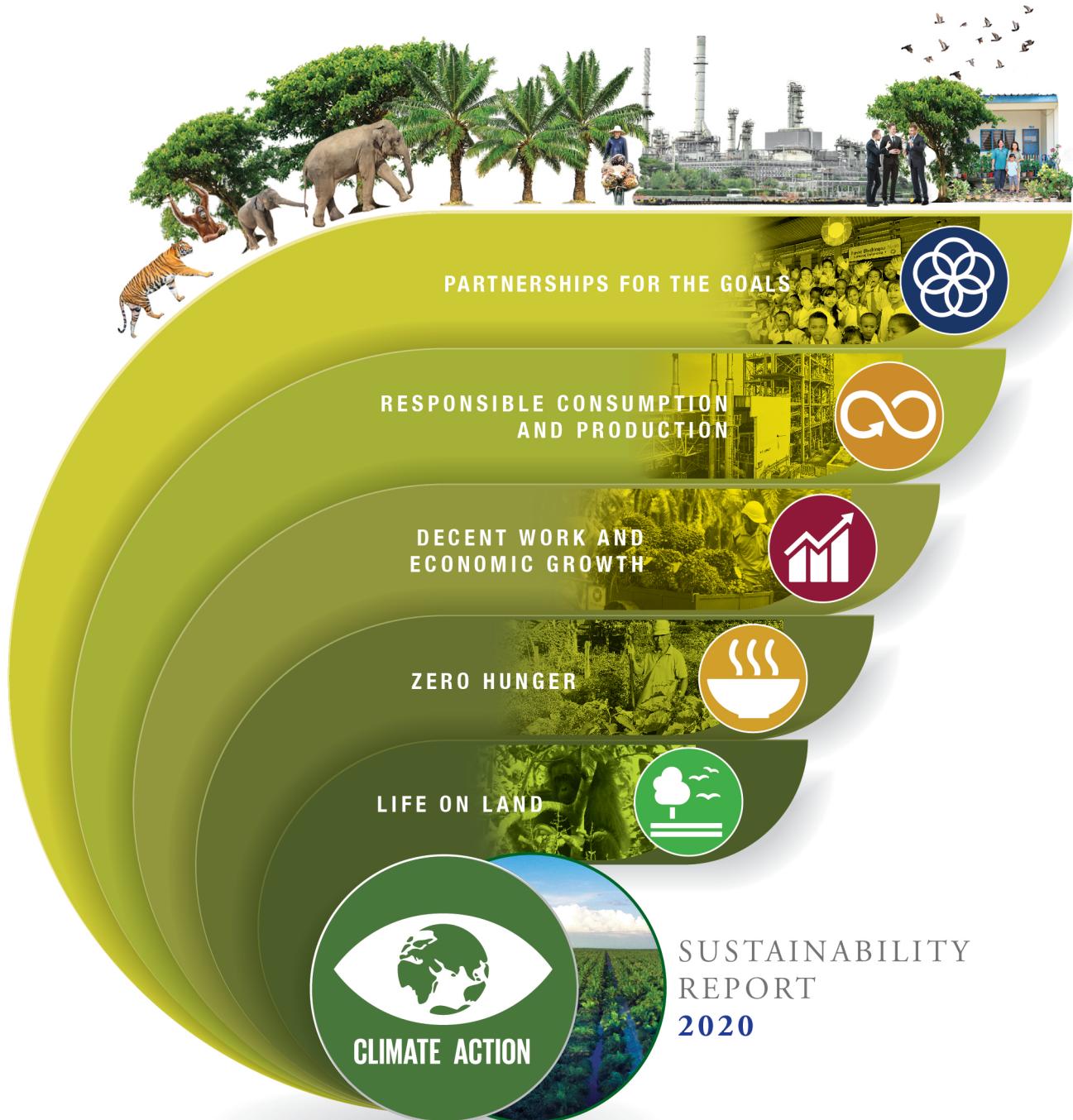




IOI GROUP

Poised TO EXPAND OUR GREEN FOOTPRINT



INSIDE STORIES

FEEDBACK & COMMENTS

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

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IOI ENVIRONMENTAL FACTSHEET

ABOUT THIS REPORT

THE FOCUS OF THIS REPORT

This year's theme, "Poised to Expand our Green Footprint" highlights the balanced way IOI Corporation Berhad ("IOI" or "the Group") focuses on our sustainability journey through fortifying present sustainability practices while further strategising our future sustainable development. At the same time, IOI continues to communicate our commitments transparently and to address the targets within the six United Nation Sustainable Development Goals ("UN SDGs") adopted by us as illustrated in each of the chapters reported through our management approach and performance. This year, we are also reporting on our response towards climate change as well as addressing current sustainability challenges and issues including the COVID-19 pandemic. IOI has also begun to plan its future ready strategy, which includes developing our sustainability strategy and addressing climate-related risks in our Climate Change Action Initiative, setting GHG reduction targets related to climate change while strengthening the Group's Sustainable Palm Oil Policy ("SPOP").

REPORTING PERIOD AND SCOPE

As with the previous years, we are striving to ensure that our sustainability reporting is up to the global standards and that we meet and even exceed all our stakeholders' requirements and needs. The Report refers to the Bursa Malaysia Sustainability Reporting Guide (2nd Edition) which sets out the sustainability-related disclosure obligations prescribed in the Main Market Listing Requirements of Bursa Malaysia Berhad, and reporting framework recommendations. In line with Bursa Malaysia's recommendations, this Report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"): Core Option and adopted the content elements of the International Integrated Reporting <IR> Framework.

The Group has also reviewed other palm oil sustainability platforms during the preparation of this report, including Zoological Society of London's ("ZSL") Sustainability Policy Transparency Toolkit ("SPOTT"), Ceres Reporting Guidance for Responsible Palm, and the Free and Fair Labour Principles for Palm Oil Production.

This Report contains the Group's sustainability management approach, performance data as well as risks and opportunities for our identified economic, environmental and social ("EES") material matters for the reporting period of 1 July 2019 to 30 June 2020, in line with IOI's 2020 financial year. We publish sustainability reports on an annual basis, whereby our most recent publication was in September 2019. There were no significant changes to IOI's size, structure, ownership or supply chain during this reporting period.

Information and figures reported represent the latest available data as of the reporting period unless remarked upon in the text. In some instances, information and data stated in the reports may differ from other reporting such as Roundtable on Sustainable Palm Oil's ("RSPO") Annual Communication of Progress ("ACOP") on the basis of different reporting periods (yearly assessment period from January to December). Where remarked, such data and information have been used in this report. In some cases, figures reported in previous years' Sustainability Reports are restated in correspondence with improvements made to our data collection and analysis.

The scope of this Report covers entities included in our consolidated financial statements. These entities are our headquarters in Putrajaya, Malaysia and core businesses including IOI Plantation (estates, mills and research centres) and Resource-based manufacturing (refineries and IOI Oleochemical Industries Berhad ("IOI Oleo") operations) activities. This Report excludes IOI Group Sales Offices and the Group's 30%-owned associate company, Bunge Loders Croklaan Group BV.

ASSURANCE

The report has been reviewed by our Group Head of Sustainability, approved by the Group Managing Director and Chief Executive ("GMD"), and presented to the IOI Board of Directors. In connection with the audit of the financial statements of IOI Group contained in the IOI Corporation Berhad's Financial Report 2020, BDO PLT, the external auditors have read the other information in accordance with ISA 720 (revised) *The Auditor's Responsibilities Relating to Other Information*.

We endeavour to continuously improve our reporting disclosures and build the transparency of our operations and consider expanding the scope of assurance to full report verification in the future.

MESSAGE FROM OUR GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE



DATO' LEE YEOW CHOR
Group Managing Director
and Chief Executive

IOI's biogas plant and methane capture
in Ladang Sabah Palm Oil Mill



DEAR STAKEHOLDERS,

As the world gradually emerges from the unprecedented crisis brought about by COVID-19 pandemic, IOI is mindful that we should continue to keep our focus on the longer-term challenge of climate change and the need to make the right choices for a sustainable and prosperous future. Nevertheless however, at this key moment, it is important for us to recognise the contributions of our frontline employees, namely the estate and factory workers whose commitment and discipline at this time has been critical towards maintaining our operations and business continuity.



Body temperature checks are done on all guests, staff and contractors before admission

Understanding that the safety of all of us is paramount, IOI has taken firm steps to minimise our risk of exposure to the coronavirus by ensuring all guidelines and information are conveyed in all the languages of our workers, that Standard Operating Procedure ("SOP") on quarantine, personal hygiene and medical assistance are in place, and all preventive measures are implemented. We have started an initiative to make our own masks that meet the N95 mask requirements so that we do not compete with our nation's front-liners for the availability of masks for their protection against the COVID-19 virus during their line of duty. I am proud to say that, as a company, we continue to face this adversity with resilience, flexibility and high team spirit.

The embodiment of these characteristic core values is reflected in our current theme "Poised to Expand our Green Footprint". The theme illustrates IOI's sustainability journey as we transition to a low carbon future. We have identified specific directions and targets to address issues such as high carbon stock conservation, peat management, waste management, energy efficiency and by-product utilisation. The vision of a low carbon future within the larger context of climate change is addressed in IOI's Five-Year Strategic Plan (2020 - 2024) and is aligned with the six UN SDGs 2, 8, 12, 13, 15 and 17 which we have adopted since 2017. I shall highlight the strategic initiatives in the Five-Year Strategic Plan for further elaboration.

INCREASE OIL YIELD FROM EXISTING PLANTATIONS

Culminating from years of research by our palm biotechnology center using cutting edge tissue-culture cloning and genomic technology, we are beginning to see the results in higher oil extraction rate ("OER") achieved from our mills. For example, two of IOI's palm oil mills in Peninsular Malaysia have achieved average OER above 24% in FY2020. These OER are about 20% higher than the national average OER and have the potential to increase further as our mills process more of the younger-generation crop. From the perspective of the UN SDGs, the higher oil yields represent a more efficient and more sustainable yield as well as more efficient use of land which is in line with SDGs 2, 12 and 13.



