



# 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).

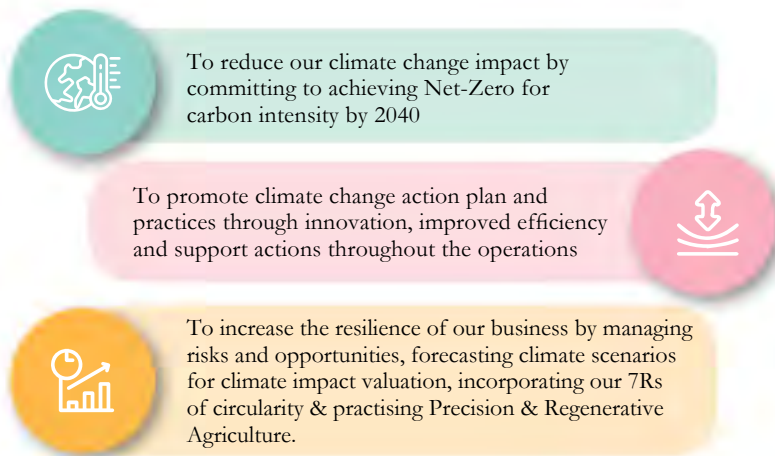
### ACTIVITY DRIVEN APPROACH AND PERFORMANCE

#### 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 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 2021<sup>1</sup> (pages 30 - 31) and ASR 2022<sup>2</sup> (page 29).

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.

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 CO<sub>2</sub>e and Resource-based manufacturing at RM 80/MT CO<sub>2</sub>e for Malaysia and EUR30/MT CO<sub>2</sub>e 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.

<sup>+</sup> See ASR 2021, pages 30-31 for IOI’s climate-related risks assessments.

<sup>1</sup> [https://www.ioigroup.com/Content/IR/PDF/SR/2021\\_SR.pdf](https://www.ioigroup.com/Content/IR/PDF/SR/2021_SR.pdf) <sup>2</sup> [https://www.ioigroup.com/Content/IR/PDF/SR/2022\\_SR.pdf](https://www.ioigroup.com/Content/IR/PDF/SR/2022_SR.pdf)

**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 m<sup>3</sup> 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 standards<sup>3</sup>. 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:



**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 m<sup>3</sup> 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 m<sup>3</sup> 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.

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

## CLIMATE CHANGE ACTION INITIATIVE (CCAI)



### 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

Adoption of EMS  
that worked with  
**RPO-OM**

Improve Combustion Efficiency of

**Empty Fruit Bunch (“EFB”)**

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

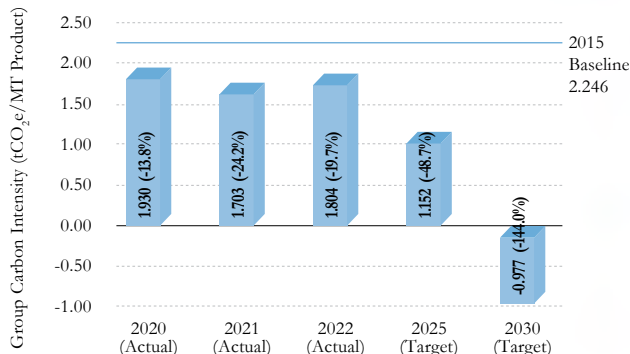
In the short-term basis, the Group carbon intensity is targeted to achieve more than 40% reduction (~4% reduction per annum) by 2025 based on our 2015 baseline. By 2030, our medium-term target is to achieve at least carbon neutral for Scopes 1 and 2 against our 2015 baseline. Specifically, this will 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.

