco-friendly wood panels for the furniture and building industries (refer to page 35 for more details).

In addition to using barn owls for biological control of rodents, our IPM approach also utilise mass rearing and release programme of predatory insects through the insectary facilities. Beneficial insects are bred and released to feed on leaf-eating pests. These sustainable approaches reduce the reliance on chemical pesticides, promote a healthier ecosystem, and contribute to the overall biodiversity of the plantations. All of these were captured in the recent publication titled “Diversity and Distribution of Predatory Insects in Non-outbreak and Post-outbreak Estates of an Oil Palm Plantation in Beluran District, Sabah, Malaysia” that was published in Borneo Journal of Resource Science and Technology (Scopus, Q4).



Elephants feasting on chipped oil palm trunks

Organic Palm Oil

Organic palm cultivation is another initiative by IOI in Pamol Kluang Region Estates. In 2021, IOI commenced with an organic palm oil project that are completely free from the use of agrochemicals. The application of biomass and nutrient recycling is the main contributing factor in organic planting. The existing organic plantation is currently in its 3-years conversion stage. By 2024, we will pursue organic certification as we plan to produce and trade organic palm oil in the market.



Drone flight training for our ground team

Protection of Pollinators

In the plantations, creating a suitable habitat or ecosystem for pollinators is of utmost importance. Oil palm trees, require cross-pollination to produce FFB. Maintaining and enhancing pollination services is crucial as this significantly impacts oil palm yields and the quality of fruits and seeds. In IOI, we cultivate weevils as pollinators. The effectiveness of pollination also relies heavily on environmental factors such as weather, landscape composition, and pesticide use. Therefore, we practice environmentally friendly concept of reducing pesticides use to mitigate the risks posed to bees/weevils.

Palm Biotechnology

In line with Malaysia’s commitment to maintain 50% of its forest cover, IOI adopts a sustainable approach to maximise palm oil yields from its existing hectareage through innovative R&D programmes aimed at creating better planting materials. The cultivation of higher oil-yielding clonal materials will diminish our dependence on additional land for growth. By pursuing cutting-edge innovations to produce high yielding clonal palms, which in turn increases oil yield per hectare, we can also effectively reduce our GHG footprint.

Our success in developing plant tissue culture technology for production of high-yielding clonal palms has resulted in improved productivity in the plantations.

Since 2019 to 2023, certain palm oil mills in Peninsular Malaysia and Sabah which have received crops from estates planted with more than 30% to 50% clonal palms, have been reporting an average annual OER of ≥ 23.5%, which is above our own average of 21% and the industry average of 19%.

Building upon our knowledge of plant tissue culture technology, the IOI Tissues Culture Lab has successfully developed a plant tissue culture protocol for the production of healthy banana ramjets. This achievement has contributed to the availability of healthy planting material for commercial cultivation of bananas within the IOI estates.

Continuing our efforts in molecular and genomic research to enhance oil palm planting materials, we also engage in R&D to create molecular markers for detecting traits like reduced height and low lipase activity.

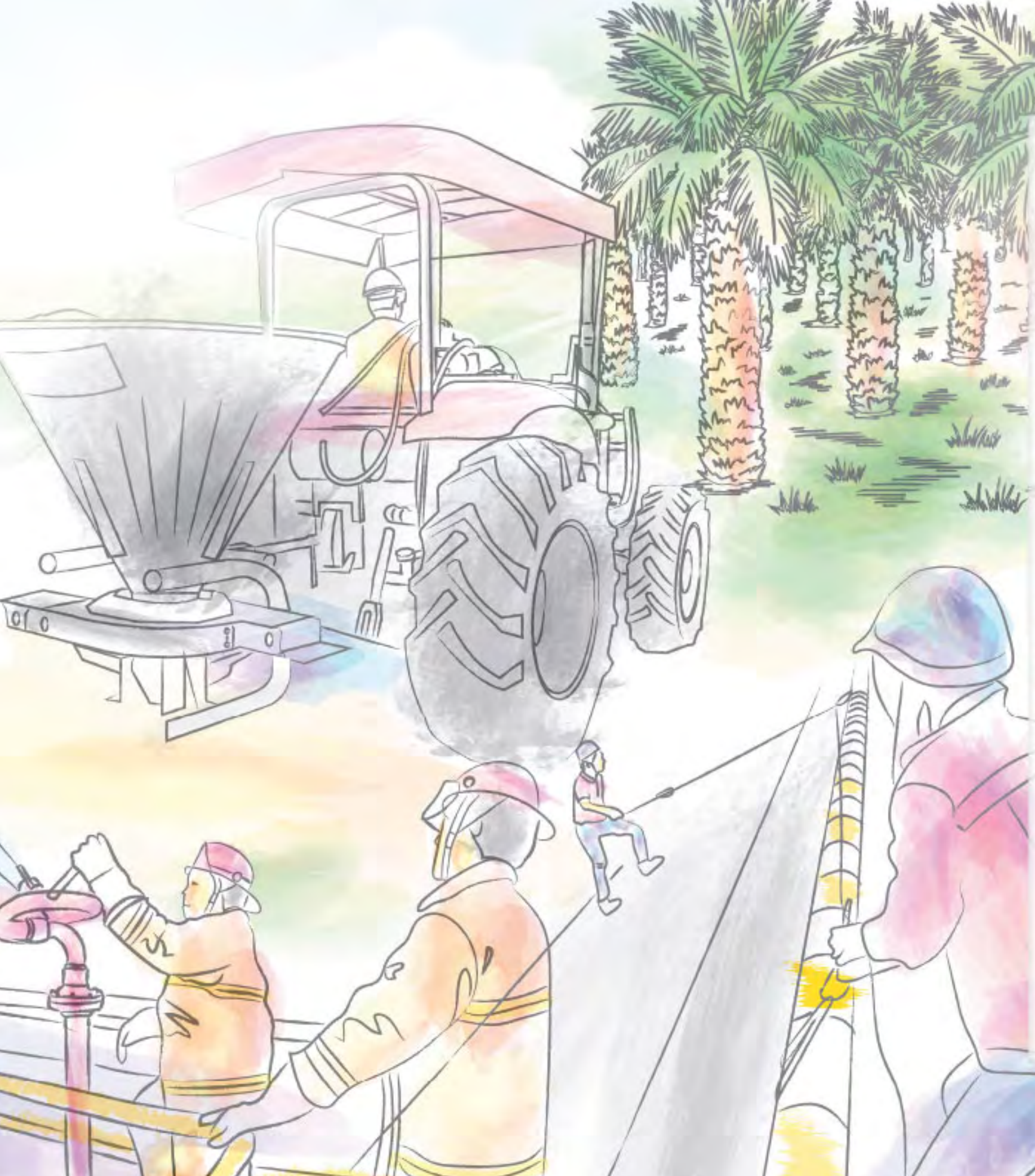


Ongoing tissue culture research at our research facility

FOSTERING A POSITIVE WORK CULTURE



IOI believes that upholding human rights contributes positively to the well-being and welfare of our workforce and surrounding communities. In our journey towards creating nature-positive impacts, cultivating a company culture that embeds the balance of the 3 Pillars of Sustainability (People, Planet and Prosperity) must take centre stage. It is also through shared purpose, passion and collective efforts, i.e., Partnership, that we can achieve our vision of a more sustainable and nurturing ecosystem that would have a positive impact to our future.



FOSTERING A POSITIVE WORK CULTURE



FOSTERING A POSITIVE WORK CULTURE

PROTECTING OUR WORKFORCE

MANAGEMENT APPROACH

As a vertically integrated oil palm company, we are well-aware of the importance of our workforce and their wellbeing in ensuring the sustainable success of IOI. In our SPOP, we clearly commit to the Universal Declaration of Human Right, the International Labour Organisation's ("ILO") core convention, ILO 11 Indicators of Forced Labour, United Nations Guiding Principles on Business and Human Rights, United Nation Global Compact ("UNGC") on human rights, etc. To further strengthen our commitment to safeguarding our workforce, IOI has adopted UNSDG 8.8, with the goal of protecting labour rights, eradicating forced labour, and promoting a safe and secure working environment.

IOI has also established and implemented various guidelines and procedures based on social related requirements arising from local and international laws and regulations, certification bodies such as RSPO, MSPO, ISCC, ESG requirements from Bursa Malaysia, rating agencies, and more to ensure that the rights of our employees are protected.

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

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

Ethical Recruitment and Responsible Employment

Communication and socialisation of the 'Code of Conduct ("CoC") on Ethical Recruitment and Responsible Employment' introduced in 2021, have been periodically conducted, especially for our newly hired workers. This ensures that they are aware of their rights related to their pre-employment, employment, and post-employment process, including a clear definition of recruitment fees as outlined by the ILO. For detailed information about the CoC, please refer to the pull-out section in our Sustainability Report 2021.

With regards to our Recruitment Agents, as reported in ASR 2022, we had collaborated with one of our customers to conduct a 3rd party audit on our agencies. IOI completed the audits for agencies in Indonesia and Nepal towards the end of last year. The report, which consists of findings and recommendations, was shared by our customer in March 2023. The recommendations include the need for improvements in the recruitment agencies such as Standard Operating Procedure ("SOP") to manage their recruitment chain. In response, IOI has taken measures to engage with the respective recruitment agencies regarding this gap, to assist them in enhancing their practices and to strengthen their SOPs. Based on the positive audit outcome, we have jointly decided to extent this audit to our Indian recruitment agencies in the next financial year.



Recruitment agency briefing potential workers on the working condition and ethical recruitment process

Upholding Workers' Rights



Health checkup for our workers

Upholding workers' rights is a fundamental human right. At IOI, a worker's rights encompass various aspects, including freedom of association, collective bargaining, fair wages and compensation, decent working conditions, etc. About 78 % of our workforce consists of foreign workers from different countries and backgrounds and most of them work in our plantations (refer to the pie chart on page 61 for Employee Nationality Breakdown). As such, IOI is very much aware that they must be protected from exploitation and unfair treatment due to language and cultural barriers, given legal protection and a safe working condition free from harassment, among others. Our employees are entitled to equal rights in terms of promotion, fair treatment in work arrangement and no discrimination in training, opportunities, and career growth. These rights are regularly socialised, guided by the SPOP and related guidelines. In addition, we have posters and briefings as well as regular awareness trainings on topics such as physical and sexual violence, intimidations, and threats.