Our workers cultivating oil palm seedlings at one of our nurseries

MESSAGE FROM OUR GROUP MANAGING DIRECTOR & CHIEF EXECUTIVE



The Fresh Fruit Bunch ("FFB") Main Line Evacuation System

UTILISATION OF BY-PRODUCT AND WASTE FROM PLANTATIONS

Empty fruit bunches ("EFB") fibres, palm kernel shells and aged oil palm trunks are by-products from crude palm oil extraction and oil palm replanting, while effluent and methane gas are waste from palm oil mills. We have installed a biomass cogeneration power plant utilising EFB fibres and palm kernel shells at our refinery complex in Sandakan.

Moving forward, we are actively exploring other commercial uses for EFB such as for conversion into paper pulp and ethanol. The Group has recently started a venture with an established wood panel player to establish a factory converting felled oil palm trunks into wood panels for furniture and building materials.

Currently, we have installed biogas plants at ten of our palm oil mills (of which six are for power generation) and we expect to set up another two existing biogas plants for power generation by 2021. We are also using the dewatered effluent solids as fertiliser for our oil palm tree. All these initiatives are aligned with SDGs 8, 12 and 13.

REDUCE MANUAL LABOUR AND INCREASE THE QUALITY OF JOBS

The implementation of intensive mechanisation and digitalisation of business process in our plantations since 2019 enabled us to overcome the problem of labour shortage and workers restriction during the Movement Control Order ("MCO") period imposed by the Government.

Mechanisation, automation and digitalisation also resulted in increased productivity and income for our workers as their skills are upgraded to operate equipment such as mechanical buffaloes and power wheelbarrows for in-field crop collection, drones for boundary and block planting surveys and palm-top devices for crop monitoring. The higher skill level and higher income are in line with SDGs 8 and 15.

SMART PARTNERSHIPS

As we have mentioned in last year's sustainability report, we believe that a sustainable future can be achieved better and faster through collective effort and smart partnerships ("UN SDG 17"). To address, the contentious issue of whether orangutans have the ability to co-exist within the oil palm landscape, we are collaborating with the HUTAN - PONGO Alliance in undertaking an ecological study on "Orangutan population at the estates adjacent to Kinabatangan river in Sabah" as well as to determine the habitat patterns of wild orangutans.



Collaboration between HUTAN-PONGO Alliance, led by PONGO Project Director Dr Felicity Oram

Another important collaboration that we have undertaken is with Monash University and several other palm oil companies on the "Fair & Decent Wage" study. The completed study is now being shared with RSPO Secretariat and RSPO's Malaysian National Interpretation ("MYNI") group as reference and benchmarking that will help ensure the income of both the local and foreign worker populations in the Malaysian oil palm sector are able to meet the living wage criteria.

CLIMATE CHANGE ACTION ("CCA") INITIATIVE

IOI's CCA Initiative, in meeting UN SDG 13 revolves around three important commitments. The first commitment is to reduce net greenhouse gas ("GHG") emissions from our operations progressively over the next five years. We set the targets by using RSPO's science-based PalmGHG calculation and aim to reduce our net GHG emission by 19% at the end of 2020 and 41% at the end of 2025 from a 2015 baseline.

The other two commitments are to promote climate change action practices through innovation, and the use of technology and to increase the resilience of our business by forecasting climate scenarios for impact evaluation, thereby managing future climate change risks and opportunities.

Note: Circular economy largely means recycling of waste and by-products: it is one way of reducing GHG emission (first commitment).



Solar panels on rooftop of office at IOI Oleo

Energy efficient cogeneration plant at IOI Oleo

MOVING FORWARD

The COVID-19 pandemic has created a huge crisis in public health that has impacted governments, social institutions and businesses. At IOI, we believe that our sustainable and socially responsible practices as well as efficiently-run operations have enabled us to overcome the challenges in dealing with this crisis. With these challenges overcome, we can forge ahead with greater confidence to expand our green footprint and help to create a more climate friendly world.

OUR YEAR IN SUMMARY

● ● ● July 2019

- Started land preparation and planting for rehabilitation for the Bukit Leelau Mini Landscape Project. For this project, Bukit Leelau Estate provided manpower and assistance for the planting programme with the Orang Asli community, where 5 Ha of land would be rehabilitated by IOI and another 5 Ha by the community.
- IOI initiated a Labour Transformation Programme in collaboration with Earthworm Foundation to strengthen our management systems on migrant labour welfare and rights within our supply chain and to meet our no social exploitation commitments.
- IOI Oleo organised "Environment Week 2019" campaign to increase awareness among employees, contractors and visitors on sustainability issues and to take action towards reducing impacts of climate change.



● ● ● August 2019

- IOI's Sustainable Palm Oil Department, Lahad Datu Region, organised a two-day Sepilok Orangutan Conservation Outreach Programme with Sepilok Orangutan Rehabilitation Centre, Borneo Sun Bear Conservation Centre, Kinabatangan Orangutan Conservation Programme and Wildlife Rescue Unit to promote wildlife conservation and sustainability measures in the plantation industry.
- IOI Edible Oils ("IOIEO") hosted a workshop conducted by IOI's Responsible Sourcing team for participants from 36 mills in Sandakan. This workshop is to support suppliers in delivering sustainable palm oil as part of Supply Chain Transformation and covers IOI's commitments on No Deforestation, No Peat and No Exploitation ("NDPE") requirements.



● ● ● February 2020

- IOI won the National Occupational Safety and Health Award 2019 (Agriculture category) at the National Council for Occupational Safety and Health ("NCOSH") Excellence Awards Dinner on 28 February 2020.
- Teachers and students from Kendawangan school SMAN 2, Indonesia joined the IOI Sustainability team in an educational programme on conservation, where they planted 1,000 cashew seedlings at the rehabilitation area of the Cagar Alam Muara Kendawangan buffer zone.
- IOI employees at the HQ were briefed on the revised Section 17A of the Malaysian Anti-Corruption Commission Act 2009, which is targeted to be enforced on 1 June 2020. IOI's subsidiaries will be briefed in the next stage.



● ● ● March 2020

- In conjunction with International Women's Day on 8 March 2020, IOI launched the Women and Empowerment Committee ("WEC") in Sabah and Peninsular Malaysia as well as Ketapang, Indonesia.
- On 10 March 2020, IOI Oleo conducted a Sustainability Steering Committee Meeting to discuss on matters such as sustainability performance against targets and goals, policies, resources, major projects, etc..
- IOI Group introduced measures that enable our employees to work from home in response to the MCO that was introduced by the Malaysian government on 18 March 2020 due to the COVID-19 pandemic.



● ● ● December 2019

- Annual management review meeting on sustainability matters was conducted at our Sabah estates in Malaysia.
- Three collective agreements with the National Union of Plantation Workers ("NUPW") were signed, giving recognition to NUPW as the representative of IOI's plantation employees. The agreements are in effect from 1 January 2020 to 31 December 2022.
- EF released a video in collaboration with IOI showcasing how good labour and human rights practices positively improved workers' retention in the plantation industry.



● ● ● April 2020

- As MCO was further extended, IOI introduced measures such as safe quarantines for new workers, sufficient food supplies for workers in the estates & guidelines for health and safety during the COVID-19 pandemic, translated in several languages, for the safety and wellbeing of our workforce and their families.
- IOI celebrated Earth Day throughout the month of April with activities engaging its employees both physically (pre- MCO) and virtually during the MCO period.



● ● ● May 2020

- As part of our responsible sourcing implementation programme, EF published a second instalment regarding our supply base's progress in meeting NDPE requirements which covered Key Performance Indicators ("KPIs") on Peat, Children in Plantation, Traceability and Freedom of Association for our supply chain.
- IOI's Responsible Sourcing Guidelines ("RSG") was also introduced to give further clarity on IOI's roles and commitments in the supply chain.
- On 12 June 2020, IOI Oleo collected 50 kg of clean soap scraps. The raw soaps were then repurposed and distributed to Kechara Soap Kitchen to support the community's "Soap for Hope" empowerment project.



● ● ● October 2019

- IOI participated in a supplier engagement workshop that was attended by 32 participants from 20 mutual palm oil suppliers to IOI, in the furtherance of its NDPE commitments within the palm oil supply chain.



● ● ● November 2019

- IOI Corporation Berhad is 100% Malaysian Sustainable Palm Oil ("MSPO")-certified across its 84 estates and 14 mills in Malaysia.
- At the end of November, an annual management review meetings on sustainability matters was conducted at our Indonesian concession in Kalimantan



● ● ● June 2020

- IOI released its revised SPOP. The latest revision was based on industry's best practices and inputs from engagements with relevant stakeholders. The policy has been further expanded to strengthen our commitments on women empowerment, biodiversity and NDPE, etc..
- IOI's Responsible Sourcing Guidelines ("RSG") was also introduced to give further clarity on IOI's roles and commitments in the supply chain
- On 12 June 2020, IOI Oleo collected 50 kg of clean soap scraps. The raw soaps were then repurposed and distributed to Kechara Soap Kitchen to support the community's "Soap for Hope" empowerment project.

SUSTAINABILITY AT A GLANCE



CLIMATE ACTION HIGHLIGHTS



Strengthening our commitments by revising and introducing policies and guidelines:

- Environmental Management Guideline
- Fire Management Guidelines
- Specific GHG reduction commitment in the SPOP

Climate related Innovation in operational efficiency:

Plantation

- High yielding oil palm clones for efficient land use
- Methane Capture

Resource-based manufacturing

- Expansion of photovoltaic solar panels
- Wittenberge's biogas facility in operation since 2000
- Environmental-friendly liquefied natural gas ("LNG") system in IOI Refinery to replace diesel fuel



OUR WORKFORCE HIGHLIGHTS

Reinforcing commitments towards women's right:

- Launching of WEC
- Policy on Harassment at Workplace
- Guidelines on Reproductive Health

Respecting Worker's Right:

- Collective Agreement with NUPW
- Completion of fair and decent living wage study for Peninsular Malaysia



SAFETY AND HEALTH



National Council for Occupational Safety and Health ("OSH") Award 2019 (Agriculture Industry) won by Baturong 1 Estate in Lahad Datu

IOI Oleo Group initiatives and campaign:

- Effective ergonomics at the workplace
- Health, Safety & Environment Campaign 2020



COVID-19 HIGHLIGHTS

Supporting front-liners to combat the COVID-19 pandemic:

- Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC") contributed RM500,000 to the Ministry of Health, through Malaysian Palm Oil Association ("MPOA")

Supporting our workers in the plantation:

- 'Plant Your Own Food' Initiative at IOI's Estates
- Adequate food supply
- Initiate Mask project for our workforce

Adaptation to new normal procedures towards prevention of COVID-19:

- Guidelines in relevant languages
- Flexible working arrangement
- Safety measures in workplace including regular sanitising, physical distancing, temperature monitoring and contact tracing
- Awareness training and regular updates on the pandemic

Mitigating risks of zoonotic diseases:

- Commitment to protect Rare, Threatened and Endangered ("RTE") species in the SPOP
- Development of Biodiversity and Conservation Guideline
- Continuous biodiversity monitoring and best practices at all times



RESPONSIBLE SOURCING & TRACEABILITY & NDPE HIGHLIGHTS

84 estates and 14 mills in Malaysia

- 100% MSPO certified

Responsible Sourcing at IOI:

- Supply chain transformation workshop & engagement
- Supply chain NDPE compliance & labour transformation programme
- Satellite monitoring by Aidenviroment ("AE") on suppliers' compliance toward NDPE
- Responsible sourcing guideline
- MSPO Trace for palm oil traceability



RESPONSIBLE BUSINESS HIGHLIGHTS

Environment, Social, Governance Performance:

- Constituent of FTSE4Good Index
- Carbon Disclosure Project ("CDP") respondents in Forest, Climate Change and Water Management Themes.