Group Carbon Intensity (tCO<sub>2</sub>e/MT Product)



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 6<sup>th</sup> 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:

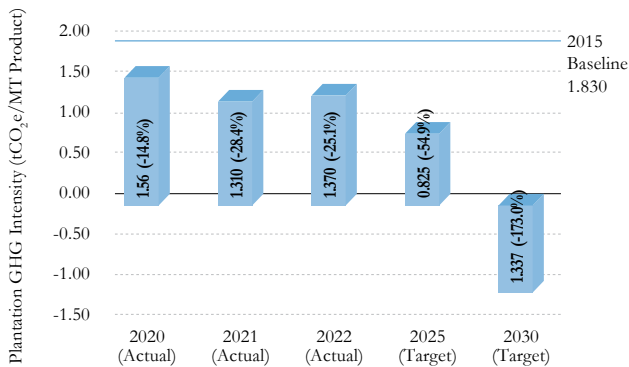
- All Land Use Change (“LUC”) since 1995 from a 2015 baseline year, in alignment with the Greenhouse Gas Protocol draft on Land Sector and Removals.
- Commitment to a Moratorium on no deforestation since 2016, which aligns with the Accountability Framework initiative (“AFI”) guidance.
- Commitment to No Deforestation, No New Planting on Peat, No Social Exploitation (“NDPE”) since 2016 and Zero Burning since 2014.

# CLIMATE CHANGE ACTION INITIATIVE (CCAI)

## (B) PLANTATION (ESTATE AND MILL)

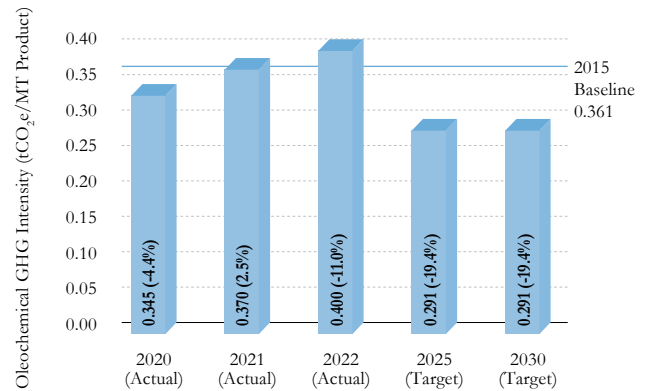
Carbon intensity for plantation in 2022 reduced by -25.1% in comparison to 2015 baseline. The reductions were slightly lower compared to last year due to the breakdown of our two large biogas plant. However, we expect to achieve higher reductions for Plantation when the biogas plants are up and running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

Plantation GHG Intensity (tCO<sub>2</sub>e/MT Product)



Carbon intensity for Oleochemical was similar since 2020, which ranges between 0.345 to 0.400 tCO<sub>2</sub>e/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 tCO<sub>2</sub>e/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.

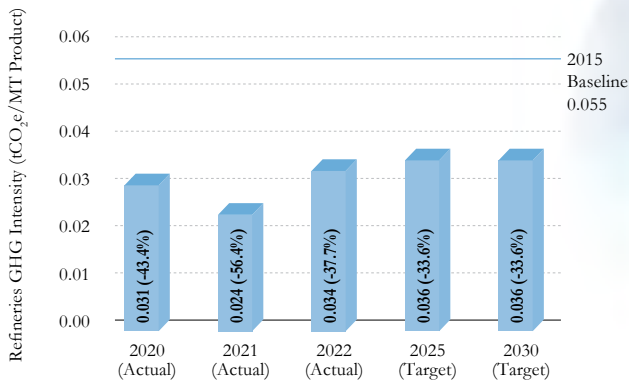
Oleochemical GHG Intensity (tCO<sub>2</sub>e/MT Product)



## (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 (tCO<sub>2</sub>e/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 21<sup>st</sup> 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 2<sup>nd</sup> SCF involving Climate Change strategy and achieving Net-Zero (See ASR 2022 page 33 for detail). Finally, this year, our 3<sup>rd</sup> 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 2<sup>nd</sup> SCF.*



## CLIMATE CHANGE ACTION INITIATIVE (CCAI)

### 2<sup>nd</sup> SCF on Climate Change Strategy and Achieving Net-Zero

Our progress towards addressing gaps identified during the 2<sup>nd</sup> SCF is within the timeline suggested by our stakeholders (see Executive summary published on 21<sup>st</sup> November 2022 for more information<sup>1</sup>). 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.