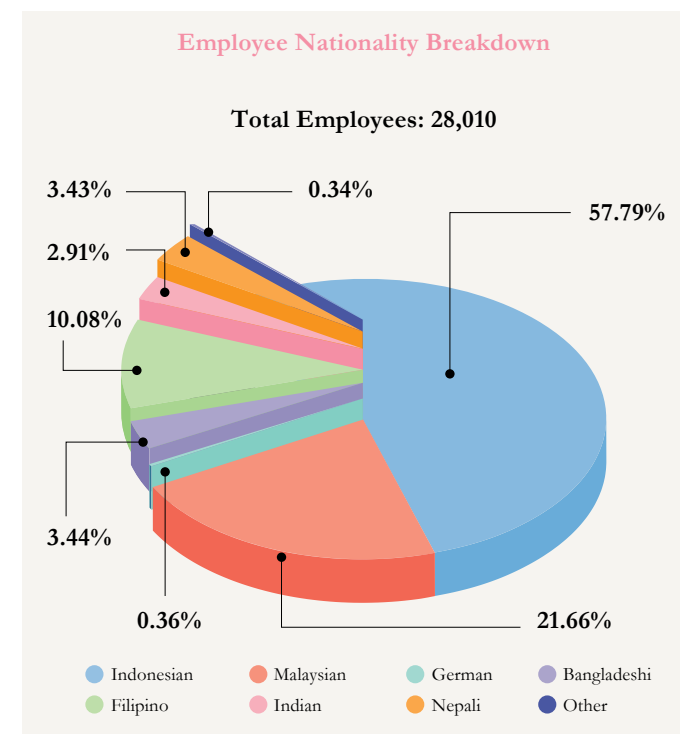
Employment terms and conditions for our workers in the plantations are based on local employment laws and collective agreements as stated in the Memorandum of Collective Agreement with the National Union of Plantation Workers ("NUPW"). These agreements cover matters such as wages, working hours, and overtime work, leave (e.g. sick leave, public holiday and annual leave),

accommodation, termination notice, etc. These collective agreements were signed between our Plantation Director and NUPW for workers in Peninsular Malaysia in 2020. To date, we have about 820 out of 4353 of workers in Peninsular Malaysia registered as members of NUPW.

The IOI Employee Consultative Committee ("ECC") remains a practical committee, representing 100% of the workers in our plantation and served as a medium for collective bargaining. Workers are free to highlight issues such as wages and compensation, working hours, grievances, non-discrimination, etc., and any outcome from these meeting will be shared with the rest of the workers. Details of grievances raised by the ECC representatives at the Joint Consultative Committee ("JCC") meetings which are held every two months are discussed in the next section.

There are no restrictions on movement as our workers hold their own personal documents, except when the documents are required to be sent to the operating unit's office for renewal purposes. Workers are also permitted to leave the operating unit outside of working hours, and the company provides transportation upon request.

Majority of our workers in the plantation are provided with reasonable accommodation and necessities as required by respective local laws. We continue to build and upgrade housing facilities to support workers needs and wellbeing. Regular inspections of the working and housing areas are conducted by Estate Hospital Assistant and Sustainability staff to ensure safety aspects such as fire prevention, safety hazard, cleanliness of the area, etc. are being kept up to the required standards.



¹ <https://rspo.my.site.com/Complaint/s/case/500000000341DnYAAU/detail>

Grievance Mechanism and Progress Update

Effective grievance handling can prevent conflicts and disputes from escalating. We provide various grievance channels (refer to the pie chart on Percentage of Grievance Channel Used by Employees) to address and resolve complaints received from employees, customers, communities, NGOs, and other stakeholders. It was noted that different stakeholders have varying preferences regarding how they would like to raise their concerns.

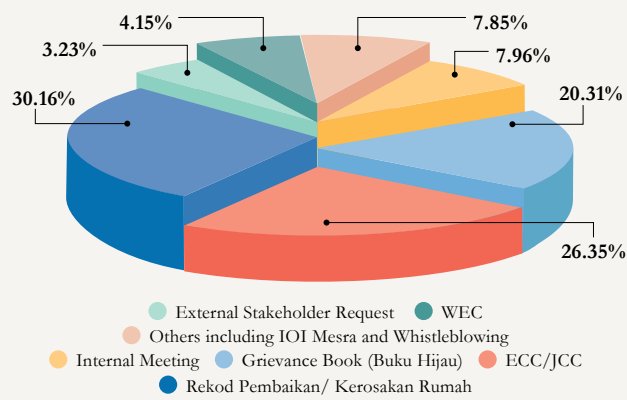
We have established a Grievance Procedure where any party can submit their grievance to grievance@ioigroup.com. This channel applies to all IOI Group's plantation, resourced-based manufacturing, trading operations and all third-party suppliers. Currently, all grievances shown in our websites that are related to ESG have either been closed or addressed. Meanwhile, as shown in our website, 33% of supplier-related grievance are in progress. As a RSPO member, we also monitor grievances raised by third parties through the RSPO Complaints System. There is only one RSPO complaint case on Mekassar estate for which we have already received the Decision Letter from RSPO indicating that the case is considered closed. Please refer to RSPO Complaint Panel website for details¹.

We have a Whistleblowing Policy which outlines our commitment to achieving and maintaining the highest standards of work ethics in the conduct of our business. The whistleblowing channel provides an avenue for all employees and external stakeholders to raise concerns regarding any improper conduct within IOI. For this financial year, we received 19 complaints, all of which have been resolved. There were zero reported incidents of corruption via this whistleblowing channel or grievance channels within IOI.

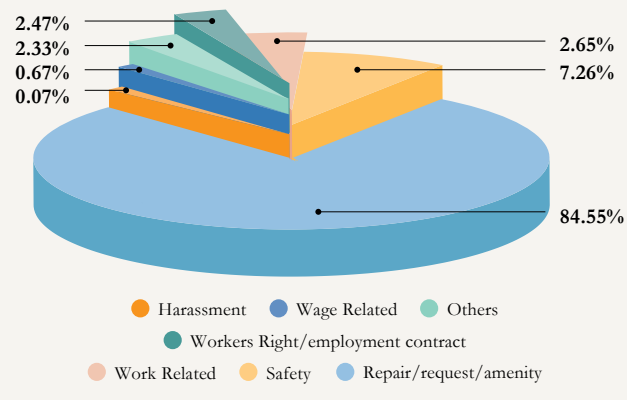
For IOI's Plantation division, most of the complaints, requests, or grievances are handled directly by the Operating units' management and will be shared with the Regional Human Resources Department if required. The report will be attended in a timely manner. Simple requests will be addressed within 5 working days, while complicated issues that require other department's involvement will be addressed following our standard grievance procedure as published in our website. The regional sustainability team will monitor the action (s) taken to ensure that remediation and resolution are appropriately carried out. We monitor grievances and complaints received through various channels such as the Grievance Book, ECC/JCC, WEC, internal meetings, etc., as explained in the pie chart on next page. The data compilation and analysis are conducted to identify the most used channels by our employees and the types of issues reported.

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

Percentage of Grievance Channel Used by Employees



Percentage of Report by Category of Complaints



These grievances or complaints are categorised into groups such as repair/request/amenity, work-related issues, wage-related issues, harassment, etc.

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

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

IOI Pelita Update

The IOI Pelita dispute, which began in 1997 and later escalated into an RSPO complaint case, has been a long-standing issue. Please refer ASR 2018 - 2022 and our website for historical details. On July 18, 2022, we received a letter from RSPO notifying us that the RSPO Complaint Panel has officially closed the complaint on this land dispute grievance.

As of now, we continue to implement the requirements of the resolution. For example, with regards to the participatory mappings, the company bore all the additional costs to conduct an independent land survey for the impending land excision process by hiring an independent, locally licensed surveyor. Despite facing challenges due to the rainy season and limited access roads, the independent ground survey was successfully completed in FY2023. As of today, the land survey maps have been generated and are currently in the process of being endorsed by the relevant authorities.

With respect to the communities, the company has been actively engaging with them to ensure the completion of all remaining ex-gratia payments throughout FY2023. Efforts have also been directed towards strengthening relationships with the neighbouring communities by providing fire-fighting awareness and distributing fire extinguishers. The company further extended its support to the surrounding communities by repairing access roads to the community areas and encouraging the neighbouring communities to work at IOI Plantation estate as an alternative source of livelihood.

Safe and Healthy Working Environment

Safety-related matters are managed and monitored closely by the respective Safety, Health, and Environment (“SHE”) department at each business division. Safety officers play a key role in implementing health and safety policies, guided by relevant guidelines to achieve their target key safety performance indicators.

IOI aims to achieve 100% certification for ISO 45001: 2018 Occupational Health and Safety Management System (“OSHMS”). Currently, all resource-based manufacturing divisions have been fully certified. In the Plantation division, Gomali mill and Gomali estate are the first two operating units to be certified for ISO 45001:2018 this year. Other operating units in the Plantation division are implementing the management system and will undergo the audit by phases. The OSHMS covers 100% of employees and workers, including contractors. Operating units are required to report all work and non-work-related incidents to the Safety and Health department, management, and relevant government agencies. Safety related data and compliance are also verified annually by sustainability certification during their annual surveillance audit.

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

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

	Plantation Segment	Resource-Based Manufacturing Segment	
	IOI Plantation	IOI Refinery	IOI Oleochemical
Total number of injuries	1809	7	10
Injury rate per million hours	35.34	5.23	2.51
Total number of fatalities	5	0	0
Fatality rate per million hours	0.1	0	0

* Data as reported to government departments for year 2022

Climate Social Justice

Climate change is a global challenge that affects everyone, but its impact is particularly severe for the poor and the vulnerable, especially those living in developing countries. The extreme climate events such as drought, heat wave, flood, etc., which is a consequence of climate change, can result in damages to crops and livestock, etc., ultimately affecting peoples’ livelihood. IOI is aware that many of our foreign workers come from these types of socio-environmental economic stress countries and they may migrate to seek work to alleviate poverty within their communities. So, in addition to their salaries, we provide “Shared Prosperity” gratuity payments as additional earnings to our eligible foreign workers to

express our appreciation for their hard work and loyalty. We hoped that these additional remittances together with their monthly income can further improve their families’ living standards.

At the operational level, we are working on mechanisation and automation to increase efficiency and productivity with the aim of simplifying or lightening the workload of our workers which is very much in alignment with UN SDG 8.2. Through mechanisation, workers’ productivity has also improved by about 30%, especially on labour intensive tasks and improve earnings by increasing the worker’s ratio per tonne of fresh fruit bunch (“FFB”) and hectare (“ha”). This can also have an intended consequence of attracting more local workers to work in plantations where mechanisation would reduce the level of difficulties as well as help to reduce their exposure to extreme weathers. This is in line with our efforts to promote climate justice within our operations.

Among stakeholders especially our own employees, we continue to create awareness on how to mitigate and adapt to the impact of climate change. Annually, we organise the IOI Earth Month Campaign where our theme for this year is “Protecting Our Future Together”. During the campaign, we organised various activities such as meatless cook-off challenge, swap project, panel discussions on IOI’s Pathway to Net-Zero, etc. The main objective of this campaign is to inspire and empower our people to contribute to mitigating climate change through climate friendly activities.



One of our workers using a motorised cutter for harvesting

“
37.5% of our board members are women bringing with them diverse backgrounds with different thought processes and skills to the table.
 ”

UPLIFTING OUR PEOPLE

MANAGEMENT APPROACH

Apart from upholding human rights, IOI places a high emphasis on providing training and development to our people. The company also promotes gender equality including promoting women’s empowerment and diversity and to creating an environment that supports employee’s well-being by promoting a healthy work-life balance and facilitating personal growth.