Ethical business:

- Revision of Business Ethics, Compliance, Anti-corruption and Anti-Money Laundering Policy & socialisation of the policy to our workforce
- Revision of Whistleblowing Policy



COMMUNITY

Engaging Smallholder on certification and livelihood improvement programme:

- Collaboration with Malaysian Palm Oil Board ("MPOB") to achieve MSPO certification for smallholders supplying to Unico and Unico Desa mills
- Constructing water catchment area for Kg Sri Ganda
- 112 smallholders signed up for Inisiatif Lestari Untuk Hasil Agrikultur Mampan ("ILHAM") programme



Supporting smallholder through resource-based manufacturing:

- Purchasing Smallholders' RSPO Mass Balance palm kernel oil in Prai



TECHNOLOGY AND INNOVATION

Technology and digitalisation:

- Group-wide SAP system in progress
- Launching of E-Wallet Salary Crediting
- Estate mechanisation programme launched in Gomali Complex
- Introduction of Electronic Plantation Monitoring System ("ePMS")

Innovation in IOI Oleo Group:

- Installation of New 6.5MW Combine Heat and Power Cogeneration plant
- Digitalisation and automation to improve energy efficiency



ENVIRONMENTAL MANAGEMENT HIGHLIGHTS

Wildlife Enforcement and Biodiversity Conservation:

- 125 Honorary Wildlife Wardens honored by Sabah Wildlife Department ("SWD")
- Translocated three wild elephants to Ulu Kawag Forest Reserve, Sandakan, Sabah.
- Collaboration with HUTAN-PONGO on coexistence of Orangutan in oil palm landscape

Eco-efficiency in resource-based manufacturing:

- IOI Acidchem won the Highly Commended Palm Oil Award of IChemE 2019 by recovering and reusing the waste heat in the thermal oil heater
- Treated waste water recycled for non-critical uses to reduce fresh water uptake
- Recycle wastes into value added products

ABOUT US

WHO WE ARE



IOI Corporation Berhad ("IOI" or "the Group") is a leading global integrated and sustainable palm oil player listed on the Main Market of Bursa Malaysia Securities Berhad.

Since venturing into the plantation business in 1983, IOI Group has consistently been ranked as one of the most efficient major plantation owners producing one of the highest oil yields in the industry. Employing more about 30,000 people in several countries, our vertically-integrated business model covers the entire palm oil value chain from upstream plantations to downstream resource-based manufacturing.

The Group's upstream operations are operated by the IOI Plantation division which currently expands over 96 estates and 15 mills on more than 206,000 hectares of land in Malaysia and Indonesia, making us one of the largest plantation owners in the industry. We practice a sustainable production and consumption cycle through investing in research and development to maximise our yield, driving mechanisation and innovation in our production line, and recycling our waste products. Through these collaborative efforts, we managed to produce a total fresh fruit bunch production of 3.1 million MT, which is lower than FY2019 mainly due to aggressive replanting and delayed effects of the long dry spells in 2018 and 2019. Our Business performance can be read in the Annual Report 2020.

The Group's global resource-based manufacturing business comprises downstream activities such as refining of crude palm oil and palm kernel oil, and the processing of refined palm oil and palm kernel oil into oleochemical products. IOI has six manufacturing facilities in Malaysia and Germany with combined annual refining capacity of 1.8 million MT and oleochemical production capacity of 780,000 MT. The principal activities of the oleochemical sub-segment are the manufacturing and sales of fatty acids, glycerine, soap noodles and fatty esters. The oleochemical products are exported to more than 80 countries worldwide, mainly Japan, China, Europe and the United States ("US").

A full description of the Group's integrated business model can be found in our Annual Report 2020.

WHO WE ARE

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

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

IOI CORE VALUES
In pursuit of our Vision and Mission, we uphold the following Core Values:

- INTEGRITY**
Doing the right things in all circumstances
- COST EFFICIENCY**
Getting the best value for what we spend
- COMMITMENT**
Taking ownership and putting our heart into what we do
- INNOVATION**
Embracing new technologies and different ways of doing things
- TEAM SPIRIT**
Collaborating with each other in the greater interest of the organisation
- EXCELLENCE IN EXECUTION**
Taking effective actions to deliver high performance in everything we do

OUR MATERIAL SUSTAINABILITY MATTERS

IOI continuously reviews potential sustainability matters to best represent our current sustainability endeavours. As previous years, our sustainability commitments based on the SPOP remain our anchor in our sustainability journey. The SPOP serves as the foundation for the identification of potential materiality topics for our materiality assessment. Accordingly, we have identified the top 13 most prominent sustainability matters most relevant to our business and stakeholders. Additionally, material topics were also identified and selected based on IOI's business strategy as well as the execution of our Sustainability Implementation Plan ("SIP").

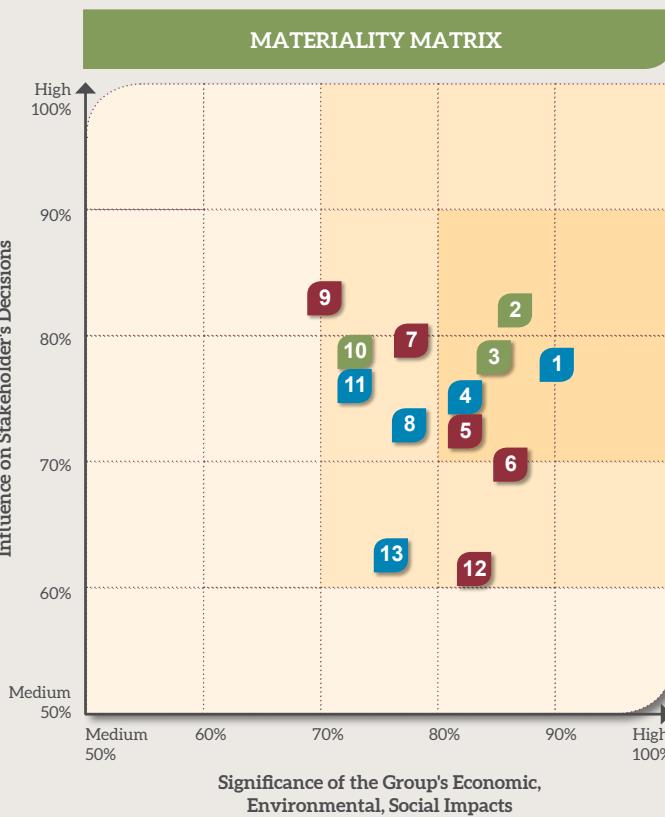
The identification process was also undertaken by a series of internal and external stakeholders' engagement and questionnaires. These material topics were then reviewed and analysed with regards to social, environmental and corporate governance based on stakeholders' feedback, external reports, sustainability frameworks, certifications, rating and assessment. Following the identification and assessment process, prioritisation of the top 13 identified material matters was carried out based on two important dimensions:

1. The significance to the Group's Economic, Environmental and Social Impacts (x-axis);
2. The Influence on Stakeholder Assessment Decisions (y-axis).



The range of internal and external stakeholders engaged were based on using a variety of techniques (including direct engagement, teleconference and email surveys). The result was presented to our Board of Directors and Group Managing Director and Chief Executive ("GMD") for validation. As each of the 13 materiality topics shown in the materiality matrix is important, it will be covered in this report in adherence to the quality principles of accuracy, balance, clarity, comparability, reliability and timeliness. The 'High' materiality topics are IOI's most material sustainability issues, with notable impacts and which are of high concern to stakeholders.

As such, these topics will be covered with more detailed information with respect to our approach, targets, performance and initiatives.



Order of Significance	IOI's Top 6 Sustainability Material Matters 2020
1	Occupational Safety and Health
2	Climate change
3	Fire management
4	Fair and decent wage
5	Sustainability certifications
6	Responsible sourcing and traceability

Order of Significance	IOI's Sustainability Material Matters 2020
7	Regulatory compliance
8	Transparent grievance resolution and communication
9	Anti-corruption and governance
10	Deforestation
11	Human rights and social exploitation
12	New technology and innovation
13	Equal opportunity and women empowerment