### 3<sup>rd</sup> 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 dashboard<sup>2</sup>, 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 3<sup>rd</sup> 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 3<sup>rd</sup> SCF

<sup>1</sup> [https://www.ioigroup.com/Files/news/pdf/IOI%20SCF\\_Summary%20Report\\_Revised\\_ERM\\_21112022\\_r2.pdf](https://www.ioigroup.com/Files/news/pdf/IOI%20SCF_Summary%20Report_Revised_ERM_21112022_r2.pdf)

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

## 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 <sub>2</sub> e/MT Product)	0.16	0.2	0.2
Resource-based Manufacturing			
a) Refinery (tCO <sub>2</sub> e/MT Product)	3.03	3.13	3.36
b) Oleochemical (tCO <sub>2</sub> e/MT Product)	4.62	5.54	4.41
<b>Group Total</b>	<b>7.81</b>	<b>8.87</b>	<b>7.97</b>

“ 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 3<sup>rd</sup> 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.

# 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 3<sup>rd</sup> 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 3<sup>rd</sup> party suppliers that progresses towards third party verification.

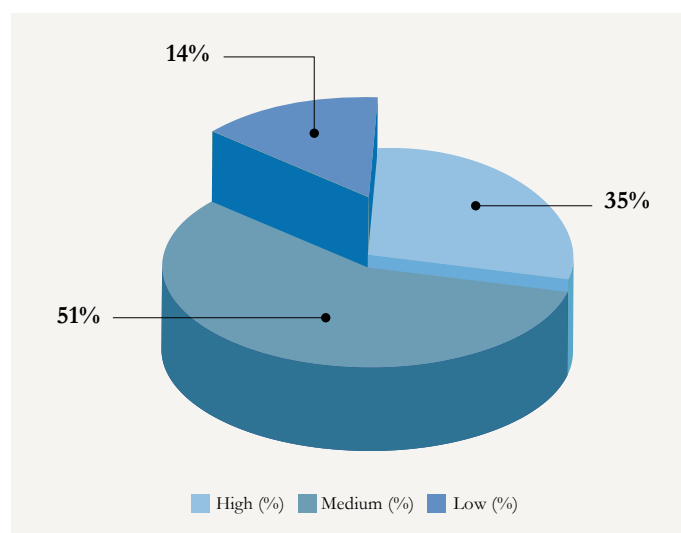
### ACTIVITY DRIVEN APPROACH AND PERFORMANCE

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)

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.

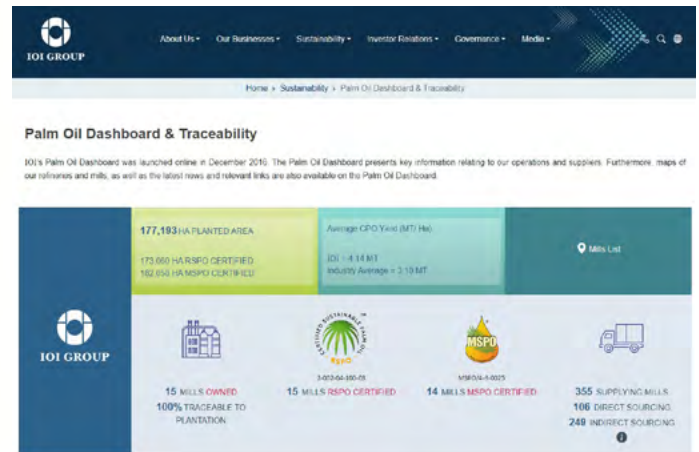
For Crude Palm Oil ("CPO"), 100% of our suppliers are MSPO certified while 38% of our suppliers are RSPO certified. For palm kernels ("PK"), all our suppliers are 100% MSPO certified while 18% of them are RSPO certified. We then engage with our suppliers to review the results of our compliance monitoring 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 Jayaputra.**
- 5 **NDPE Socialisation and Compliance - Taner R&D, Keningau and Toupos 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