This chapter on uplifting our people also aligns with our commitment towards UNSDG 2.4, focusing on food security and improved nutrition for our employees through awareness campaigns on healthy living and the “Plant Your Own Food” initiative. Additionally, we are committed to promoting a sustained, inclusive, and productive employment in line with UNSDG 8.2. Furthermore, to align with the Fourth Industrial Revolution, we are integrating digitalisation into our business operations while also supporting Enabler 3 (Technology and Digitalisation), as outlined on page 45 of the AR.

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

Gender Equality, Diversity, Inclusivity and Women Empowerment

Gender equality, diversity, inclusivity, and women’s empowerment are all important concepts that address matters of social justice and human rights. These principals are embedded in our sustainability practices. As indicated in our AR, 37.5% of our board members are women bringing with them diverse backgrounds with different thought process and skills to the table.

Although the number of men to women ratio as a total workforce is **2.8 : 1**, at the Corporate HQ where the gender ratio of men to women is **1.25 : 1**, 44.4% of women hold departmental head positions. At the manufacturing division where the gender ratio of men to women is **4.6 : 1**, 17.9% of women are departmental heads. At the plantation division where the gender ratio of men to women is highest at **14 : 1**, the number of women who are departmental heads is only 6.7%. It is to be noted that although we encourage women to work in the estates, there is still a reluctance for them to join due to the remoteness of working in a vast estate and physical nature of the work.

In IOI plantation division, the Women and Empowerment Committee (“WEC”) was established to address gender related concerns and serves as a platform for planning and implementing gender focused activities at the operating unit level, ensuring the privacy and confidentiality of these matters. The committee generally meets every 6 months unless otherwise required.



IWD celebration at our Pamol region

One of our WEC’s activities is a group-wide celebration spanning across our operations (plantation, refinery, and oleochemical) in Malaysia and Indonesia, is the annual International Women’s Day (“IWD”) celebration. This year’s celebration was centered around the theme of #EmbraceEquity, which emphasises the importance of gender equity and inclusion in all aspects of society. The on-site activities encompassed health awareness talks, health screening, self-defence demonstrations, exhibitions, and more. Building on our social initiative ‘Women and Digitalisation’ introduced in 2022, we organised more digital awareness talks covering topics such as digital education, cyber security, advantages of e-wallet, etc. These efforts are aimed to foster digital inclusion among women and inspire them to embrace the digital revolution. A significant outcome of the IWD celebration was the decision to establish a gender committee at the IOI Group level, which will be officially introduced in the upcoming financial year.

Talent Development and Capacity Building/ Human Capital Development

IOI have an unwavering commitment towards the growth and development of our employees. This commitment is evident through our talent development and capacity building programme facilitated by the Human Resource Department at each division and the Corporate Learning & Organisational Development Department. The training programme was developed and delivered to cater both technical and soft skills relevant for employees’ respective roles and positions. This approach includes training sessions, online webinars, in-house training, e-learning platform, etc. At least 164 trainings had been organised and conducted by the Corporate Learning & Organisational Development Department who engaged both internal and external training providers. These trainings benefited about 1317 employees at the staff level and above.

As part of IOI’s drive towards digitalisation, IOI Grow, an e-learning platform, was introduced in October, 2020 to promote the concept of “Learning Excellence, Unleashing Potentials”. It offers a range of engaging features such as quizzes, games, etc., to enhance a learner’s understanding and is a platform with learning programmes such as Employee Onboarding, Leading Organisation, Leading Self, People Development, Risk & Compliance, Workforce Development, etc.



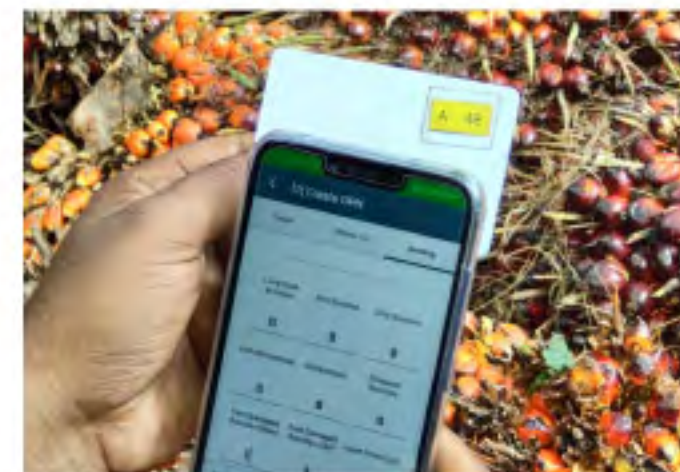
As part of IOI’s business continuity strategy, initiatives have been taken to identify potential successors and Heads of Departments play a key role in training them to become successful leaders. This business continuity strategy is aimed at enhancing the resilience of the business and minimising turnover by offering career opportunities within a competitive work environment. In addition, annual performance reviews are conducted for all employees at the level of staff and above. This review involves evaluating an employee’s Key Performance Indicators (“KPI”) and identifying areas for improvement, ensuring that every employee has the opportunity for career development and improvement.

Digitalisation

We have progressively implemented the Group-wide SAP system to streamline our diverse and stand-alone system into a single unified platform called the ONE IOI Integrated Platform. To date, all our plantation operating units are fully integrated with the SAP system as well as the Electronic Plantation Monitoring System (“EPMS”). The EPMS is a mobile crop monitoring system that reduces dependency on manual data entry and help increase workforce productivity.

To protect our foreign workers from wage discrepancy, we utilised the Enterprise Resource Planning (“ERP”) system to monitor their working hours and work done thus ensuring prompt and fair wage disbursement. In another digitalisation approach in simplifying the payroll process, Merchantrade e-wallet salary crediting system has been introduced in 95% of the estates with 5% pending due to poor connectivity, especially in remote areas in Sabah. This e-wallet system benefited many foreign workers by facilitating their expenses and enabling ease of money transfers to their families in their home countries.

Another initiative involving digitalisation, is our grievance reporting application called IOI Mesra that we had developed in May 2022 (refer to details in ASR 2022). To date, this digital platform has been accessed by 842 numbers of workers. Workers also have the option to report issues anonymously if they preferred to do so. For further details on the grievance reported for this financial year, please refer to pages 61 - 62.



Example of the EPMS being used in our estates

Plant Your Own Food and Urban Garden Initiatives

With three successful years behind us, our employees have embraced the opportunity to grow their own food through this initiative (Refer to ASR 2022 for more details). As a further update, this initiative is also implemented by our plantation employees in Indonesia and it is wonderful to see 95% of the harvested crops are being consumed by our employees for their own needs, while 3% are being shared with their neighbours, and 2% are sold. They have cultivated vegetables, including chilies, eggplants, corn, and potatoes as well as various fruits such as mangoes, papayas, pineapples, and even the exotic durian.



HQ employees harvesting vegetables from their plots

As an expansion of this initiative beyond our Plantation division, IOI Foundation launched the ‘IOI Urban Garden’ initiative in collaboration with IOI Corporation Bhd and IOI Properties Group Bhd in March 2023. This initiative transformed a space of around 0.75 Ha and about 500 meters away from our IOI City Tower 2 office into a green garden. The garden is for the exclusively use of our HQ employees. With 20 plots, each measuring 4ft x 10ft, employees can grow their own fruits and vegetables. These plots are easy to maintain and offer a way to connect with nature during the workday. Since its launch, our employees have harvested long beans, sweet potatoes, ladyfingers, etc., from their plots. Based on the feedbacks of the participants, the IOI Urban Garden represents our employees’ commitment to sustainability and teamwork with a clear positive impact on our workspace and the environment.



EXPANDING OUR IMPACT

MANAGEMENT APPROACH

Our impact on relevant stakeholders such as our employees, communities, NGOs and smallholders, extends through various ways. Notably, our employees in Sabah are part of families that reside together with children within their households. The presence of children in the plantations can potentially give rise to risks associated with child labour if their rights are not adequately protected and if proactive measures to eliminate child labour are not in place. Considering this, we have further expanded the targets adopted under UN SDG 8 to include an additional target, which is target 8.7. The goal of this target is to eliminate the worst forms of child labour, including the recruitment and use of child soldiers, and to completely end all forms of child labour by the year 2025. We have put in place initiatives to see that we meet the goal of eliminating child labour within our operation.

At the group level, our CEO mentioned in his message that *constructive engagement and collaboration with various stakeholders are critical in addressing any disparities in understanding certain issues and in achieving good outcomes across the many different business cycles*. This is a further affirmation of the stance IOI has towards multi-stakeholder partnerships and is in alignment with UNSDG 17. The sustainability policy from IOI Oleochemical mentions that ensuring positive social impact on people and communities can be achieved by supporting corporate social responsibility. Together with partnerships, constructive engagements are crucial, not only with the local communities to enable us to identify their needs and contribute positively to their development but also with both our direct and 3rd party suppliers.

ACTIVITY DRIVEN APPROACH AND PERFORMANCE

Eradicating Child Labour through Education

The dependents of our plantation employees are entitled to various benefits, including medical coverage, childcare facilities, education, and accommodation. These provisions are especially crucial due to the remote and isolated nature of our plantation locations, which often limits access to external facilities. Children within the plantations faces distinct challenges and vulnerabilities that demand our attention. Ensuring their well-being, education, and overall development is a priority for us. To guarantee that they received an education, we have taken the initiative of providing access to education for our workers' children in Sabah. This is accomplished through 41 Humana and CLC schools under the "Child Education" Initiative which benefited 3728 children. We further expanded the initiative to encompass a 'Full-Day Zero Cost Education Platform' introduced in 2021 where about RM3,624,835 were spent to cover expenses such as lunch, school fees, and related costs. This programme has significantly aided our workers whose children have the benefit of receiving balanced meals while alleviating food costs that would otherwise be borne by their parents. Additionally, IOI Foundation has also allocated approximately RM97,000 for school bags for the children attending the Humana schools. IOI Foundation has also contributed to improving digital accessibility by providing 101 refurbished computers to Humana and CLC. In the meantime, we continuously encourage our workers with children, through company policy and parental engagements initiatives, to ensure that all the children receive proper education and are safeguarded from harm and exploitation.

External Engagement (IOM, ILO, &Wider)

In June 2022, IOI was invited by the International Organisation for Migration ("IOM") to participate in their research on 'Climate Change, Environmental Degradation and International Labor Migration In Asia: Exploring The Role Of Business'. The objective of this research was to comprehend how environmental factors, such as climate change, can impact migrant workers. The report is currently in review by IOM and we expected to share the outcome of this research in the next financial year.

In another collaboration with IOM, we are going to establish a pre-employment orientation programme for our migrant workers to be socialised in their home countries before their departure for Malaysia. The objective of this programme is to prepare the migrant workers to be aware on their rights as migrant workers, clarifying IOI's employment process, work expectations and IOI's policies especially on "no recruitment fees" as well as equipping them with information about labour laws.