OUR MATERIAL SUSTAINABILITY MATTERS

Legend	Please refer to our Annual Report page 30-31 for sustainability matters from the corporate point of view						
	Description of Our Top 6 MATERIAL SUSTAINABILITY MATTERS:						
Material Matter	Why is this Sustainability Materiality matter?	IOI response	Links to Our Capital	Links to Our Shareholder Groups	Links to Our Corporate Risks		
 Financial							
 Manufactured							
 Human							
 Intellectual							
 Natural							
 Social & Relationship							
1. Occupational Safety and Health	IOI's business demands extensive workforce, thus the safety, health and wellbeing of our people is our utmost priority. We understand that having good safety and health measures in place can significantly reduce the risk of accidents, improve our employee's wellbeing, increase operational efficiency, reduce turnover and in turn, ensures our operations proceeds smoothly. The importance of workplace safety and health in our operations is further amplified due to deleterious effect of the COVID-19 pandemic on normal operations.	<ul style="list-style-type: none"> Occupational safety and health are embedded within the Group's SPOP, related guidelines and throughout all business divisions & operations. Our occupational safety & health practices meet or even exceed national laws and regulations to ensure safety throughout our operations and value chain. Where the threat of COVID-19 is concerned, we have introduced all care and guidelines required to ensure the health & safety of our employees. 	 	• Employee	<ul style="list-style-type: none"> Reliance on Manual Labour Human Capital & Talent Reputational 		
2. Climate change	Climate change presents a range of potential risks to our businesses and activities. For example, extreme weather patterns can affect our planting activities, land arability and crops resulting in lower yields and productivity as well as further affecting our downstream activity and ultimately all our business operations. From stakeholder's perspective, our brand and reputation as a responsible and sustainable palm oil player can also be adversely affected if we do not involve ourselves in activities and projects that can help mitigate and adapt to climate change.	<ul style="list-style-type: none"> Committed to progressively reduce our impact in climate change in line with the SPOP and sustainability strategy & targets. Uphold our commitments through adopting responsible and sustainable land use planning, implementing best in class sustainability practices throughout our operations Committed to using advanced agricultural science and technology to combat climate change. 	 	<ul style="list-style-type: none"> Regulators Shareholders & Investors Customers Industry Association/ Civil Society 	• Business Resilience		
3. Fire management	Fires pose major risk to our plantation operations as it can lead to damaged forest, plantable areas and conservation areas. The result can be decreased productivity and quality of crops, health hazards to our workers and community at large, loss of biodiversity & habitat as well as releasing carbon especially from peat soils. Thus, it is imperative that a robust fire management is in place to mitigate such risk.	IOI's Zero-Burning Policy and Fire Management Guidelines are enforced throughout our operations. Aside from mitigation measures within our operations, we recognise fire risk is a landscape-level issue to be handled together with other stakeholders. Thus, we work in partnerships and continuously engage our stakeholders including communities, government bodies, civil societies and industry association in our fire prevention efforts.	    	<ul style="list-style-type: none"> Suppliers Regulators Shareholders & Investors Employees Industry Association/ Civil Society Customers 	• Business Resilience		
4. Fair and decent wage	Human resources are the backbone of our operations and providing a fair and decent wage is critical for talent attraction & retention. Minimum wage, overtime pay, leave pay and well-organised record keeping reduce the risk of non-compliance with labour practices. IOI is committed to go beyond the national minimum wage by introducing productivity incentives wage payment.	The rights of our workers are important to us, and IOI is committed to remunerate all workers according to or beyond the statutory monthly minimum wage as per the national labour regulations, which is also in line with our policy and guidelines.	 	<ul style="list-style-type: none"> Employees Industry Association/ Civil Society 	<ul style="list-style-type: none"> Human Capital & Talent Reliance on Manual Labour 		
5. Sustainability certifications	Our leadership position in the industry and exposure to international market means that it is crucial for our company to comply with local and internationally recognised standards through various sustainability certifications. This is also a form of 3 rd party verification of our compliance to acceptable internationally recognised standards. Having these certifications also encourage partnerships and collaborations among industry players to identify issues and innovative solutions, indirectly enhance productivity and enable us to be competitive in the global market.	IOI has embedded economic, environmental, social, and governance principles from various certification schemes into the Group's SPOP and is progressing with the time-bound certification plans as published in the SIP. We also collaborating with non-certified operating units to improve their capabilities to implement sustainability practices and reduce knowledge gap among employees.	   	<ul style="list-style-type: none"> Regulators Suppliers Customers Industry Association/ Civil Society 	<ul style="list-style-type: none"> Supply Chain Compliance Business Resilience 		
6. Responsible sourcing and traceability	Responsible sourcing and traceability are critical in palm oil supply chain to minimise the company's exposure to the risks of sourcing from suppliers in the supply chain who do not meet or breach our sustainable commitments. As IOI is committed to ensuring sustainability practices are implemented by our suppliers, we are committed to working closely with both our direct and 3 rd party suppliers on social and environmental impact, with clear guidance on responsible best practices.	IOI's commitments towards traceable supply chain is communicated via the SPOP that covers both environment and social impact. IOI also has the Responsible Sourcing Guidelines to provide clear guidance to the suppliers in the implementation of responsible and best practices.	   	<ul style="list-style-type: none"> Suppliers Customers Regulators Industry Association/ Civil Society Shareholders & Investors 	<ul style="list-style-type: none"> Supply Chain Compliance Business Resilience 		



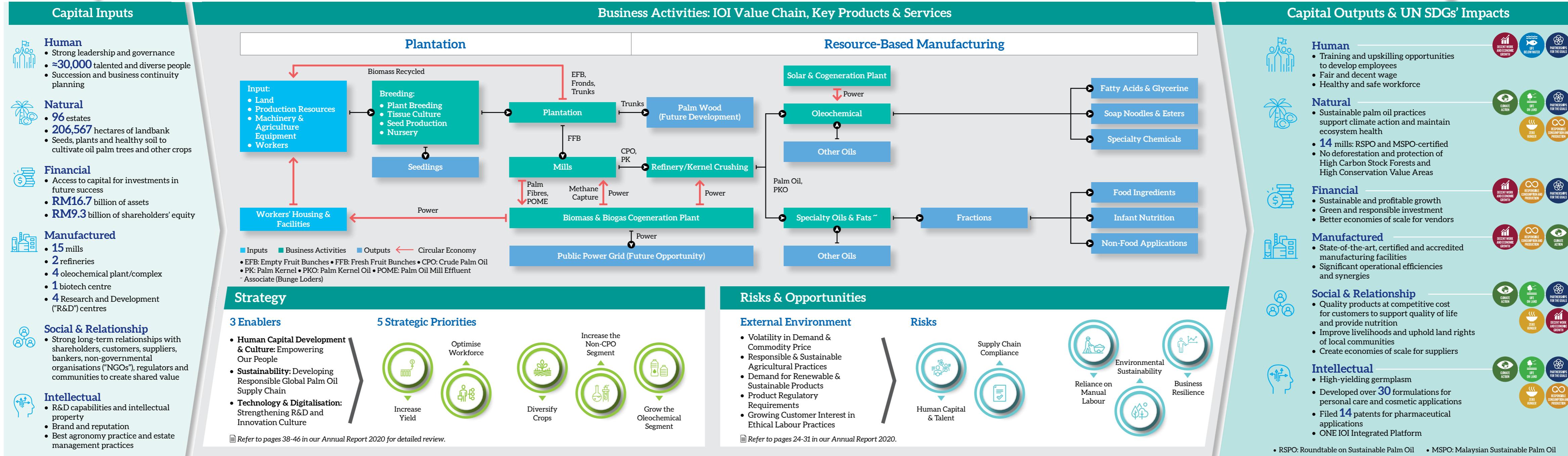
IOI's Value Creation serves as the foundation to address the needs of our multi-stakeholders. It is the basis for IOI to create positive benefits, especially to our customers, suppliers, employees, investors, society and planet, through transforming the way IOI delivers, captures or changes the value proposition. We achieve this by strategising to ensure that there is balanced growth in our business while meeting our societal obligations to our people as a whole and with care for our environment.

The theme "**Poised to Expand our Green Footprint**", shows our sustainability alignment with our 5 strategic priorities and our readiness to proceed in this journey in a sustainable manner.



OUR VALUE CREATION MODEL

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



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

Poised on Strategy to Expand Our Execution



We are fortifying sustainable initiatives in line with the Group's 5 strategic priorities which are; Increasing Yield, Optimising Workforce, Diversifying Crops, Increasing Non-CPO Products and Growing our OleoChemical Segment. Initiatives under these strategies include:

Advancing research into our upstream operations to maximise the efficiency of our palm oil yields and reducing our reliance on more land for growth; digitally transforming our business mid-stream to optimise our performance; finding new specialised applications of oleochemicals; and investing in new production capabilities in our downstream operations.



Achievements To Date:

Unveiled IOI's
5 year
strategic priorities

Published revised
SPOP and RSG
in June 2020

Contribution of
RM 1.6 million
from Yayasan Tan
Sri Lee Shin Cheng

Rehabilitated 10 Ha
of degraded peatland
at Bukit Leelau
with Orang Asli



2020 Goals:
Full MSPO
certification for
IOI's outgrowers
and smallholders



OUR SUSTAINABILITY APPROACH

● ● ● IOI'S SUSTAINABILITY COMMITMENT

At IOI, sustainability is embedded throughout our core business operations. This is in line with IOI's revised vision to be a leading and sustainable business corporation with global presence and revised mission to achieve responsible and sustainable commercial success by addressing the interests of all our stakeholders, caring for the community and the environment, and adopting best practices to be globally competitive. Together with IOI's sustainability vision, we can ensure that all our business operations are done in a responsible and sustainable manners without compromising future generations.

Even with our revised set of visions and commitments, our approach to sustainability is clear. Information and feedback from our stakeholders have to be solicited to understand which areas need to be improved and how IOI can continue to develop in a sustainable way. Next, goals and targets need to be set to ensure that operational optimisation can be achieved sustainably followed by the establishment of systems and processes to guarantee long-term value creation in our operations. Finally, the monitoring of our performance and revisiting the areas that may require further focus need to be done in order to continue to make meaningful progress and to meet current demands and challenges.