# RESPONSIBLE SOURCING AND TRACEABILITY

## 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 & Traceability<sup>1</sup>. 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



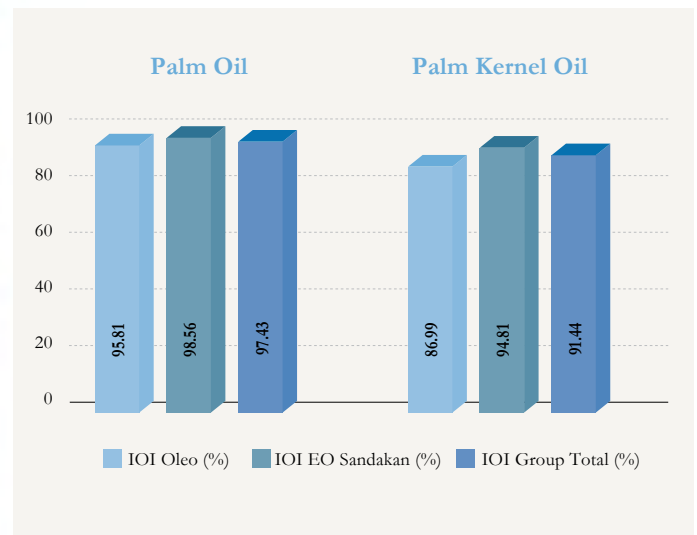
Stakeholder engagement to increase our supply chain traceability

### 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.

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

### 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*



# 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 guidelines<sup>1</sup> 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

<sup>1</sup> [https://www.ioigroup.com/content/S/PDF/environmental\\_management\\_guidelines.pdf](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 Management<sup>2</sup> approach to mitigating wildfires is a continuous loop process comprising of 3 stages as follows:

During FY2023, the total number of wildfire



Our firefighting team is working to control a wildfire



Fire drill carried out to strengthen our fire management team



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	FY20/22	FY20/23	FY20/21	FY20/22	FY20/23
Malaysia	1	1	2	4	4	3
Indonesia	2	0	1	41	16	34
<b>Total</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>45</b>	<b>20</b>	<b>37</b>

<sup>2</sup> Factsheets: [https://www.ioigroup.com/Files/investor-relations/pdf/IOI\\_SR2020.pdf](https://www.ioigroup.com/Files/investor-relations/pdf/IOI_SR2020.pdf)

# MAKING NATURE POSITIVE DIFFERENCE

## 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
<b>Total</b>	<b>6,624.34</b>

## 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 39<sup>3</sup>.

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

⊕ See pages 53 - 55 for our rehabilitation efforts.

<sup>3</sup> [https://www.ioigroup.com/Files/investor-relations/pdf/IOI\\_SR2021.pdf](https://www.ioigroup.com/Files/investor-relations/pdf/IOI_SR2021.pdf)

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 m<sup>3</sup>/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 <sup>3</sup> /MT Product)	FY 2021	FY 2022	FY 2023
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.

### Waste Management



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 FY 2023, 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

# MAKING NATURE POSITIVE DIFFERENCE

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.

Our employees learning the art of carton recycling using the 'Flip Flap Flat' technique during the IOI Employee Engagement Session by Tetra Pak.

## APPLYING 7RS OF CIRCULARITY WITH TETRA PAK



## 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 FY 2023, 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

# MAKING NATURE POSITIVE DIFFERENCE

## 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

**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

**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 FY 2022, 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.



## MAKING NATURE POSITIVE DIFFERENCE

### 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  $\geq 23.5\%$ , 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



## 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 3<sup>rd</sup> 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.