In September 2022, IOI was invited by the ILO to share our examples of responsible labour practices and to discuss mechanisms to address forced labour and child labour in a workshop organised by the ILO's Advancing Workers' Rights in the Palm Oil Sector in Indonesia and Malaysia Project (Palm Oil Project). The workshop was attended by other palm oil industry leaders and representative from various government departments in Malaysia. This workshop was funded by the US Department of State Bureau of Democracy, Human Rights, and Labour. The purpose of the workshop was to provide a platform for IOI and other industry peers to share good labour practices and effective grievance mechanisms that address issues related to forced labour and child labour.

Since 2022, IOI continued our engagement with &Wider, a human rights due diligence service provider and an expert in workers' engagement. Their role in this initiative involved conducting a year-long independent survey among our workers in the plantation with the particular focus on our migrant workers across our plantation operating units in Peninsular Malaysia.

The objective of this survey is to monitor the wellbeing and working condition of our workers in the plantation, serving as an essential part of our due diligence process. The labour right indicators covered in this survey include fair recruitment, wages and working conditions, freedom to leave, health and safety, respectful treatment, labour rights and freedom of association, as well as training and induction. The service provider has direct engagement with our workers for the survey, and the results were compiled within a few days. Subsequently, the results were communicated to the management teams of the respective operating units that participated in the survey. Having completed two survey cycles with approximately 200 responses, these efforts have provided initial insights to IOI regarding workers' wellbeing and their working conditions which will lead to the final phase, i.e., the forensic analysis of the data collected. The final analysis will serve as an alert to the management of operating units regarding potential labour issues and plan the appropriate actions.

Community Outreach and Initiatives



IOI participating in a workshop organised by ILO

Engaging with communities play a crucial role in promoting sustainable practices, environmental protection, and social development. As a RSPO and MSPO certified company, our engagement with stakeholders, including communities, neighbouring villages, and plantations, is a standard requirement that must be adhered to. Every plantation within our group conducts an annual stakeholder meeting. During these meetings, the management

shares essential information about the company, including policies, grievance procedure, and harassment procedures, as well as landowner dispute procedure. Furthermore, stakeholders are encouraged to outline both positive and negative impacts of conducting business with IOI, encompassing social, environmental (including IOI's conservation areas), and any other feedbacks. Subsequently, these issues are deliberated upon and any advancements or progress made are communicated back to the stakeholders who are affected.

Community approach activities that promote engagement with communities include annual blood donation campaigns conducted either by our plantations or resourced-based manufacturing units. The Corporate Social Responsibility ("CSR") team at IOI Oleochemical Prai for example, has undertaken several community service projects. These include visiting and donating daily necessities to children's home, as well as organising movie outings with orphaned children. Additionally, they made monetary donation of RM1000 to each of the following homes i.e., Persatuan Kebajikan Anak-anak OKU Taman Island Penang, Pure Lotus Cancer Foundation, Naam Home Penang, Pusat Kebajikan Kanak-Kanak Cacat Yee Ran Jing Sheh, Pertubuhan Kebajikan Anak Kesayangan, Persatuan Kebajikan Sinar Ceria Seberang Prai Tengah, and Pertubuhan Penyayang Chi Yun. Other details regarding contributions by our charity arm IOI Foundation, can be found on page 68.

In Sandakan, IOI Bio-Energy organised a social environmental service initiative with the local municipal, Majlis Perbandaran Sandakan ("MPS"), and government agencies such as the Statistics Department to assist them in the responsible and secure disposal of their outdated documents. This endeavour enables us to support government agencies in disposing their documents responsibly, while securing a sustainable fuel source from waste papers.

Smallholder Programme and Initiatives

IOI proactively engage and assist our third-party suppliers including smallholders to be compliant with our policies and commitments. Among our plantation units in Malaysia, Unico Group, Sabah is the only site in Malaysia to receive the Fresh Fruit Bunches ("FFB") from its surrounding smallholders and out growers who has since received their MSPO certification since 2022. We have continued to support them by providing various training sessions on topics such as good agricultural practices, Personal Protective Equipment ("PPE"), FFB grading, sustainability awareness as well as stakeholder meetings to all 49 smallholders and out growers. We have also conducted site visits and generated internal audit reports which highlighted recommendations for their improvements in line with their MSPO certification requirements.

Meanwhile, in our plantation at Indonesia, SNA Group has dedicated 20% of our total planted areas to the plasma scheme as required by their local regulation. Although these lands fall under the plasma category, they are cultivated and managed sustainably, following the approaches and best practices established by IOI. Currently, we have 7 plasma cooperatives, with 3,690 participating families registered. They are located in 7 villages and 2 sub-districts with a total area of 5,440.85 hectares. We are heavily engaged in supporting all our plasma participants by improving the irrigation system in the community's farmland, assisting in clearing their agricultural land without burning, repairing roads in their villages, etc. In essence, the IOI team has overseen and supported the sustainable management of their planted areas, leading to RSPO certification under the IOI SNA RSPO Certification in 2023.



Workshops being carried out for our smallholders

SHARING PROSPERITY

MANAGEMENT APPROACH

'IOI Foundation' formerly known as Yayasan Tan Sri Lee Shin Cheng is IOI Group's charity arm. We continuously strive to deliver positive impacts to the communities by sharing our prosperity. This in line with our SPOP where we are committed to drive positive socio-economic development for our local communities and thereby, contribute to their quality of life and wellbeing. The Foundation fulfils the Group's corporate social responsibility via education, community welfare, medical assistance, medical assistance and the promotion of Science, Technology, Engineering & Mathematics ("STEM") subjects that can help enrich the lives of the less fortunate.

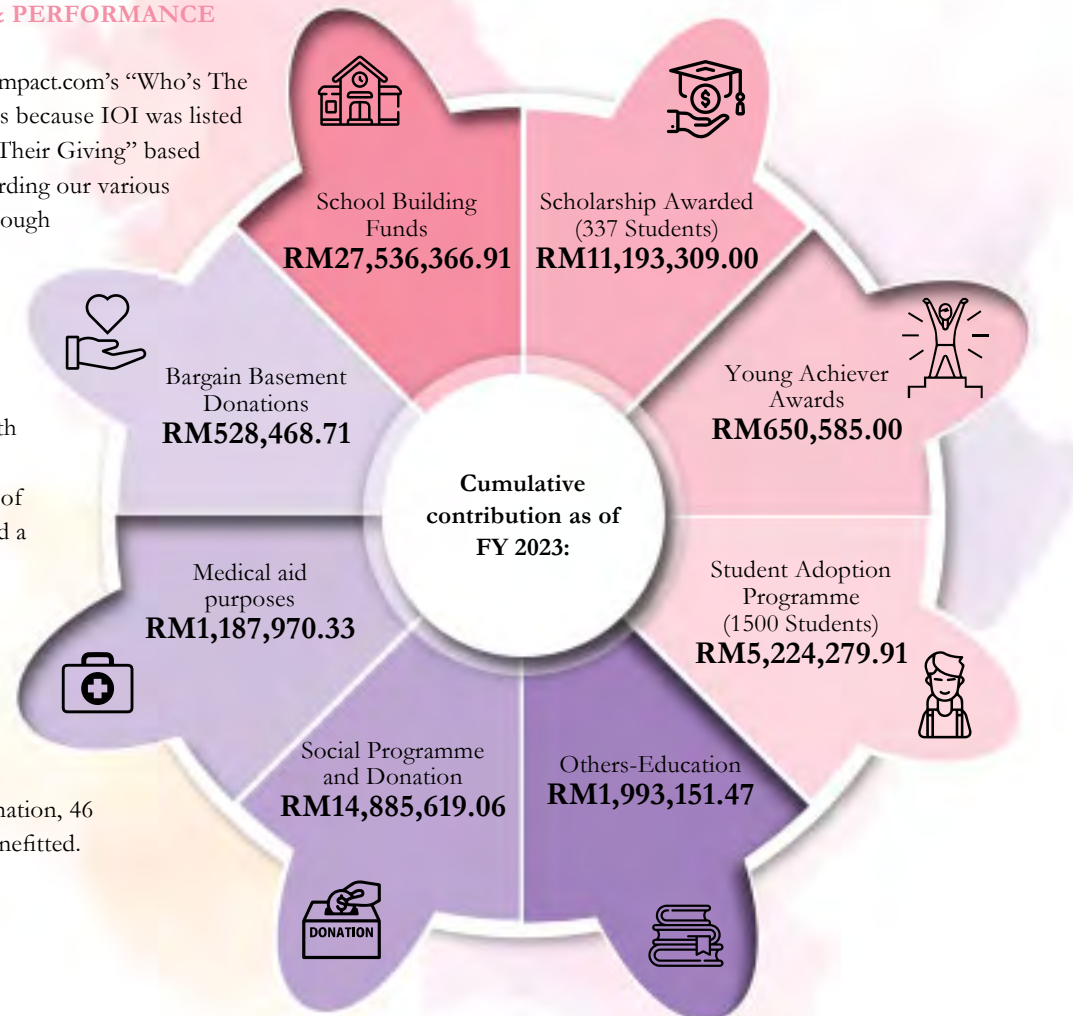


The launching of Bargain Basement outlet in UTAR by IOI Foundation

ACTIVITY DRIVEN APPROACH & PERFORMANCE

In September 2022, IOI was cited in Wikiimpact.com's "Who's The Most Charitable?" company list. This was because IOI was listed as No 17 in Bursa's Top 20 "Earners & Their Giving" based on what was disclosed in ASR 2021 regarding our various contributions such as cash or in-kind through the IOI Foundation, donations of face masks during Covid-19, our support of smallholders' programmes, etc. (refer for more details in ASR 2021, Page 53).

This financial year, we are continuing with our tradition of contributing back to the community under IOI's Foundation. As of FY 2023, the Foundation has contributed a cumulative amount of RM 63.19 million through programmes related to education, social, and medical purposes. This year specifically, at least 1,837 students benefitted from the Foundation's education programme while for the Social Programme and Donation, 46 recipients (individual or organisation) benefitted.



APPENDIX

SUSTAINABILITY PERFORMANCE METRICS

ECONOMIC PERFORMANCE DATA

Refer to Annual Report page 54.