OUR APPROACH TO SUSTAINABILITY



SUSTAINABILITY VISION

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

Committing to protect, rehabilitate and preserve the environment where we live in

Ensuring that the economic, social wellbeing and health of our employees and families as well as the wider communities are safeguarded

Leading and innovating as well as embedding sustainability into our businesses

● ● ● SUSTAINABILITY GOVERNANCE

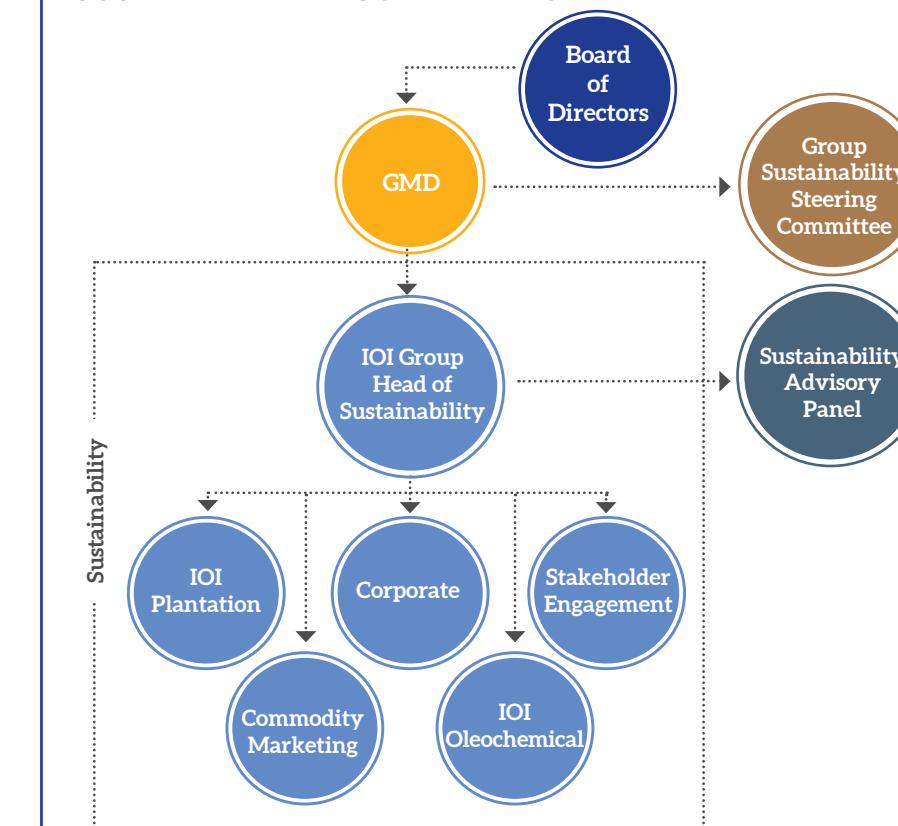
IOI believes that the strong governance structure that have been put in place has enabled our organisation to effectively deliver our sustainability commitments and vision. This Sustainability Governance structure not only ensures transparency and clear accountability, it also makes certain sustainability sits at the top agenda of IOI's management. IOI's established Sustainability Governance structure can be seen in the figure below.

In terms of assuring that the Group's sustainability agenda, commitments and issues are discussed, approved and implemented, the Group Sustainability Steering Committee ("SSC") was established. The SSC, chaired by the GMD, comprises of the heads of the operating divisions, Group Head of Sustainability and senior management from group support functions. The SSC which meets at least once a year, works directly with the Board.

Day-to-day sustainability matter is led by IOI Group Head of Sustainability, who communicates and reports directly to the GMD to ensure that all of the Group's sustainability commitments, policies, guidelines, etc., are developed and implemented by the operations personnel. Sustainability functioning across the business operations are assisted by sustainability teams in each division to ensure sustainable practices are fully embedded within every operating units.

The Group Head of Sustainability is supported and advised by the Sustainability Advisory Panel ("SAP") on important issues raised by key stakeholders. Moving forward, taking into account the key challenges raised by the SAP members as well as the changed circumstances that IOI now finds itself in, a proposal to evolve the SAP into a broader consultative forum is in the making. This forum would involve consultation with a more specific group of stakeholders including local and international civil society groups on topics where IOI is seeking very specific and targeted implementation advice and support.

SUSTAINABILITY GOVERNANCE



ROLES AND RESPONSIBILITIES

Group Managing Director and Chief Executive
Heads the Group Sustainability Steering Committee, which reports directly to the Board. The GMD also represents Sustainability at the Board level.

Sustainability Team
Led by the Group Head of Sustainability and comprised key business units, the team promotes transparent and effective implementation of the Group's sustainability policies and commitments.

The Board

Approves and monitors the overall Sustainability strategy and direction of the Group to ensure long-term value creation

Group Sustainability Steering Committee
Ensures that IOI embeds all its sustainability commitments within the economic, environmental and social considerations underpinning the Group's operations

Sustainability Advisory Panel

Advises, reviews and challenges the Group on its sustainability commitments and ambitions, as set out in the SPOP and SIP. This panel comprises external stakeholders who have access to all relevant data and documentation

OUR SUSTAINABILITY APPROACH



STAKEHOLDER ENGAGEMENT

Throughout the 2020 reporting period, we continuously engage with our key stakeholders which encompasses IOI's internal workforce, customers, communities, supplier, regulators including governmental bodies, shareholder and investors as well as industries association and civil societies. Constant engagements with our stakeholders enable us to understand their concerns and expectation with respect to specific sustainability topics, identification of sustainability material matters and our effectiveness in addressing their material issues.

This process enables IOI to evaluate and addresses risks and opportunities which may influence our sustainability performance. We will then act on this input to assess our current sustainability practices and make the necessary improvements. The means and frequency through which we engage with our stakeholder, address their key concerns and our response are disclosed as follows. Also refer to our Annual Report pages 32-33 for stakeholder engagement from the corporate point of view.

Stakeholder group	Channels and Frequency of Engagements	Key Concerns	Our Response	Value Created for Stakeholders	Value Created for IOI
Employees Why We Engage: Our workforce forms the backbone of our business operations.	<ul style="list-style-type: none"> Intranet, newsletters and email broadcasts – frequent updates Training programmes – ongoing Annual performance appraisal – annually Town halls, recreational, sports, festive occasions and get-together events – annually Regular meetings: Joint Consultative Committee - quarterly, morning muster – ongoing Management review meeting – annually Platforms to encourage opinion sharing including working committee and WhatsApp groups – ongoing 	<ul style="list-style-type: none"> Fair remuneration Workers welfare Worker health, safety and wellbeing especially on medical benefits Decent living condition Being able to voice their concerns and collective bargaining 	<ul style="list-style-type: none"> Employment contract, bonus, overtime and leave pay calculations for workers Transparent engagements between management and employee via performance evaluation Employee benefits like education, flexi hours, leaves, and medical coverage Support freedom of association, collective bargaining and available channels of communication (committee, grievance procedures) to voice their concerns Reviews and monitors labour policies, standards and practices are implemented Donations and aids to employees affected by natural disasters Safety campaigns, working committee meetings on Safety & Health as well as training & provisions of Personal Protective Equipment 	<ul style="list-style-type: none"> Provide a conducive and safe working environment Improve employee morale through working with a responsible and sustainable company Enhancement in working skills for workers and employees through capacity building and training 	<ul style="list-style-type: none"> Have a stable workforce which forms the backbone for responsible and sustainable operation Employees make valuable contributions to deliver on business strategy, achieve strategic goals and as brand custodians
Customers Why We Engage: Business growth depends on our customers to support our products.	<ul style="list-style-type: none"> Regular announcement and updates in email and website update – as and when required Feedback channels – ongoing Meetings and site visit – as and when required Assessment and surveys programmes – as and when required Palm Oil Dashboard updates – frequent updates Trade exhibitions and forums – annually 	<ul style="list-style-type: none"> Consistent and timely product delivery Adoption of sustainability practices throughout the entire supply chain Sustainable product innovation High environmental, social and governance standards Opportunities for project collaboration and co-creation Stable Market supply 	<ul style="list-style-type: none"> Actively engage with customers to meet their specific product requirements for their products and to develop innovative products to help them expand their business Submission of responses to sustainability assessments and ratings, undertaken sustainability certification Periodic stakeholder events and activities Regular announcement and updates in websites and dashboard Annual customer survey 	<ul style="list-style-type: none"> Minimise the risk of non-compliance with customer requirements Improve product and brand reputation through high standards for quality and sustainability Enhanced transparency regarding business practices. Sourcing of sustainable raw material for product assurance 	<ul style="list-style-type: none"> The Group's economic growth depends on the people that buys our products and support our business Consistent outlet to ensure continuous and productive operation
Communities Why We Engage: IOI business relies on the support of communities where we operate.	<ul style="list-style-type: none"> Meeting and discussions – annually Yayasan community outreach programmes – ongoing Impact assessment and HCV assessment – as and when required Community visits and regular dialogues with community groups – as and when required Conflict resolution and grievance mechanism – as and when required 	<ul style="list-style-type: none"> Fair dispute settlement Respectful and mutually beneficial relationship based on FPIC principle Responsible Operational Management – no negative social or environmental impacts Livelihood improvement through shared benefits and Corporate Social Responsibility ("CSR") 	<ul style="list-style-type: none"> Proactive community investment and corporate social responsibilities, provide relief and assistance in the event of a natural disaster which affected nearby community Consult closely with communities for any activity that can affect their livelihood Capacity building for the community as well as engagements and awareness events Provide job opportunity for the communities 	<ul style="list-style-type: none"> Improvement in socio-economic through business opportunities, employment, and infrastructure development 	<ul style="list-style-type: none"> Support from our communities where we operate impacts positively on our business flow Strong community support enhances IOI's brand reputation