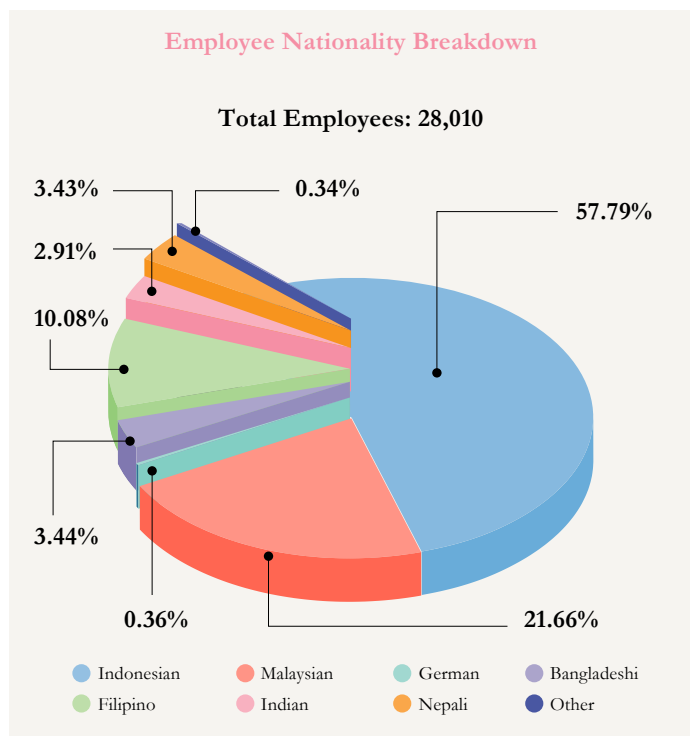
**Grievance Mechanism and Progress Update**

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](mailto: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 details<sup>1</sup>.

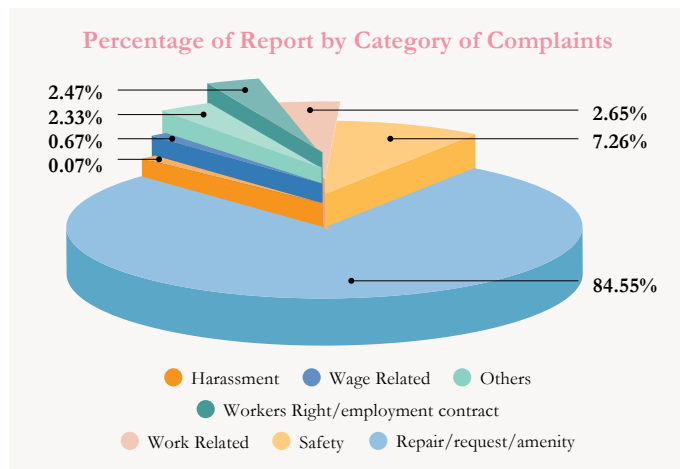
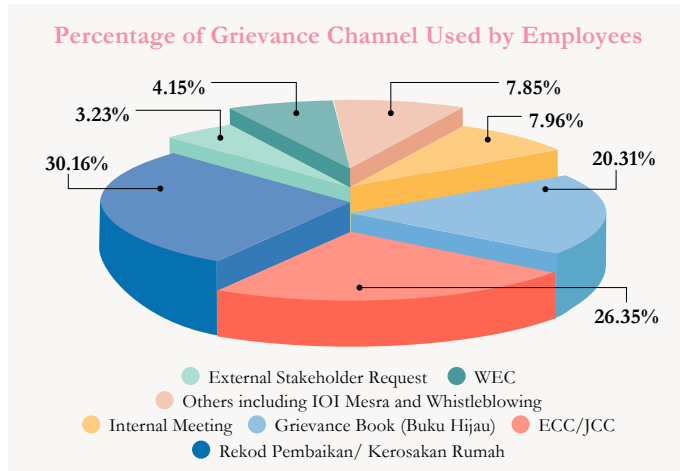
We have a Whistleblowing Policy which outlines our commitment to achieving and maintaining the highest standards of work ethics in the conduct of our business. The whistleblowing channel provides an avenue for all employees and external stakeholders to raise concerns regarding any improper conduct within 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.