WORKPLACE PERFORMANCE DATA

Number of Employee and Diversity

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

Number of Employee by Employment Level

	Senior Management	Middle Management	Executive	Non-executive	Workers	Total
Male	89	147	731	1,945	16,921	19,833
Female	25	54	329	1,221	6,548	8,177

Employee Nationality Breakdown

Nationality	Employee Nationality (%)
Indonesian	57.79
Malaysian	21.66
German	0.36
Bangladeshi	3.44
Filipino	10.08
Indian	2.91
Nepali	3.43
Other	0.34
Total	100

Note:
Total Turnover: **4,167**
Total New Employees: **7,851**

GRI 404-1: Employee Training Hours

Employee Training Hours by Employment Level (Hours/Year)

Gender	Senior Management	Middle Management	Executive	Non-Executive	Workers
Male	676.00	3,432.00	12,038.00	29,668.00	578,733.00
Female	80.00	1,097.00	3,447.00	8,117.00	36,832.00

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

	Senior Management	Middle Management	Executive	Non-executive	Workers
Average Training Hours by Employment Level (Hours/Person/Year)	9.80	20.20	16.30	10.90	16.80

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE DATA

GRI 403-9 & GRI 403-10: Occupational Health & Safety Data

Man-hours	Unit	IOI Corporation Division		
		IOI Plantation	IOI Refinery	IOI Oleochemical
Employees	Hours	51,187,640.00	1,338,612.00	3,977,960.00
Non-employees Workers ¹	Hours	42,334.00	258,664.00	309,030.00

¹ An individual who performs work for entity which provide services to IOI

Health & Safety Performance-Employee ¹	Units	IOI Corporation Division		
		IOI Plantation	IOI Refinery	IOI Oleochemical
Injury ²				
Total number of injuries	Number	1,809.00	7.00	10.00
Total recordable injury frequency rate	Number/Million Hours	35.34	5.23	2.51
Total number of fatalities	Number	5	0	0
Fatality rate	Number/Million Hours	0.1	0	0.00
Total number of high consequences injuries (excluding fatalities)	Number	13.00	0.00	1.00
High consequence injuries rate (excluding fatalities)	Number/Million Hours	0.25	0.00	0.25
Total number of lost time injuries	Number	27,423.00	12.00	147.00
Lost time injury frequency rate	Number/Million Hours	535.73	8.96	36.95
Disease				
Total cases of recordable work-related ill health	Number	51.00	0.00	0.00
Total fatalities as a result of ill health	Number	0.00	0.00	0.00
Occupational disease rate	Number/Million Hours	1.00	0.00	0.00

¹ Figures include consideration of both employees and workers unless otherwise stated ² Injuries reported include both minor injuries (first aid level) and major injuries

ENVIRONMENTAL PERFORMANCE DATA

Energy

GRI 302-1 & GRI 302-3: Energy Production and Consumption

Performance Indicator	Unit	IOI Corporation Divisions		
		IOI Plantation	IOI Refinery	IOI Oleochemical
Non-renewable fuels purchased and consumed	GJ	445,797.32	432,239.44	3,313,177.10
Non-renewable electricity purchased	GJ	19,180.73	97,071.03	72,505.30
Steam/heating/cooling and other energy (non-renewable) purchased and consumed	GJ	0.00	0.00	335,251.66
Total renewable fuels purchased and consumed	GJ	4,118,576.11	1,553,392.46	34,087.90
Total renewable energy purchased or generated	GJ	0.00	0.00	69,036.92
Total Electricity Sold	GJ	0.00	0.00	2,221.22
Total Energy Consumption	GJ	4,583,554.16	2,082,702.93	3,824,058.88
Energy Intensity	GJ/MT	-	1.17	7.33

EMISSIONS

GRI 305-1 & GRI 305-4: GHG Emissions

Performance Indicator	Unit	IOI Plantation		
		2020	2021	2022
Total direct GHG (scope 1) emissions	tCO ₂ e	2,710,423.28	2,370,037.86	2,545,142.81
Total indirect GHG (scope 2) emissions	tCO ₂ e	1,580.16	7,434.55	0.00
Total GHG emissions reduction (carbon sequestration)	tCO ₂ e	-1,594,076.73	-1,519,027.52	-1,696,882.68
Net GHG emissions	tCO ₂ e	1,117,926.71	851,010.34	848,260.13
Emissions Intensity	tCO ₂ e/MT Product	1.56	1.31	1.39

Performance Indicator	Unit	IOI Refinery		
		2020	2021	2022
Total direct GHG (scope 1) emissions	tCO ₂ e	9,505.66	23,170.98	30,125.45
Total indirect GHG (scope 2) emissions	tCO ₂ e	33,164.07	4,910.85	13,608.57
Total GHG emissions reduction (carbon sequestration)	tCO ₂ e	0.00	0.00	0.00
Net GHG emissions	tCO ₂ e	42,669.73	28,081.83	43,734.02
Emissions Intensity	tCO ₂ e/MT Product	0.03	0.02	0.03

Performance Indicator	Unit	IOI Oleochemical		
		2020	2021	2022
Total direct GHG (scope 1) emissions	tCO ₂ e	188,538.28	182,955.41	183,290.25
Total indirect GHG (scope 2) emissions	tCO ₂ e	26,404.29	23,256.08	26,163.30
Total GHG emissions reduction (carbon sequestration)	tCO ₂ e	0.00	0.00	0.00
Net GHG emissions	tCO ₂ e	214,942.57	206,211.49	209,453.55
Emissions Intensity	tCO ₂ e/MT Product	0.34	0.37	0.40

GHG emissions calculation for IOI Plantation is based on RSPO PalmGHG, calculations for refinery are based on ISCC methodology, calculations for oleochemical are based on the Intergovernmental Panel on Climate Change's ("IPCC") and the Institute for Global Environmental Strategies ("IGES"). Our operations land use change emissions is 1,726,965.70 tCO₂e for FY2023.

SCOPE 3 EMISSIONS

Performance Indicator	Unit	IOI Plantations		
		2020	2021	2022
Absolute Emissions	tCO ₂ e	111,374.13	132,139.84	121,756.98
Emissions Intensity	tCO ₂ e/MT Product	0.16	0.20	0.20

Performance Indicator	Unit	IOI Refinery		
		2020	2021	2022
Absolute Emissions	tCO ₂ e	5,664,784.14	5,509,699.78	4,289,247.03
Emissions Intensity	tCO ₂ e/MT Product	3.03	3.13	3.36

Performance Indicator	Unit	IOI Oleochemical		
		2020	2021	2022
Absolute Emissions	tCO ₂ e	2,996,271.43	3,088,681.61	2,298,993.88
Emissions Intensity	tCO ₂ e/MT Product	4.62	5.54	4.41

WATER

GRI 303-3, GRI303-4 & GRI303-5: Water Consumption & Water Discharged

Water Consumption & Discharged by Source	Units	IOI Corporation Division		
		IOI Plantation	IOI Refinery	IOI Oleochemical
Total Freshwater Withdrawal (≤ 1,000 mg/L Total Dissolved Solids)	m ³	6,469.89	823,034.00	1,884,628.29
Total Other Water Withdrawal (≥ 1,000 mg/L Total Dissolved Solids)	m ³	694.71	0.00	12,209.00
Total Water Withdrawal	m ³	7,164.60	823,034.00	1,896,837.29
Total Water Consumption	m ³	3,401.24	765,263.00	1,140,471.29
Total Water Discharge	m ³	3,763.36	57,771.00	756,366.00

WASTE

GRI 306-2: Water Disposal

Performance Indicator	Unit	IOI Corporation Divisions		
		IOI Plantation	IOI Refinery	IOI Oleochemical
Total Hazardous Waste	MT	441.08	72.22	6,459.17
Scheduled Waste	MT	388.44	11.09	3,084.50 ²
Incineration	MT	0.00	0.00	118.67
Landfill	MT	50.76	61.13	421.18
Other Disposed Waste	MT	1.89	0.00	2,834.83
Total Non-hazardous Waste Disposed	MT	14,959.73	221.02	3,816.13
Incineration	MT	0.00	0.00	153.07
Landfill	MT	3,571.79	152.95	1,754.00
Other Disposed Waste	MT	11,387.95	68.07	1,909.05
Total Non-hazardous Waste Reuse/Recycled	MT	493,152.56	10,216.69	3,011.90
Reuse	MT	26,456.39	0.00	16.70
Recycle	MT	8,793.65	182.10	2,969.78
Composting (Self-fertiliser) ¹	MT	344,929.18	0.00	0.00
Recovery, including energy recovery	MT	109,603.34	10,034.59	25.42
Other Reuse/Recycle Waste	MT	3,370.00	0.00	0.00
Total Waste Generated	MT	508,553.37	10,509.93	13,287.20
Total Disposed Waste	MT	15,400.82	293.24	7,190.80
% Waste Reuse/ Recycled (including recycled hazardous waste)	%	96.97	97.21	45.88

¹ Biomass from IOI mills sent to our estates for land application ² Scheduled waste from IOI Oleo sent for recycling at third-party facilities

SOCIAL CONTRIBUTION

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

% of site with Local Community Engagement	% of site with Impact Assessments	% of site with Development Programmes	% of site with Engagements Conducted
79.00%	91.60%	76.60%	92.20%

GRI CONTENT INDEX

Statement of use	IOI Corporation Berhad has reported in accordance with the GRI Standards for the period 1 July 2022 to 30 June 2023.
GRI 1 used	GRI 1: Foundation 2021.
Applicable GRI Sector Standard(s)	GRI 13: Agriculture Aquaculture and Fishing Sectors 2022

GRI Standard	Disclosure	Section	Location/ Page Number	Additional information	Omission		
					Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-1 Organisational details	About this report	ASR 2023, Pg. 1		<i>A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.</i>		
	2-2 Entities included in the organisation's sustainability reporting	About this report	ASR 2023, Pg. 1				
	2-3 Reporting period, frequency and contact point	About this report	ASR 2023, Pg. 1				
	2-4 Restatements of information	About this report	ASR 2023, Pg. 1	There are no restatements of information			
	2-5 External assurance	About this report	ASR 2023, Pg. 1	This report is not externally assured			
	2-6 Activities, value chain and other business relationships	About this report Value Creation Model	ASR 2023, Pg. 1 & 20				
	2-7 Employees	Employee Nationality Breakdown	ASR 2023, Pg. 61				
	2-8 Workers who are not employees					Information unavailable/incomplete	
	2-9 Governance structure and composition	Corporate Governance Overview Statement	AR 2023, Pg. 91 & 93	In line with Bursa CSM			
	2-10 Nomination and selection of the highest governance body	Corporate Governance Overview Statement	AR 2023, Pg. 99				
	2-11 Chair of the highest governance body	Corporate Governance Overview Statement	AR 2023, Pg. 91				
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Overview Statement	AR 2023, Pg. 92	In line with TCFD/ISSB			
	2-13 Delegation of responsibility for managing impacts	Statement on Risk Management and Internal Control	AR 2023, Pg. 110-114	In line with TCFD/ISSB			
	2-14 Role of the highest governance body in sustainability reporting	Commitment to Strong Governance	ASR 2023, Pg. 22-23				
	2-15 Conflicts of interest	Corporate Governance Overview Statement	AR 2023, Pg. 93-94				
	2-16 Communication of critical concerns	Our Material Sustainability Matters	ASR 2023, Pg. 26-30				
	2-17 Collective knowledge of the highest governance body	Corporate Governance Overview Statement	AR 2023, Pg. 94	In line with TCFD/ISSB			
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Overview Statement	AR 2023, Pg. 96-97				
	2-19 Remuneration policies	Corporate Governance Overview Statement	AR 2023, Pg. 100				
	2-20 Process to determine remuneration	Corporate Governance Overview Statement	AR 2023, Pg. 100				
	2-21 Annual total compensation ratio				Information unavailable/incomplete		
2-22 Statement on sustainable development strategy	Message from our Group Managing Director & Chief Executive	ASR 2023, Pg. 2	In line with TCFD/ISSB				
2-23 Policy commitments	Sustainability Commitment & Compliance	ASR 2023, Pg. 11	In line with TCFD/ISSB				