OUR SUSTAINABILITY APPROACH



STAKEHOLDER ENGAGEMENT

Stakeholder group	Channels and Frequency of Engagements	Key Concerns	Our Response	Value Created for Stakeholders	Value Created for IOI
 Suppliers Why We Engage: Our suppliers provide critical inputs for our business to operate.	<ul style="list-style-type: none"> Capacity building workshop – annually Engagement with suppliers – as and when required Supplier adoption of NDPE requirements – ongoing Digital engagement tool – ongoing Workshops and focus sessions – ongoing Grievance mechanism and progress reporting – as and when required 	<ul style="list-style-type: none"> Support in addressing matter to NDPE Fairness and transparency in our procurement practices Prompt and impartial feedback on the quality of raw materials/ services supplied Traceability of raw material 	<ul style="list-style-type: none"> Communicate on best practices, direct dialogue in supply chain seminars, workshop and assist suppliers in adopting NDPE requirements as well as all commitments in SPOP Risk review to identified high-risk mills Regular updates in websites progress updates in grievance list and dashboard Consistent feedback and annual supplier survey 	<ul style="list-style-type: none"> Business opportunities and better economy of scale Fair and transparent business relationship in accordance with internationally recognised practices Sharing of experience and knowledge on best practices Awareness on the value of sustainability and contribution to market expansion 	<ul style="list-style-type: none"> Stable, traceable sourcing and adoption of our sustainability commitments Quality improvements
 Regulators Why We Engage: Regulatory environment enables business resilience.	<ul style="list-style-type: none"> Meeting and discussions – as and when required Submission of audits and verification reports as required by regulatory bodies – ongoing Forums and workshops – as and when required 	<ul style="list-style-type: none"> Legal and regulatory compliance Statutory reporting Constructive consultation and feedback Opportunities for collaboration 	<ul style="list-style-type: none"> Participating in dialogues and task force to support development of policies & guidelines Regulatory compliance that enables a thriving economy and society Conducting audits and monitoring to ensure compliances at all times Alignment of sustainability initiatives/strategies with UN SDGs and national strategies 	<ul style="list-style-type: none"> High level of compliance in accordance to local and international standards ensures all parties are protected Becomes a role model of high-level regulatory compliance in the industry 	<ul style="list-style-type: none"> An enabling regulatory system ensures IOI can operate in a sound and stable business, reduces risk and promotes an economy in which all stakeholders prosper
 Shareholders & Investors Why We Engage: Investors provide a vital and stable source of financial capital.	<ul style="list-style-type: none"> Annual Report and Sustainability Report – annually Audits, Annual General Meeting, other meetings and visits – as scheduled Announcements and updates via emails, websites – as and when required Sustainability assessments and feedback – as and when required 	<ul style="list-style-type: none"> Return on investment Good governance and risk management framework Stable long-term economic performance Green and responsible investment 	<ul style="list-style-type: none"> Constituent company in FTSE4Good Index Series Submission and performance reviews in global sustainability indices and evaluations Updates in websites and dashboard Responses to enquiries and requests for interviews and other input 	<ul style="list-style-type: none"> Provide a consistent return on investment Low risk of business disruption due to non-compliance. Sustainable profit for shareholders 	<ul style="list-style-type: none"> The financial capital we source from our investors enable business continuity and growth, including strategic and sustainable investments
 Industry Association/Civil Society Why We Engage: Industry association and civil society groups are platforms for collaboration on key topics.	<ul style="list-style-type: none"> Dialogues, meetings, visits and participation in conferences – as and when required Email and website update – as and when required Feedback channels – ongoing Sustainability assessments including discussions and feedbacks on their methodology – as and when required Palm Oil Dashboard updates – quarterly Grievance mechanism and progress reporting – ongoing Multi-stakeholder forums and workshops – annually 	<ul style="list-style-type: none"> Responsible and transparent business practices including traceability Responsible social and environmental management Open & Inclusive Good governance, common industry interest and benchmarking in the areas of sustainability amongst industry members Opportunities for collaboration 	<ul style="list-style-type: none"> Stakeholder events & verification visits Partnership and collaboration, eg. in projects focused on critical sustainability issues like traceability for 3rd party suppliers Active engagement and submission of annual sustainability assessments and ratings Enhanced sustainability implementations via feedback and responses & sharing of best practices Participation in organisations (executive committee for High Carbon Stock Approach ("HCSA"), working groups (RSPO, MSPO, national steering committee for HCV) and conferences 	<ul style="list-style-type: none"> Understand the industry's concerns and issues through engagement and participation in various industry associations Collaborate with industry association/civil society to create a balanced and sustainable commodity for the market 	<ul style="list-style-type: none"> Industry association where groups having common interest areas give a stronger voice for the industry, liaise better with governmental agencies and share inter-regional matters for the betterment of the industry Best sustainability management practices can be developed holistically through support from civil societies and industry associations

OUR SUSTAINABILITY APPROACH

INTEGRATED SUSTAINABILITY APPROACH



GMD unveiling IOI's Five-Year Strategic Plan

In line with IOI's renewed vision to be a leading and sustainable Malaysian corporation with a global presence, our GMD has unveiled a Five-Year Strategic Plan for IOI. Sustainability is integral to this strategic blueprint

Increase Yield	Sustainable land management practices help increase productivity and yield in existing plantations. Our new technological innovations help us to continuously improve land management as well as support our CCA Initiative through seedlings and crops that are resilient to climate change.
Optimise Workforce	Commitment to capacity building and high welfare standards for manual workers in our operations and supply chain helps us secure the skills for business success. The use of mechanisation, automation and digitalisation also means that our workforce will have their productivity and wage increased.
Diversify Crops	The optimisation of land use by planting the best crop for the land coupled with conservation could only lead to a win-win situation.
Increase the non-Crude Palm Oil ("CPO") segment	Applying circular economy principles to our business allows us to derive value from non-CPO products, and turn resources such as empty fruit branches, palm trunks and palm oil mill effluent into new commercial opportunities.
Grow the Oleochemical Segment	While growing the Oleochemical segment through expansion with customers in new product applications that are eco-friendly in the oleochemical segment is the objective, it will also be done with the focus on continual improvement in terms of operational efficiency and minimising GHG impact.

More information on our strategic plan can be found in our Annual Report pages 38-43.

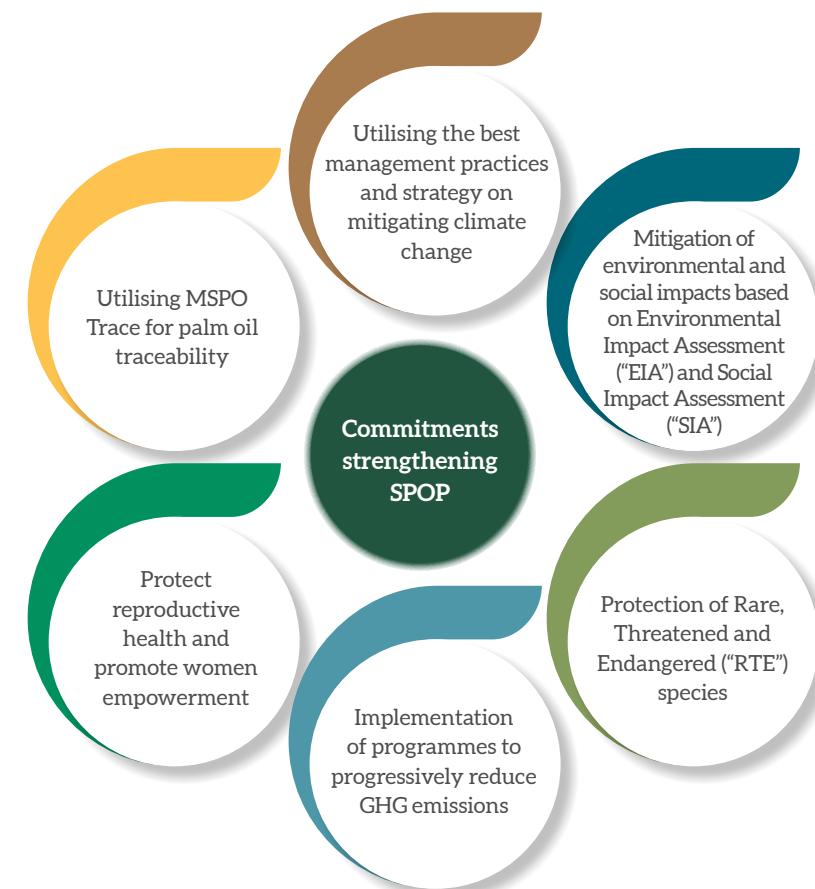
Sustainability performance drives business success. IOI is committed to integrating sustainability into its core business and operations which reflected in the revised IOI vision and mission. Sustainability is not just the right thing to do, it is a critical driver of value for our business:

- Drive growth through new innovations and superior products and services
- Ensure a secure future supply of agricultural resources and inputs
- Meet demands of customers and consumers who want to know products they buy are sustainably sourced
- Reduce business risks such as climate and water
- Improve operational efficiency through management of resources
- Attract and engage our employees

SUSTAINABLE PALM OIL POLICY

IOI is committed to the sustainable management of its palm oil business and to the implementation of responsible, global palm oil supply chain. The Group's SPOP formed a foundation that outlines our sustainability commitments. The scope of the SPOP applies to all IOI operations worldwide, including our subsidiary companies, joint venture and companies in which we have management control.

The Group's SPOP was revised during this reporting year to ensure that it stays relevant as a guiding principles and standardised with updated initiatives and sustainability strategy. The revision had taken into account the latest practices, internal policies, national and international initiatives implemented by IOI.



The revised SPOP has been further expanded to include our firm commitments towards NDPE and the adoption of the relevant UN SDG as shown below:

- To comply with all applicable legislation and codes of practice
- To implement leading sustainability standards laid out in this policy for environmental management including NDPE, human rights and workplace conditions, community development and social impact
- Contribute to the UN SDGs in order to collectively achieve the 2030 Agenda of ensuring a sustainable future for all
- To build traceable supply chains such that all suppliers are also in compliance with our commitments as contained in our SPOP on environmental management, human rights and workplace as well as community development and social impact
- To strive for the highest levels of transparency and stakeholder engagement

Guiding by the Group's SPOP, supporting guidelines and policies containing further details on our commitments and approaches on specific sustainability aspects were introduced and revised.

Policies and guidelines developed during FY2020:

- Responsible Sourcing Guideline
- Environmental Management Guideline
- Agrochemical Management Guideline
- Policy on Harassment at Workplace
- Guidelines on Reproductive Health
- Guidelines for Implementation of Women and Empowerment Committee

IOI will continue to regularly report our achievement and implementation of commitments stated in SPOP through frequent sustainability progress updates, palm oil dashboard and website updates.