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

## FOSTERING A POSITIVE WORK CULTURE



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.

“

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

”

### 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 FY 2023. 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 FY 2023. 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



## FOSTERING A POSITIVE WORK CULTURE

“

**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.

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.



IWD celebration at our Pamol region

#### 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.

## FOSTERING A POSITIVE WORK CULTURE



## 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 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 3<sup>rd</sup> 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*

# FOSTERING A POSITIVE WORK CULTURE

## 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
<b>Male</b>	89	147	731	1,945	16,921	19,833
<b>Female</b>	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
<b>Total</b>	<b>100</b>

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 <sup>1</sup>	Hours	42,334.00	258,664.00	309,030.00

<sup>1</sup> An individual who performs work for entity which provide services to IOI

Health & Safety Performance-Employee <sup>1</sup>	Units	IOI Corporation Division		
		IOI Plantation	IOI Refinery	IOI Oleochemical
<b>Injury<sup>2</sup></b>				
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
<b>Disease</b>				
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

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

# APPENDIX

## 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 <sub>2</sub> e	2,710,423.28	2,370,037.86	<b>2,545,142.81</b>
Total indirect GHG (scope 2) emissions	tCO <sub>2</sub> e	1,580.16	7,434.55	<b>0.00</b>
Total GHG emissions reduction (carbon sequestration)	tCO <sub>2</sub> e	-1,594,076.73	-1,519,027.52	<b>-1,696,882.68</b>
Net GHG emissions	tCO <sub>2</sub> e	1,117,926.71	851,010.34	<b>848,260.13</b>
Emissions Intensity	tCO <sub>2</sub> e/MT Product	1.56	1.31	<b>1.39</b>

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

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

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 tCO<sub>2</sub>e for FY2023.

## SCOPE 3 EMISSIONS

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

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

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

## WATER

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

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

## WASTE

## Waste Disposal - GRI 306-2

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 <sup>2</sup>
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) <sup>1</sup>	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

<sup>1</sup> Biomass from IOI mills sent to our estates for land application<sup>2</sup> 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%



# APPENDIX

## 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	
<b>GRI 2: General Disclosures 2021</b>	2-1 Organisational details	About this report	ASR 2023, Pg. 1		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.			
	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
<b>GRI 2: General Disclosures 2021</b>	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				
<b>MATERIAL TOPICS</b>							
<b>GRI 3: Material Topics 2021</b>	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				
<b>TOPIC 13.1 EMISSIONS</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 34				
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions *Additional sector recommendations	Appendix	ASR 2023, Pg. 70	In line with Bursa CSM and TCFD/ISSB			
	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 *Additional sector recommendations	Appendix	ASR 2023, Pg. 70	In line with Bursa CSM and TCFD/ISSB			
	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
<b>TOPIC 13.2 CLIMATE ADAPTATION AND RESILIENCE</b>							
<b>GRI 201: Economic Performance 2016</b>	201-2 Financial implications and other risks and opportunities due to climate change *Additional sector recommendations	Climate Change Action initiatives (“CCAi”): Risk Management	ASR 2023, Pg. 34	In line TCFD/ISSB			
		Notes to Financial Statements: Property, Plant and Equipment	AR 2023, Pg. 155	In line TCFD/ISSB			