GRI Standard	Disclosure	Section	Page number	Additional information	Omission		
					Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-24 Embedding policy commitment	Our Sustainability Approach	ASR 2023, Pg. 12	In line with TCFD/ISSB			
	2-25 Processes to remediate negative impacts	Protecting Our Workforce	ASR 2023, Pg. 60	In line with TCFD/ISSB			
	2-26 Mechanisms for seeking advice and raising concerns	Statement on Risk Management and Internal Control	AR 2023, Pg. 113				
	2-27 Compliance with laws and regulations	Sustainability Commitment & Compliance	ASR 2023, Pg. 11				
	2-28 Membership associations	Stakeholder Engagement	ASR 2023, Pg. 24				
	2-29 Approach to stakeholder engagement	Stakeholder Engagement	ASR 2023, Pg. 24	In line with TCFD/ISSB			
	2-30 Collective bargaining agreements	Protecting Our Workforce	ASR 2023, Pg. 60				
MATERIAL TOPICS							
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Our Material Sustainability Matters: Materiality Assessment	ASR 2023, Pg. 26-27		<i>A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.</i>		
	3-2 List of material topics	Our Material Sustainability Matters: Materiality Matrix	ASR 2023, Pg. 26-27				
TOPIC 13.1 EMISSIONS							
GRI 3: Material Topics 2021	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 34				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Appendix	ASR 2023, Pg. 70	In line with Bursa CSM and TCFD/ISSB			
	*Additional sector recommendations						
	305-2 Energy indirect (Scope 2) GHG emissions	Appendix	ASR 2023, Pg. 70	In line with Bursa CSM and TCFD/ISSB			
	305-3 Other indirect (Scope 3) GHG emissions	Appendix	ASR 2023, Pg. 70	In line with Bursa CSM and TCFD/ISSB			
	*Additional sector recommendations						
	305-4 GHG emissions intensity	Appendix	ASR 2023, Pg. 70	In line with Bursa CSM and TCFD/ISSB			
	305-5 Reduction of GHG emissions	Climate Change Action initiatives ("CCAI"): Metrics and Targets	ASR 2023, Pg. 37	In line with TCFD/ISSB			
	305-6 Emissions of ozone-depleting substances (ODS)					Information unavailable/incomplete	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions					Information unavailable/incomplete	
TOPIC 13.2 CLIMATE ADAPTATION AND RESILIENCE							
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Climate Change Action initiatives ("CCAI"): Risk Management	ASR 2023, Pg. 34	In line TCFD/ISSB			
	*Additional sector recommendations	Notes to Financial Statements: Property, Plant and Equipment	AR 2023, Pg. 155	In line TCFD/ISSB			

GRI Standard	Disclosure	Section	Page number	Additional information	Omission		
					Requirement(s) Omitted	Reason	Explanation
TOPIC 13.3 BIODIVERSITY							
GRI 3: Material Topics 2021	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 48				
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Making Nature Positive Difference: Safeguarding Natural Resources	ASR 2023, Pg. 48				
	304-2 Significant impacts of activities, products and services on biodiversity	Making Nature Positive Difference: Safeguarding Natural Resources	ASR 2023, Pg. 48-49				
	304-3 Habitats protected or restored						
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations				Information unavailable/incomplete		
Additional sector disclosure	The following additional sector disclosures are for organisations in the aquaculture sector				Not applicable		
	The following additional sector disclosure is for organisations in the fishing sector				Not applicable		
TOPIC 13.4 NATURAL ECOSYSTEM CONVERSION							
Additional sector disclosure	Report the percentage of production volume from land owned, leased or managed by the organisation determined to be deforestation - or conversion-free, by product, and describe the assessment method used					Information unavailable/incomplete	
	For products sourced by the organisation, report the following by product: - the percentage sourced volume determined to be deforestation- or conversion-free, and describe the assessment methods used; - the percentage of sourced volume for which origins are not known to the point where it can be determined whether it is deforestation- or conversion-free, and describe actions taken to improve traceability					Information unavailable/incomplete	
	Report the size in hectares, the locations and the type of natural ecosystems converted since the cut-off date on land owned, leased or managed by the organisation				Not applicable	No natural ecosystem converted since the cut-off date	
	Report the size in hectares, the locations, and the type of natural ecosystems converted since the cut-off date by suppliers or in sourcing locations					Information unavailable/incomplete	
TOPIC 13.5 SOIL HEALTH							
Additional sector disclosure	Describe the soil management plan, including: - a link to this plan if publicly available; the main threats to soil health identified and a description of the soil management practices used; - the approach to input optimisation, including the use of fertilisers.	Making Nature Positive Difference: Regenerative and Precision Agriculture	ASR 2023, Pg. 56				

GRI Standard	Disclosure	Section	Page number	Additional information	Omission		
					Requirement(s) Omitted	Reason	Explanation
TOPIC 13.6 PESTICIDES USE							
Additional sector disclosure	Report the volume and intensity of pesticides used by the following toxicity hazard levels: - Extremely hazardous; - Highly hazardous; - Moderately hazardous; - Slightly hazardous; - Unlikely to present an acute hazard.						Information unavailable/incomplete
TOPIC 13.7 WATER AND EFFLUENTS							
GRI 3: Material Topics 2021	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 48				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Making Nature Positive Difference: Water Management	ASR 2023, Pg. 50				
	303-2 Management of water discharge-related impacts	Making Nature Positive Difference: Water Management	ASR 2023, Pg. 50-51, 71				
	303-3 Water withdrawal	Appendix					
	303-4 Water discharge	Appendix	ASR 2023, Pg. 71				
	303-5 Water consumption	Appendix	ASR 2023, Pg. 71	In-line with Bursa CSM			
TOPIC 13.8 WASTE							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Making Nature Positive Difference: Waste Management	ASR 2023, Pg. 51	In line with TCFD/ISSB			
	306-2 Management of significant waste-related impacts	Making Nature Positive Difference: Waste Management	ASR 2023, Pg. 51	In line with TCFD/ISSB			
	306-3 Waste generated	Appendix	ASR 2023, Pg. 71	In line with Bursa CSM			
	*Additional sector recommendations						
	306-4 Waste diverted from disposal	Appendix	ASR 2023, Pg. 71	In line with Bursa CSM			
	306-5 Waste directed to disposal	Appendix	ASR 2023, Pg. 71	In line with Bursa CSM			
TOPIC 13.12 LOCAL COMMUNITIES							
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	Expanding Our Impact	ASR 2023, Pg. 67	In line with Bursa CSM			
	413-2 Operations with significant actual and potential negative impacts on local communities	Expanding Our Impact	ASR 2023, Pg. 67				
TOPIC 13.13 LAND AND RESOURCE RIGHTS							
Additional sector disclosures	List the locations of operations, where land and natural resource rights (including customary, collective, and informal tenure rights) may be affected by the organisation's operations.						Information unavailable/incomplete
	Report the number, size in hectares and location of operations where violations of land and natural resource rights (including customary, collective and informal tenure rights) occurred and the groups of rightsholders affected.						Information unavailable/incomplete
TOPIC 13.14 RIGHTS OF INDIGENOUS PEOPLES							
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples *Additional sector recommendations	Fostering a Positive Work Culture: IOI Pelita	ASR 2023, Pg. 62				

GRI Standard	Disclosure	Section	Page number	Additional information	Omission		
					Requirement(s) Omitted	Reason	Explanation
TOPIC 13.14 RIGHTS OF INDIGENOUS PEOPLES							
Additional sector disclosures	List the locations of operations where indigenous peoples are present or affected by activities of the organisations						Information unavailable/incomplete
	Report if the organisation has been involved in a process for any of the organisation's activities, including, in each case:	Fostering a Positive Work Culture: IOI Pelita	ASR 2023, Pg. 62				
	- whether the process has been mutually accepted by the organisation and the affected indigenous peoples;						
	- how the organisation ensured that the constituent elements of FPIC have been implemented as part of the process						
	- whether an agreement has been reached and, if so, whether the agreement is publicly available						
TOPIC 13.15 DIVERSITY AND EQUAL OPPORTUNITY							
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Appendix Board Composition	ASR 2023, Pg. 69 AR 2023, Pg. 93				
	405-2 Ratio of basic salary and remuneration of women to men *Additional sector recommendations						Information unavailable/incomplete
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Protecting Our Workforce	ASR 2023, Pg. 62				
Additional sector disclosures	Describe any differences in employment terms and approach to compensation based on workers nationality or migrant status by location of operations	Protecting Our Workforce	ASR 2023, Pg. 60				
TOPIC 13.16 FORCED OR COMPULSORY LABOR							
GRI 3: Material Topic 2021	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 60				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Protecting Our Workforce	ASR 2023, Pg. 60				
TOPIC 13.17 CHILD LABOR							
GRI 3: Material Topics 2021	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 66				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Expanding Our Impact	ASR 2023, Pg. 66				
TOPIC 13.18 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING							
GRI 3: Material Topics 2021	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 60				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Protecting Our Workforce	ASR 2023, Pg. 60				

GRI Standard	Disclosure	Section	Page number	Additional information	Omission		
					Requirement(s) Omitted	Reason	Explanation
TOPIC 13.19 OCCUPATIONAL HEALTH AND SAFETY							
GRI 3: Material Topics 2021	3-3 Management of material topics *Additional sector recommendations	Management Approach	ASR 2023, Pg. 60				
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	Protecting Our Workforce	ASR 2023, Pg. 62				
	403-3 Occupational health services *Additional sector recommendations	Protecting Our Workforce	ASR 2023, Pg. 62				
	403-4 Worker participation, consultation, and communication on occupational health and safety	Protecting Our Workforce	ASR 2023, Pg. 62				
	403-5 Worker training on occupational health and safety	Protecting Our Workforce	ASR 2023, Pg. 62	In line with Bursa CSM			
	403-6 Promotion of worker health	Protecting Our Workforce	ASR 2023, Pg. 62				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Protecting Our Workforce	ASR 2023, Pg. 62				
	403-8 Workers covered by an occupational health and safety management system	Protecting Our Workforce	ASR 2023, Pg. 62				
	403-9 Work-related injuries	Appendix	ASR 2023, Pg. 69	In line with Bursa CSM			
	403-10 Work-related ill health	Appendix	ASR 2023, Pg. 69				
TOPIC 13.20 EMPLOYMENT PRACTICES							
GRI 3: Material Topics 2021	3-3 Management of material topics *Additional sector recommendation	Management Approach	ASR 2023, Pg. 60				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Appendix	ASR 2023, Pg. 69				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees				Not applicable	We treat all employee equally	
	401-3 Parental leave						Information unavailable/incomplete
TOPIC 13.21 LIVING INCOME AND LIVING WAGE							
Additional sector disclosures	Report the percentage of employees and workers who are not employees and whose work is controlled by collective bargaining agreements that have terms related to wage levels and frequency of wage payments at significant locations of operation						Information unavailable/incomplete
	Report the percentage of employees and workers who are not employees and whose work is controlled paid above living wage, with a breakdown by gender						Information unavailable/incomplete
TOPIC 13.22 ECONOMIC INCLUSION							
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Statement of Profit or Loss	AR 2023, Pg. 128	In line with TCFD/ISSB			