OUR SUSTAINABILITY APPROACH

Focus Areas	Material Matters	Sustainability Pillar (4Ps)				Linkage to Priority SDG	SR Page Reference
		People	Planet	Prosperity	Partnership		
Climate Change Action initiatives	• Climate Change	●	●	●	●	SDG 2, SDG 12, SDG 13, SDG 15, SDG 17	42
Operational Eco-efficiency, GHG and energy efficiency	• Climate Change • New technology and innovation	●	●	●		SDG 12, SDG 13, SDG 15	45
Peat, biodiversity and conservation	• Deforestation	●	●	●	●	SDG 13, SDG 15, SDG 17	60
Fire management	• Fire management	●	●		●	SDG 13, SDG 15, SDG 17	45
IOI's COVID-19 response in 2019/20	• Occupational Safety and Health	●		●	●	SDG 8, SDG 12, SDG 17	47
Learnings from COVID-19 crisis for the business	• Occupational Safety and Health • Deforestation • Climate Change	●	●	●		SDG 8, SDG 12, SDG 13, SDG 15	50
Responsible sourcing & traceability	• Responsible sourcing and traceability • Transparent grievance resolution and communication • Deforestation	●	●	●	●	SDG 8, SDG 12, SDG 13, SDG 15, SDG 17	66
Sustainability certifications	• Sustainability certifications • Regulatory compliance	●	●	●	●	SDG 2, SDG 8, SDG 12, SDG 13, SDG 15, SDG 17	68
Anti-corruption and governance	• Anti-corruption, governance and grievance • Regulatory compliance	●		●		SDG 8, SDG 12	70
Regulatory compliance	• Regulatory compliance	●	●	●	●	SDG 8, SDG 12, SDG 13, SDG 15, SDG 17	71
Transparent grievance resolution and communication	• Transparent grievance resolution and communication • Human right and social exploitation	●		●	●	SDG 8, SDG 12, SDG 17	34
Workers rights & welfare	• Fair and decent wage • Human rights and social exploitation • Equal opportunity and women empowerment	●	●	●		SDG 8, SDG 12, SDG 17	56
Occupational Health & Safety	• Occupational Safety and Health • Regulatory compliance • Transparent grievance resolution and communication	●		●		SDG 8, SDG 12	58
Land Use	• Deforestation • Climate Change • Regulatory compliance	●	●	●		SDG 2, SDG 13, SDG 15	60
Waste, pest and chemicals, water	• Climate Change • Regulatory compliance	●	●	●	●	SDG 12, SDG 13, SDG 15, SDG 17	63
Palm biotechnology	• New technology and innovation	●	●	●	●	SDG 2, SDG 8, SDG 12, SDG 13, SDG 15, SDG 17	51
Technology Integration	• New technology and innovation	●	●	●	●	SDG 8, SDG 12, SDG 17	51
Innovation in Manufacturing Processes and Products	• New technology and innovation	●	●	●	●	SDG 8, SDG 12, SDG 13, SDG 17	53

CONTRIBUTION TO UN SDGs		
SETTING OUR TARGETS		
As a global company with operations worldwide, IOI is committed to the global initiative for a sustainable future by responding to the United Nation's call for governments and organisations to contribute to the Sustainable Development Goals ("SDGs"). We have identified and prioritised the following UN SDGs that are most relevant to our business and to which we can most significantly contribute. Our UN SDG targets are selected in line with IOI's commitments as articulated in the newly strengthened SPOP.		
Priority SDGs	IOI Targets/ KPIs	IOI Contribution to SDGs
	<p>TARGET 2.4</p> <ul style="list-style-type: none"> In order to meet global food security for oil and fats, improve OER by at least 15% from our clonal palms compared to conventional seedlings will result in higher oil yield Continuous optimisation of nutrient uptake by the oil palm tree through fertiliser management and soil microbe enhancement 	<ul style="list-style-type: none"> Adopts circular economy model to ensure sustainable food production & ensure food security Conduct R&D to produce high-yielding crops with less chemical use, resources and land Uses non-harmful agricultural methods to mitigate human-wildlife conflict; to ensure soil management to prevent soil erosion and degradation; etc.. 'Plant Your Own Food' initiative whereby plots of land, seedlings, etc., are allocated within our plantation to encourage fruits and vegetable plantings by our employees
	<p>TARGET 8.2</p> <ul style="list-style-type: none"> Implementation of 'Coaching the Coach Program' and 'Train the Trainer Program' to cultivate employee potential Use of technology to improve yields and productivity while contributing to upskilling workforce IOI's five-year strategic blueprint as stated in our Annual Report 	<ul style="list-style-type: none"> Provide capacity building to IOI plantation workers to ensure our workforce is updated with new skills, efficient and productive Invest in R&D on our crops to increase productivity and decrease dependence on natural resources Introducing mechanisation, automation and digitalisation especially in the labour intensive part of our operations
	<p>TARGET 8.8</p> <ul style="list-style-type: none"> Ensuring that all our workers are safe from COVID-19 by following all SOPs and guidelines provided by our government IOI targeted earnings of more than the minimum wage for each worker during normal working hours in Malaysia Support women's rights & empowerment Reduce Lost Time Injury Frequency Rate on the operation level 	<ul style="list-style-type: none"> Operate in accordance with local and national laws, and adherence to international standards as stated in the SPOP Collaborate with social, labour and human rights experts to continuously identify and adopt best practices in labour practices - case study on Respecting People, Retaining Workers by Earthworm Foundation Conduct Fair and Decent Wage Study together with Monash University Implement Occupational Health and Safety Management Systems that meets OHSAS 18001 Standard Certifying IOI Oleo under ISO 45001 for Occupational Health and Safety system and have policies, guidelines & procedures disseminated to all workers Launched the Women and Empowerment Committee & have enhanced our guidelines on harassment at the workplace

OUR SUSTAINABILITY APPROACH

CONTRIBUTION TO UN SDGs					
Priority SDGs	IOI Targets/ KPIs	IOI Contribution to SDGs	Priority SDGs	IOI Targets/ KPIs	IOI Contribution to SDGs
 TARGET 12.4	<ul style="list-style-type: none"> Target to increase power generation from solid waste, fiber and EFB from plantation operations to be used for mill processing 100% treated POME for upcycling use for oil palm plantation operations Minimise pollution and waste generation 	<ul style="list-style-type: none"> Adopts the circular economy model to minimise waste generation and maximise recycling in the plantation operations (refer to value creation model on Pg 16) Green initiatives in resource-based manufacturing to increase water recycling, reduce wastage and increase reprocessing waste material and energy efficiency 	 TARGET 15.2	<ul style="list-style-type: none"> Identifying and protecting HCV and HCS areas in where we operated Uphold and promote NDPE throughout our third-party suppliers Adopting Landscape Level Approach where applicable by working in partnership with communities 	<ul style="list-style-type: none"> Rehabilitation of forest reserve through Mini Landscape Level Approach for Peatlands Adjacent to our Bukit Leelau Estate Committed to NDPE commitments Socialisation, dialogue and awareness programme on fire prevention in forests to stakeholders Identification of High Carbon Stock ("HCS") forests Utilises Global Forest Watch platform to map our concession areas, obtain daily information about forest fires, and obtain longer-term climate trends Partnered with Aidenviroment to establish a near real-time deforestation monitoring capacity where IOI's suppliers are operating
 TARGET 12.6	<ul style="list-style-type: none"> IOI Oleo to be fully ISO 50001: Energy Management certified 100% MSPO and RSPO certification for estates and mills in Malaysia 100% RSPO certification for all IOI plantations by 2023 To publicly disclose sustainability implementation progress on regular basis 	<ul style="list-style-type: none"> Publish Annual Sustainability Reports ("ASR") based on GRI Standards Collaborate with MPOB to support smallholders in attaining MSPO certification Support suppliers in their transformation towards NDPE commitments Frequent reporting from time to time in IOI website with regards to grievance list, third party supplier traceability and sustainability updates 	 TARGET 15.5	<ul style="list-style-type: none"> Strengthening our Environmental Management Guidelines by having clear specific stages in handling fire, peat and biodiversity within our operations Working with relevant authorities in biodiversity conservation and protection of RTE species 	<ul style="list-style-type: none"> New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments Uses natural and non-harmful agricultural methods to mitigate human-wildlife conflict Employs forest rangers and collaborate with local society and regulators to monitor RTE species Collaboration with HUTAN-PONGO for Ecological Study on Orangutan Population at Kinabatangan
 TARGET 12.A.	<ul style="list-style-type: none"> Consistently achieve OER higher than the Malaysian average through palm biotechnology R&D direction to improve oil-bearing characteristic and tree morphology 	<ul style="list-style-type: none"> Key Oil Palm player in Malaysia that is committed towards embedding sustainable approach in addressing our environmental and social footprint whilst also investing in R&D to improve our production and manufacturing capabilities 	 TARGET 17.16	<ul style="list-style-type: none"> Collaborate with other palm oil producers, processors, food companies, NGOs and governmental bodies in improving industry-wide palm oil sustainability commitments Collaborate with various stakeholders including suppliers, customers, civil societies, governments and independent verification bodies in the implementation of our SPOP commitments 	<ul style="list-style-type: none"> Collaborate with industry experts to share information and solve challenges in social and environmental projects Key partnerships and associations include Proforest, Earthworm Foundation, Aidenviroment, Global Environment Centre, MPOA, Sustainable Palm Oil choice Member, International Sustainability & Carbon Certification ("ISCC"), High Carbon Stock Approach ("HCSA") Steering Group Member and RSPO
 TARGET 13.2	<ul style="list-style-type: none"> IOI is committed to a holistic approach in implementing its climate action strategy and to strive for reducing GHG emissions. Installation of 10 methane capture facilities at major mill operations Emission reduction target of 41% by 2025 	<ul style="list-style-type: none"> Implement measures to reduce GHG emissions Under our NDPE commitment, no deforestation and no new planting on peat New oil palm developments only after comprehensive stakeholder engagement and assessments (including Environmental and Social Impact Assessment ("ESIA"), HCV and HCS assessment, land use change ("LUC") analysis, GHG assessment, soil suitability and topographic survey) Fire Management implemented 	 TARGET 17.17	<ul style="list-style-type: none"> Active collaboration for capacity building to create awareness on sustainability matters Active collaboration with academia, industrial association and working groups for information sharing and drive sustainability agenda 	<ul style="list-style-type: none"> New oil palm developments are only allowed following comprehensive stakeholder engagement and assessments Collaborate with industry experts to share information and solve challenges Key partnerships and associations include Proforest, Civil societies, MPOA, ISCC, HCSA and RSPO
 TARGET 15.1	<ul style="list-style-type: none"> Committed to protection of peatland and rehabilitation and conservation of land where we operate Identification and protection of HCV areas Following best management practices in peatland management and biodiversity & conservation 	<ul style="list-style-type: none"> As stated in our SPOP, we have put aside peatland and conservation areas to be managed and protected Committed to NDPE commitments New oil palm developments are permitted only after comprehensive stakeholder engagement and assessments (HCV, HCS & GHG assessment, ESIA; LUC analysis; soil suitability & topographic survey) are conducted Implement collaborative & landscape approach, conservation & biodiversity projects 			

SUSTAINABLE PARTNERSHIPS AND COLLABORATIONS



● ● ● SUSTAINABLE PARTNERSHIPS AND COLLABORATIONS

MANAGEMENT APPROACH

Partnership plays an important role in achieving our commitments while at the same time meeting our business objectives. Thus, IOI views collaboration with stakeholders such as communities, government, smallholders, civil society organisations, etc., as fundamental to our success in developing working solutions to our challenges. Aside from these, partnerships and collaborations on projects and initiatives are also beneficial to the participating stakeholders and amplify the positive impact to be gained from usually finite resources. In turn, this can provide us with resources and expertise in matters such as grievance handling and resolution of mutual interest. Engagement with stakeholders are performed through multiple channels as per the Stakeholder Engagement section on page 22.