# APPENDIX

GRI Standard	Disclosure	Section	Page number	Additional information	Omission			
					Requirement(s) Omitted	Reason	Explanation	
<b>TOPIC 13.3 BIODIVERSITY</b>								
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 48					
<b>GRI 304: Biodiversity 2016</b>	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	
<b>Additional sector disclosure</b>	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	
<b>TOPIC 13.4 NATURAL ECOSYSTEM CONVERSION</b>								
<b>Additional sector disclosure</b>	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
<b>TOPIC 13.5 SOIL HEALTH</b>								
<b>Additional sector disclosure</b>	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
<b>TOPIC 13.6 PESTICIDES USE</b>							
<b>Additional sector disclosure</b>	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
<b>TOPIC 13.7 WATER AND EFFLUENTS</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 48				
<b>GRI 303: Water and Effluents 2018</b>	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			
<b>TOPIC 13.8 WASTE</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics						
<b>GRI 306: Waste 2020</b>	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			
<b>TOPIC 13.12 LOCAL COMMUNITIES</b>							
<b>GRI 413: Local Communities 2016</b>	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				
<b>TOPIC 13.13 LAND AND RESOURCE RIGHTS</b>							
<b>Additional sector disclosures</b>	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
<b>TOPIC 13.14 RIGHTS OF INDIGENOUS PEOPLES</b>							
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples *Additional sector recommendations	Fostering a Positive Work Culture: IOI Pelita	ASR 2023, Pg. 62				

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GRI Standard	Disclosure	Section	Page number	Additional information	Omission		
					Requirement(s) Omitted	Reason	Explanation
<b>TOPIC 13.14 RIGHTS OF INDIGENOUS PEOPLES</b>							
<b>Additional sector disclosures</b>	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				
	<ul style="list-style-type: none"> <li>- whether the process has been mutually accepted by the organisation and the affected indigenous peoples;</li> <li>- how the organisation ensured that the constituent elements of FPIC have been implemented as part of the process</li> <li>- whether an agreement has been reached and, if so, whether the agreement is publicly available</li> </ul>						
<b>TOPIC 13.15 DIVERSITY AND EQUAL OPPORTUNITY</b>							
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	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
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	Protecting Our Workforce	ASR 2023, Pg. 62				
<b>Additional sector disclosures</b>	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				
<b>TOPIC 13.16 FORCED OR COMPULSORY LABOR</b>							
<b>GRI 3: Material Topic 2021</b>	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 60				
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Protecting Our Workforce	ASR 2023, Pg. 60				
<b>TOPIC 13.17 CHILD LABOR</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 66				
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	Expanding Our Impact	ASR 2023, Pg. 66				
<b>TOPIC 13.18 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 60				
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	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
<b>TOPIC 13.19 OCCUPATIONAL HEALTH AND SAFETY</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics *Additional sector recommendations	Management Approach	ASR 2023, Pg. 60				
<b>GRI 403: Occupational Health and Safety 2018</b>	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				
<b>TOPIC 13.20 EMPLOYMENT PRACTICES</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics *Additional sector recommendation	Management Approach	ASR 2023, Pg. 60				
<b>GRI 401: Employment 2016</b>	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		
<b>TOPIC 13.21 LIVING INCOME AND LIVING WAGE</b>							
<b>Additional sector disclosures</b>	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	
<b>TOPIC 13.22 ECONOMIC INCLUSION</b>							
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	Statement of Profit or Loss	AR 2023, Pg. 128	In line with TCFD/ISSB			