GRI Standard	Disclosure	Section	Page number	Additional information	Omission		
					Requirement(s) Omitted	Reason	Explanation
TOPIC 13.22 ECONOMIC INCLUSION							
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and service supported	Sharing Prosperity	ASR 2023, Pg. 68	In line with TCFD/ISSB			
	203-2 Significant indirect economic impacts	Expanding Our Impact	ASR 2023, Pg. 67				
TOPIC 13.23 SUPPLY CHAIN TRACEABILITY							
GRI 3: Material Topic 2021	3-3 Management of material topics *Additional sector recommendation	Management Approach	ASR 2023, Pg. 44				
Additional sector disclosures	Describe the level of traceability in place for each product sourced, for example, whether the product can be traced to the national, regional, or local level, or a specific point of origin (e.g., farms, hatcheries and feed mill levels)	Traceability	ASR 2023, Pg. 44				
	Report the percentage of sourced volume certified to internationally recognised standards that trace the path of products through the supply chain, by product and list these standards	Responsible Sourcing	ASR 2023, Pg. 43				
	Describe improvement projects to get suppliers certified to internationally recognised standards that trace the path of products through the supply chain to ensure that all sourced volume is certified				Information unavailable/incomplete		
TOPIC 13.25 ANTI-COMPETITIVE BEHAVIOR							
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices						
TOPIC 13.26 ANTI-CORRUPTION							
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Statement on Risk Management and Internal Control	AR 2023, Pg. 113	In line with Bursa CSM			
	205-2 Communication and training about anti-corruption policies and procedures	Statement on Risk Management and Internal Control	AR 2023, Pg. 113				
	205-3 Confirmed incidents of corruption and actions taken	Grievance Mechanism and Progress Update	ASR 2023, Pg. 62	In line with Bursa CSM			
MARKET PRESENCE							
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage				Information unavailable/incomplete		
	202-2 Proportion of senior management hired from the local community				Information unavailable/incomplete		
INDIRECT ECONOMIC IMPACTS							
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported				Information unavailable/incomplete		
	203-2 Significant indirect economic impacts				Information unavailable/incomplete		

GRI Standard	Disclosure	Section	Page number	Additional information	Omission		
					Requirement(s) Omitted	Reason	Explanation
PROCUREMENT PRACTICES							
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Responsible Sourcing	ASR 2023, Pg. 42	In line with Bursa CSM			
ECONOMIC PERFORMANCE							
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans				Information unavailable/incomplete		
	201-4 Financial assistance received from government				Information unavailable/incomplete		
TAX							
GRI 207: Tax 2019	207-1 Approach to tax				Information unavailable/incomplete		
	207-2 Tax governance, control, and risk management	Corporate Governance Overview Statement	AR 2023, Pg. 101				
	207-3 Stakeholder engagement and management of concerns related to tax				Information unavailable/incomplete		
	207-4 Country-by-country reporting				Information unavailable/incomplete		
MATERIALS							
GRI 301: Materials 2016	301-1 Materials used by weight or volume				Information unavailable/incomplete		
	301-2 Recycled input materials used				Information unavailable/incomplete		
	301-3 Reclaimed products and their packaging materials				Information unavailable/incomplete		
ENERGY							
GRI 3: Material Topics 2021	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 34				
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Appendix	ASR 2023, Pg. 70	In line with Bursa CSM			
	302-2 Energy consumption outside of the organisation				Information unavailable/incomplete		
	302-3 Energy intensity	Appendix	ASR 2023, Pg. 70				
	302-4 Reduction of energy consumption	Appendix	ASR 2023, Pg. 70				
	302-5 Reductions in energy requirements of products and services				Information unavailable/incomplete		
SUPPLIER ENVIRONMENTAL ASSESSMENT							
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Responsible Sourcing	ASR 2023, Pg. 42				
	308-2 Negative environmental impacts in the supply chain and actions taken	Responsible Sourcing	ASR 2023, Pg. 42				

GRI Standard	Disclosure	Section	Page number	Additional information	Omission		
					Requirement(s) Omitted	Reason	Explanation
LABOR/MANAGEMENT RELATIONS							
GRI 3: Material Topics 2021	3-3 Management of material topics						Information unavailable/incomplete
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes						Information unavailable/incomplete
SUPPLIER SOCIAL ASSESSMENT							
GRI 3: Material Topics 2021	414-1 New suppliers that were screened using social criteria	Responsible Sourcing	ASR 2023, Pg. 42				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Appendix	ASR 2023, Pg. 69	In line with Bursa CSM			
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Uplifting Our People	ASR 2023, Pg. 64				
	404-3 Percentage of employees receiving regular performance and career development reviews	Uplifting Our People	ASR 2023, Pg. 65				
SECURITY PRACTICES							
GRI 3: Material Topics 2021	3-3 Management of material topics						Information unavailable/incomplete
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures						Information unavailable/incomplete
CUSTOMER PRIVACY							
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Protecting Our Workforce	ASR 2023, Pg. 61				

TOPICS IN THE APPLICABLE GRI STANDARDS DETERMINED AS NOT MATERIAL

TOPIC	EXPLANATION
Title of GRI Standard	
Topic 13.11 Animal health and welfare	Not applicable. IOI's business and operations does not generally involve the use or management of animals.
Topic 13.9 Food Security	Not material. IOI's business and operations does not involved directly in food production.
Topic 13.24 Public policy	Not applicable. We are not involved in any public policy development, direct or indirectly through an intermediary organisation, by means of lobbying or making financial or in-kind contributions to political parties, politicians, or causes.
GRI 417: Marketing and Labeling 2016	Not material. We are business-to-business where the company focus on the purchase of raw material from own company to be used for manufacturing and not prioritising the production of final products.
GRI 416: Customer Health and Safety 2016	Not material because we are a business-to-business organisation.

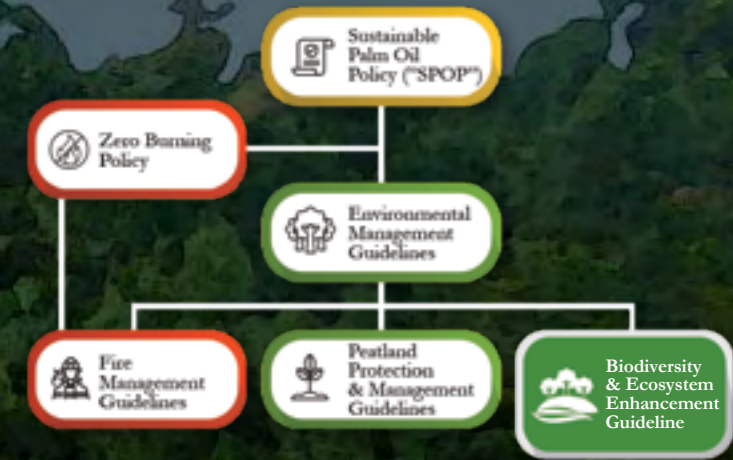
GLOSSARY

Accountability Framework Initiative (“AFI”)	A roadmap for achieving ethical supply chains that protect forests, natural ecosystems, and human rights. The framework gives consensus-based guidelines for companies in the agriculture and forestry sectors.
Business for Social Responsibility (“BSR”)	A mission-driven non-profit organisation focusing on innovation, impact, and long-term positive change particularly on climate change, human rights, inclusive economy, supply chain sustainability, sustainability management, and women’s empowerment.
Carbon Dioxide Equivalents (“CO ₂ e”)	CO ₂ e is a measure used to compare the emissions from various greenhouse gases based upon their global warming potential.
Carbon Neutral	Balancing between the greenhouse gas (GHG) that emitted into the environment and capturing the carbon dioxide with various approaches.
Climate Change Action initiatives (“CCAI”)	CCAI is IOI's long-term action-plans to mitigate and reduce GHG emissions from our diverse operations. The aim of this initiative is to achieve carbon neutral as a group.
Crude Palm Oil (“CPO”)	An edible oil derived from the pulp of oil palms.
European Union Deforestation Regulations (“EUDR”)	Under the EUDR, operators (companies who first place products in the single market) will be required to implement the due diligence on their supply chains to ensure they are deforestation free, while traders will be responsible for storing and sharing information on their supply chain to operators.
Electrical Agriculture Machines (“EAM”)	An electrical equipment or machines used in agriculture operations to help with planting, cultivation, fertilising, pest control and harvesting.
Energy Management System (“EMS”)	Support the tracking and optimisation of energy consumption to conserve its usage across an organisation’s physical assets, including in factories and office buildings.
Enterprise Resource Planning (“ERP”) System	Enterprise resource planning is referring to a type of software that organisations use to manage business activities, accounting, and resource management.
Empty Fruit Bunch (“EFB”)	Remains of the fresh fruit bunches after the fruit has been removed for oil pressing.
Free, Prior, and Informed Consent (“FPIC”) Principle	A specific right that pertains to indigenous peoples and is recognised in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). It allows them to give or withhold consent to a project that may affect them or their territories.
Fresh Fruit Bunch (“FFB”)	Bunch harvested from the oil palm tree.
Global Reporting Initiative (“GRI”)	An international independent organisation that helps businesses, governments and other organisations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption, and many others.
Greenhouse Gas (“GHG”)	GHG are gases in Earth’s atmosphere that trap heat and act like glass walls of a greenhouse. The main GHG include carbon dioxide, methane, nitrous oxides, and water vapor that causes the global warming.
High Carbon Stock (“HCS”)	Tropical forests that hold large stores of carbon and biodiversity, which are released and lost when these forests are cleared.
High Climate Change Scenario (RCP 8.5)	Continuation of business are usual with emissions at current rates. This scenario is expected to result in warming in excess of 4 degrees Celsius by 2100.
High Conservation Values (“HCV”)	HCVs are biological, ecological, social, or cultural values which are outstandingly significant or critically important at the national, regional, or global level.
Human-Elephant Conflict (“HEC”)	Any human-elephant interaction which results in negative effects on human social, economic or cultural life, and/or on elephant conservation and the environment.
Internal Carbon Pricing (“ICP”)	A monetary value on each ton of carbon emissions generates within organisation that will help in a long-term business planning and investment strategies
International Labour Organisation (“ILO”)	ILO is the United Nations agency for the world of work. It sets international labour standards, promotes rights at work and encourages decent employment opportunities, the enhancement of social protection and the strengthening of dialogue on work-related issues.
International Sustainability & Carbon Certification (“ISCC”)	An independent multi-stakeholder organisation providing a globally applicable certification system for the sustainability of raw materials and products.
International Sustainability Standards Board (“ISSB”)	A standard-setting body under IFRS Foundation, whose mandate is the creation and development of sustainability-related financial reporting standards to meet investors’ needs for sustainability reporting.
International Organisation for Migration (“IOM”)	A United Nations agency that provides services and advice concerning migration to governments and migrants, including internally displaced persons, refugees, and migrant workers.
Joint Consultative Committee (“JCC”)	One of the grievance channels available within IOI Group across all operations that employees can use to submit their grievances.
Landscape Level Approach (“LLA”)	A term used to describe collaborative initiatives in specific places that span multiple sectors and go beyond the scale of individual farms, forest management units and protected areas.
Lost Time Injury Frequency Rate (“LTIFR”)	The amount or number of lost time injuries that occurred in a workplace per 1 million hours worked.
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 degree Celsius by 2100.

