

Just TRANSITION

Local community near PT SKS Estate,
Ketapang, Indonesia

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

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



Empowering young girls in rural areas

IOI's Just Transition Plan

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

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



Some of the key activities of our Just Transition Plan

1

Implement precision and regenerative agriculture, cultivation of organic oil palm as well as integrated pest management. Outcome of these practices include reduced use of chemical fertilisers and pesticides thus helping to reduce carbon emission within our operation and chemical impact to the surrounding ecosystems such as rivers and waterways, where communities reside.

2

Embedding technology and innovation in our practices

- Maximising mechanisation in our IOI Plantation operations that reduces labor-intensive tasks and exposure to extreme weather. Various mechanical machinery was introduced for in-field use that increases productivity while adapting to climate-related risks.
- Adopting eco-friendly and efficient technologies, and digitalisation especially in our resource-based manufacturing not only reduces environmental impact but also increases productivity and work efficiency.

3

Practicing the circular economy approach with IOI's 7Rs across the Group

- Repurposing oil palm trunks into palm-based wood products, minimising landfill use and conserving resources as well as providing various new job opportunities while transitioning to a low-carbon economy.
- Partnering with Tetra Pak to recycle UBC across our plantation mill and estates. These activities not only reduce waste but also improve knowledge and awareness of recycling waste among our employees.

4

Implements physical risk protection measures across our operation

- An early warning system at flood-prone areas within our plantations strengthens safety measures for our employees and local communities. This also includes providing safety canoes, boats, and life jackets, and regularly maintaining roads, bridges, and drainage systems.

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Adopt several climate-adaptive measures for occurrence of prolonged or extreme heatwave by improving ventilation infrastructure, comprehensive fire management, and organising work schedules that reduce exposure to extreme temperatures.

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To ensure employees are prepared and understands climate risks, trainings, and awareness are conducted regularly. For example, during daily morning briefings, advices on how to handle extreme heat are given.

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Introduced new IOI Group Water Policy to address water management across IOI Group as part of our climate mitigation approach that may impact not only our operations but the surrounding ecosystems where communities live.

5

Expand social dialogue with stakeholders for the decision-making process and inclusive approach

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Conducted discussions with numerous stakeholders through the Sustainability Consultative Forum ("SCF") to ensure wider opinions and issues are covered.

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Regular stakeholder consultations with the government, local communities and indigenous peoples nearby plantations, schools, and our employees to discuss topics related to social and economic impact of climate change.

6

Community engagement to promote sustainable practices

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Provide training programs to handle climate related emergencies such as floods and in-kind assistance, such as for land clearing with the use of our machineries, rather than burning, to smallholders and nearby communities.

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Promote educational and health initiatives to improve the overall well-being of communities.