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GRI Standard	Disclosure	Section	Page number	Additional information	Omission		
					Requirement(s) Omitted	Reason	Explanation
<b>TOPIC 13.22 ECONOMIC INCLUSION</b>							
<b>GRI 203: Indirect Economic Impacts 2016</b>	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				
<b>TOPIC 13.23 SUPPLY CHAIN TRACEABILITY</b>							
<b>GRI 3: Material Topic 2021</b>	3-3 Management of material topics *Additional sector recommendation	Management Approach	ASR 2023, Pg. 44				
<b>Additional sector disclosures</b>	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
<b>TOPIC 13.25 ANTI-COMPETITIVE BEHAVIOR</b>							
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices						
<b>TOPIC 13.26 ANTI-CORRUPTION</b>							
<b>GRI 205: Anti-corruption 2016</b>	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			
<b>MARKET PRESENCE</b>							
<b>GRI 202: Market Presence 2016</b>	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
<b>INDIRECT ECONOMIC IMPACTS</b>							
<b>GRI 203: Indirect Economic Impacts 2016</b>	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
<b>PROCUREMENT PRACTICES</b>							
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	Responsible Sourcing	ASR 2023, Pg. 42	In line with Bursa CSM			
<b>ECONOMIC PERFORMANCE</b>							
<b>GRI 201: Economic Performance 2016</b>	201-3 Defined benefit plan obligations and other retirement plans						Information unavailable/incomplete
	201-4 Financial assistance received from government						Information unavailable/incomplete
<b>TAX</b>							
<b>GRI 207: Tax 2019</b>	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
<b>MATERIALS</b>							
<b>GRI 301: Materials 2016</b>	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
<b>ENERGY</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Management Approach	ASR 2023, Pg. 34				
<b>GRI 302: Energy 2016</b>	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
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>							
<b>GRI 308: Supplier Environmental Assessment 2016</b>	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				



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GRI Standard	Disclosure	Section	Page number	Additional information	Omission		
					Requirement(s) Omitted	Reason	Explanation
<b>LABOR/MANAGEMENT RELATIONS</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics						Information unavailable/incomplete
<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes						Information unavailable/incomplete
<b>SUPPLIER SOCIAL ASSESSMENT</b>							
<b>GRI 3: Material Topics 2021</b>	414-1 New suppliers that were screened using social criteria	Responsible Sourcing		ASR 2023, Pg. 42			
<b>GRI 404: Training and Education 2016</b>	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			
<b>SECURITY PRACTICES</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics						Information unavailable/incomplete
<b>GRI 410: Security Practices 2016</b>	410-1 Security personnel trained in human rights policies or procedures						Information unavailable/incomplete
<b>CUSTOMER PRIVACY</b>							
<b>GRI 418: Customer Privacy 2016</b>	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
<b>Title of GRI Standard</b>	
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

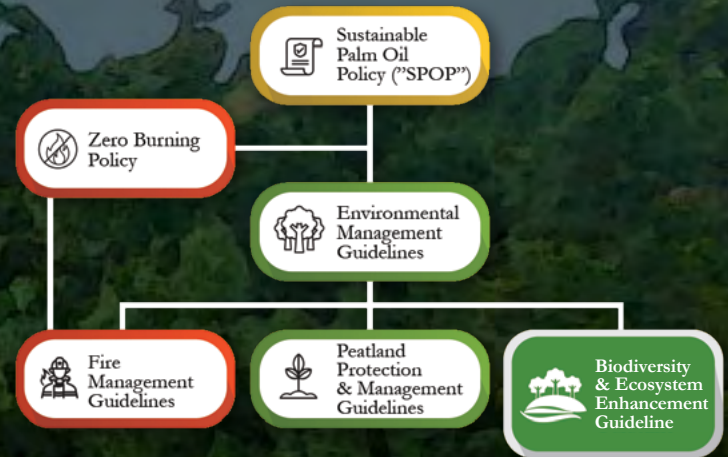
Accountability Framework Initiative (“AFI”)	A roadmap for achieving ethical supply chains that protect forests, natural ecosystems, and human rights. The framework gives consensus-based guidelines for companies in the agriculture and forestry sectors.
Business for Social Responsibility (“BSR”)	A mission-driven 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 <sub>2</sub> e”)	CO <sub>2</sub> 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 IOP’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.

## APPENDIX

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:

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

## 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:



## 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 ACTIONS

As part of our continued push towards Net-Zero and the conservation and enriched of biodiversity and 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*

### 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*

### 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.*

### 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 (“KOCOP”), 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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