Malaysia's National Policy on Biodiversity ("NBD")	The NBD provides the direction and framework for us to conserve our biodiversity and use it sustainably in the face of the increasingly complex challenges.
Malaysian Sustainable Palm Oil Certificate ("MSPO")	The MSPO Certification Scheme is the national scheme in Malaysia for oil palm plantations, independent and organised smallholdings, and palm oil processing facilities to be certified against the requirements of the MSPO Standards.
Management and Ecology of Malaysian Elephants ("MEME")	A research project that thrives to develop a science-based conservation of elephants in Malaysia.
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 degrees Celsius by 2100.
MPOB Sustainable Palm Oil Cluster ("SPOC")	An initiative from MPOB to group smallholders within a small group of between 1000 – 2000 smallholders to enable them to be certified together under a single certificate.
National Union of Plantation Workers ("NUPW")	The largest plantation workers union in Malaysia and one of the largest in Asia.
NDPE Implementation Reporting Framework ("IRF")	A reporting tool that provides a shared and consistent view of progress towards NDPE commitments across the full supply base of companies throughout the supply chain.
Net-Zero	Net-Zero is a reduction of greenhouse gas (GHG) emissions by achieving a balance between emissions produced and emissions removed from the atmosphere.
No Deforestation, No New Planting on Peat, No Social Exploitation ("NDPE")	'No Deforestation' is achieved by protecting High Conservation Value (HCV) and High Carbon Stock (HCS) areas, 'No New Planting on Peat' is achieved by avoiding planting on peat and 'No Social Exploitation' is achieved by protecting human rights, workers' rights and the rights of local communities and indigenous peoples.
Normalised Difference Vegetation Index ("NDVI")	A dimensionless index that described the difference between visible and near-infrared reflectance of vegetation cover and can be used to estimate the density of green on an area of land.
Palm Kernel ("PK")	PK is the seed of any palm that yields palm-kernel oil.
Palm Kernel Oil ("PKO")	PKO is a plant oil derived from the kernel of the oil palm.
Precision Agriculture ("PA")	An approach to farm management that uses information technology to ensure that crops and soil receive exactly what they need for optimum health and productivity.
Production, Protection, Inclusion ("PPI")	PPI compacts are agreements between public, private and civil society stakeholders to make land more productive and improve livelihoods, in exchange for protection of natural resources, most notably forests.
Regeneration Agriculture ("RA")	A conservation and rehabilitation approach to farming systems which it focuses on improving soil health and biodiversity by protecting soil from erosion and improve water infiltration, water retention and others.
Roundtable on Sustainable Palm Oil ("RSPO")	A multi-stakeholder organisation based in Kuala Lumpur, Malaysia. The organisation has developed a certification scheme for sustainable palm oil.
RSPO Annual Communication of Progress ("ACOP")	The ACOPs are reports submitted by RSPO members to gauge their progress towards 100% RSPO-certified sustainable palm oil. Those reports are mandatory for Ordinary and Affiliate members, and are submitted each year.
Science Based Target for Nature ("SBTN")	The guidance draws on the best available science today and includes collaboration with the Earth Commission on the upcoming safe and just Earth System Boundaries. It is also aligned with global goals on climate, nature and development including the Global Biodiversity Framework, the Paris Agreement, and the UN Sustainable Development Goals.
Scope 1 Emissions	All direct GHGs emissions.
Scope 2 Emissions	Indirect GHGs emissions for consumption of purchased electricity, heat or steam.
Scope 3 Emissions	Includes all other indirect GHG emissions that occur in a company's value chain.
Sustainable Palm Oil Policy ("SPOP")	The IOI SPOP is the keystone policy to maintain the Group's commitment to the sustainable management of oil palm plantations and to the implementation of responsible, global palm oil supply chains.
Task Force on Climate-Related Financial Disclosures ("TCFD") Framework	A set of disclosure recommendations created by the Financial Stability Board to help companies, banks and investors in disclosing consistent climate-related financial information to their stakeholders.
Tools for Transformation ("T4T")	Tools for transformation is an online platform intended to help the industry adopt responsible practices that support businesses, ecosystems, and people to thrive.
Traceability to Plantations ("TTP")	Defined as known information about the FFB suppliers; estates (names, parent company name, GPS coordinates/addresses, % volumes, certification status), dealers (names, % volumes) and smallholders (number of smallholders, % volumes, certification status).
Voluntary Carbon Market ("VCM")	Allow carbon emitters to offset their emissions by purchasing carbon credits generated from projects that remove or reduce greenhouse gases (GHG) from the atmosphere.
Women Empowerment Committee ("WEC")	The Women Empowerment Committee is built to be a platform for female employees to discuss any issues that may affect women workers, explore opportunities in empowering women in workplace and social activities.

ENHANCED BIODIVERSITY & ECOSYSTEM

As an agricultural based company, the protection and enhancement of biodiversity and natural ecosystem are of immense importance to IOI's operations. Our actions are guided by IOI's Sustainable Palm Oil Policy ("SPOP") which together with the Environmental Management Guidelines ("EMG") and Zero Burning Policy are in full alignment with our newly made commitments towards the Science Based Target initiative Forest, Land and Agriculture ("SBTi FLAG"). This year, to further emphasise the importance that IOI placed on Biodiversity, the new revision of our previous Biodiversity and Conservation Guidelines will now also include ecosystem enhancement. With this revised guideline, we should have a better assessment of our environmental impacts and thereby take more targeted steps to further minimise these impacts to the environment.



WITH THE REVISED GUIDELINE, WE AIM TO:

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

BIODIVERSITY AND ECOSYSTEM ENHANCEMENT GUIDELINES

Biodiversity and Ecosystem Enhancement Guidelines is revised in order to provide guidance for the protection, conservation and enrichment of biodiversity and natural ecosystem in our operating sites. The guideline is in alignment with HCV-HCS assessment manual, RSPO Principle 7 & MSPO Principle 5 as well as the recommendations from SBTN draft guidance, which comprised of four key steps as follow:

STEP 01 | Identification of Biodiversity & Conservation Value Areas

- Establishment of baseline data through assessment
- Delineation activities through GIS activities
- Stakeholder consultation and engagement programme
- Internal Assessment Report

STEP 02 | Execution & Management

- Setting up objectives and targets for the identified management areas
- Development of biodiversity and ecosystem enhancement management plan
- Development of strategic monitoring plan

STEP 03 | Threat Monitoring & Crisis Management

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

STEP 04 | Impact Evaluation, Mitigation, Protection & Enhancement

- Analyse and evaluate monitoring results based on indicator
- Re-evaluate indicator if target not achieve to identify the gaps and root cause
- Establish the "Adaptive Management Strategies"
- Stakeholder engagement and partnership
- Rehabilitation and Reforestation programme whenever necessary
- HCV-HCS approach to determine the performance of planted area (i.e., from shrub land to secondary forest)

Our policies and guidelines for environmental management.

We have aligned our commitments of environmental stewardship to incorporate some of the relevant recommendations stated in the draft Science Based Targets Network ("SBTN") guidance for companies. Key highlights of the revised guideline include:



OUR ACTIONS

As part of our continued push towards Net-Zero and the conservation and enrichment of biodiversity and its ecosystems in areas that we operate in, IOI continues to work with various stakeholders in the projects featured below:

RELeaf project

- Ongoing collaboration with Nestle on rehabilitation of riparian buffers of the Kinabatangan River near our estates and completed tree planting in some of our area.
- Native saplings and seedlings will be used under the recommendation of Forestry Consultancy.
- All saplings and seedlings to be sourced from local communities to increase and promote local, social inclusivity.



IOI Plantation and Nestle Project RELeaf team conducted two field surveys in November 2021 and June 2022, respectively

Laran Tree Planting Project

1. Introduced in flood-prone areas in Sabah's Syarimo 4 estate to facilitate rehabilitation.
2. Initial site survey was completed and the project has transitioned to the rehabilitation phase.
3. Positive biodiversity impacts were noted through sightings of wildlife like the Sambar Deer and Rufous-tailed Shama at the site.
4. Fruit trees that promote native wildlife return were found within the project site.



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

Achieving Coexistence with Elephants

1. Reducing and managing human-elephant conflict ("HEC") in collaboration with Management and Ecology of Malaysian Elephants ("MEME").
2. Developed safety poster to handle HEC.
3. Continuing capacity building programmes with MEME to educate plantation communities on handling HEC.

Protecting RTE species in Sabah

1. Ongoing collaboration with Sabah Wildlife Department ("SWD"), HUTAN and Seratu Aatai to protect RTE species.
2. Conducted capacity building programmes for local communities, training plantation staff to be Honorary Wildlife Wardens & Honorary Forest Rangers.
3. Maintaining camera traps installed with HUTAN for wildlife research and species monitoring.



Picture of Elephant collaring at our plantation in Sabah

Orangutan & Proboscis Monkey conservation in Sabah and Kalimantan

1. Ongoing collaboration with Balai Konservasi Sumber Daya Alam ("BKSDA") for orangutan conservation by renewing our MOU.
2. Activities include relocation of orangutans to their habitat, continuous species monitoring and capacity building for staff members to handle human-wildlife conflict.
3. Collaboration since 2019 with HUTAN-Kinabatangan Orangutan Conservation Programme ("KOCP"), the Palm Oil & NGO ("PONGO") Alliance & Sabah wildlife on monitoring the orangutan and Proboscis monkey population in Sabah.



Picture of Proboscis Monkey and Orangutan in our area at PT BSS

COVER RATIONALE

At IOI, we recognise that sustainability is a journey that demands ongoing dedication and collaboration. This year's theme "Driving Nature Positive Impacts" is not only about further integrating sustainability into every facet of our business but also to implementing intensive measures across various aspects of our organisation to yield tangible results that can uniquely create nature positive impacts. For example, teaming up with relevant stakeholders, we are pioneering strategies to foster coexistence with elephants around our plantations. Looking at our regenerative agriculture approach, we champion biological control methods such as maintaining plants like *Cassia cobanensis* to foster the growth of natural predators. From a conservation perspective, the revitalisation of peat areas with the installation of canals to safeguard water tables and enriching the peat ecosystem can lead to a flourishing freshwater fish population. The cover of our sustainability report depicts these initiatives specifically designed to foster a nature-positive sustainable ecosystem for all. The precise lines and well-defined illustration form the backbone of this artistic rendition that embodies our commitment to redefining simplicity when the goal is clear, that is, enriching biodiversity contributes positively to the ecosystem.



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