OUR PERFORMANCE

Collaboration with HUTAN – PONGO Alliance

IOI's commitment towards the identification and management of HCV areas in its plantations has led to the collaboration with HUTAN Kinabatangan Orangutan Conservation Programme ("HUTAN-KOCP") and Palm Oil & Non-Governmental Organisation ("NGO") ("PONGO") Alliance, an alliance of oil palm growers, businesses and non-governmental organisations who jointly advocate for and support the conservation of orangutans and other wildlife. The collaboration comes with the objective of establishing an ecological study on "Orangutan population at the estates adjacent to Kinabatangan river" in order to provide valuable data on the patterns of land use and critical habitat needs of orangutans in oil palm landscapes to facilitate co-existence within the oil palm landscape. From 16 to 19 December 2019, the Alliance visited participating IOI estates to gather information such as the geo-coordinates of the respective estates, identification of interest areas based on frequency of orangutan habitat sightings, tree species of the area, and the behaviour of orangutans inhabiting the area. The Group completed a report describing the orangutan habitat, key tree species, types of forest cover as well as explanations on the classes of orangutan nests, its morphology, behaviour and their potential hotspots which can further enhance our knowledge on orangutan habitats and eventually improve the conservation efforts by the estates.



IOI discussing orangutan populations with PONGO researchers



Collaboration for Fair and Decent Living Wage Study

Providing fair and decent living wage to the employees is one of the fundamental human rights obligations that IOI is committed to uphold by paying all employees statutory monthly minimum wage and overtime compensation, in accordance to the current labour regulations. The study that IOI has proactively participated since mid-2018 to promote such value, called the "Fair and Decent Living Wage Study" is one such initiative. This collaborative study, led and funded by Monash University, supported by the Ministry of Primary Industries with technical assistance from the International Labour Organisation ("ILO"), was completed in early 2020.

The study charts the various labour practices used by the growers in Peninsular Malaysia, realistic estimation of livelihood requirements at different locations and initiatives by different companies to lift the living condition of workers.

Among the notable outcomes from the study:

- Based on other living wage assessments in the most common countries of origin, it is clear that the wages earned in Malaysia (after average worker living expenses in Malaysia are subtracted) are in excess of the living wage standard of the country of origin.
- That while some foreign workers are made to pay high informal or subagent fees, the practice of 'zero recruitment fee' and 'word-of-mouth' recruitment (IOI adheres to both commitment and practices) in agent-dominated countries can prevent this sort of exploitation.

The completed report is now being shared with the RSPO and the Malaysian National Interpretation ("MYNI") Group for the purpose of benchmarking with their living wage framework.

Smallholders Livelihood Improvement

IOI continues to work with Bunge Loders Croklaan, Kerry Group and Fortuna Mill on the *Initiatif Lestari Untuk Hasil Agrikultur Mampan* ("ILHAM") programme for the second year. This project is in line with IOI's climate action strategy to maximise output from limited arable land by supporting smallholder farmers to improve their yields without the need for additional land.

In December 2019, IOI finalised a fertiliser recommendation report which was shared with Fortuna Mill, for procuring sufficient biofertiliser for the smallholders and field application by February 2020. However, the process of biofertiliser distribution and application was delayed because of the MCO imposed by the government due to the COVID-19 pandemic. Activities will resume once the government lifts the necessary restrictions.



Smallholders with their commitment letters for the ILHAM programme

SUSTAINABLE PARTNERSHIPS AND COLLABORATIONS



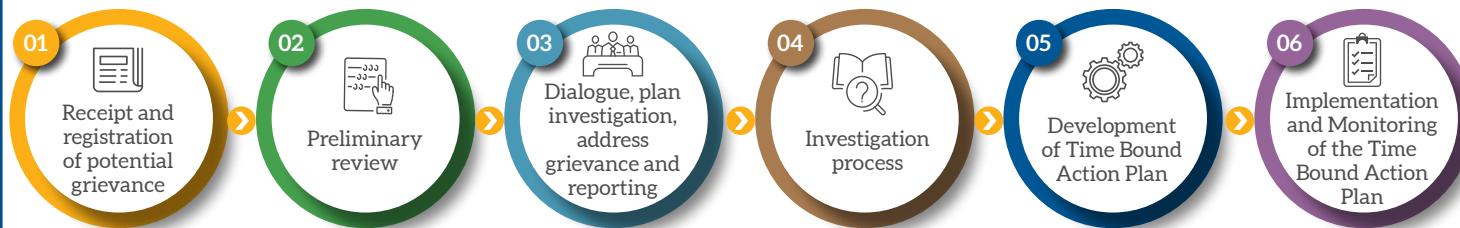
● ● ● SUSTAINABLE PARTNERSHIPS AND COLLABORATIONS

Stakeholders Grievance Management

Grievance handling and management is of great importance to IOI. Every grievance raised is a means for us to collaborate with the affected stakeholders through the verification, investigation, and resolution process as well as an opportunity to improve our current system and processes.

Throughout this financial year, IOI logged 11 cases, 9 of which were environmentally-related while the other 2 were socially-related. 64% of the cases have been successfully closed and the remaining cases are either under resolution process or pending for formal closure. Results of investigation and progress of the issues are transparently published in the IOI grievance list and communicated to the affected stakeholders.

Grievance Process chart



IOI Pelita Land Dispute

Continuing from last year's progress, under the directions of the RSPO Complaints Panel and in collaboration with various stakeholders (Grassroots, local communities, etc.), the complaint is progressing nearer to its resolution through the following 3-stage resolution plan.

Stage 1

Community Capacity Building

Completed with assistance from Community's Information and Communication Centre ("CICOM"), a local NGO, at the end of June 2019.

Stage 2

Community Participatory Mapping (Expected to be completed by October 2020)

Started in August 2019 and conducted by CICOM but was delayed due to extensive socialisation required to convince all community members to participate in the mapping exercise. In addition, due to the MCO imposed in mid-March 2020 as a result of the COVID-19 pandemic, the mapping was put on hold and only re-started on 12 June 2020. Currently, only 6 of the 9 affected communities have completed the land survey as the survey involves 9,000 Ha of land, 4 ethnic groups, 11 longhouses, with many overlapping claims.

Stage 3

Negotiations for Final Dispute Settlement (Expected to be completed January 2021).



Community Participatory Mapping session in Long Teran



Meeting with Regent of Miri and District Officer of Belur

South Ketapang Landscape Initiative

In its second year of implementation, the South Ketapang Landscape Initiative has been pursuing the same initial objectives and priorities: Conservation, Village development and Fire prevention.

So far, the rehabilitation programme initiated by PT Sawit Nabati Agro ("PT SNA") at Cagar Alam Muara Kendawangan is still on-going. Where initiatives related to village development are concerned, 5 villages around PT SNA have signed a memorandum of understanding ("MOU") with PT SNA to work together towards the common goals of conservation, village development and fire prevention. In terms of fire prevention, we have developed a *Fire Outbreak Preparedness Plan 2020* which identifies 7 high-risk zones, likely causes, most appropriate counter-measures and resources needed. Along with the establishment of fire-handling protocol, personnel are also assigned to each high-risk area. PT SNA also conducted an extensive socialisation programme with the villages, joint patrols and fire drills.

For a broader impact, PT SNA signed a partnership agreement with The Sustainable Trade Initiative ("IDH") Production, Protection and Inclusion ("PPI") Compact Initiative on October 2019 which targets the whole Ketapang District on a jurisdictional level. Through this partnership, PT Sawit Nabati Agro ("PT SNA") hopes to contribute further towards conservation, village development and fire prevention on a larger landscape level.

* Details of the various initiatives mentioned can be found at the Environmental Management section on page 60 of this report.



Ketapang Landscape

1 st Year Result	
Sub-landscape Level	Landscape Level
Rapid assessment of current land use as well as community challenges and aspirations.	Establishment of 3 working groups, ie., Village Development, Fire Prevention & Control, and Conservation.
Development of land-use maps for the pilot group of villages.	Working groups shared their experiences and recommendation at multi-stakeholder forum chaired by Ketapang Regency's Bupati.
Sensitisation sessions and joint fire drills and fire-fighting with the neighbouring villages.	Development of conservation areas interconnectivity map.
Sharing of the sub-landscape experience with stakeholders on a landscape level.	Alerts, weather and fire hazard maps produced by Global Environment Centre ("GEC") and shared among the stakeholders.

SUSTAINABLE PARTNERSHIPS AND COLLABORATIONS



● ● ● COMMUNITY RELATIONS AND CSR

MANAGEMENT APPROACH

Operating with a vast footprint in various regions and cognizant of the role that we can play for the surrounding community even at regional levels, we continuously implement initiatives and projects to ensure communities are progressing together with the company. In areas where we are new, various processes are put in place to ensure relationship with communities are established even prior to any development through the Free, Prior and Informed Consent ("FPIC") process¹. After this stage, at various development and operation stages, the interest of local communities is addressed based on the Social Impact Assessment, regular stakeholder's consultative meeting and grievance mechanism.

In addition to various sustainability initiatives and collaborative projects with local communities, IOI has also been fulfilling its Corporate Social Responsibility ("CSR") in education, medical and community initiatives through the Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC").

OUR PERFORMANCE

Yayasan Tan Sri Lee Shin Cheng

	Student Adoption Programme -> RM4.55 million to 1,033 students	Annual financial assistance to primary and secondary education
	Scholarships -> RM9.20 million to 283 students	<ul style="list-style-type: none"> Education assistance to well performing students Career opportunity within IOI upon graduation
	Young Achievers Award -> RM624,000 to 1,497 students	Award for employees' high-achieving children
	Development of schools -> RM19.67 million	Development and facility improvement for schools
	Charity -> RM14.28 million	Donation to Malaysia Ministry of Health to contend COVID-19 pandemic, places of worship, disabled care centres
	Employee Medical Aid -> RM981,000	Medical aid to employees' emergency treatment
	Bargain Basement -> RM266,000 generated from the sales to various beneficiaries	Social enterprise reselling pre-used items for the benefit of community and various charities
	Research and development	Collaboration with Universiti Malaya on oil palm pest management project



Yayasan TSLSC distributing school supplies at SJK(C) Yoke Min, Bangi



Yayasan TSLSC distributing school supplies at SJK(T) Bangi



Rehabilitation for the Bukit Leelau Mini Landscape Level Project

Bukit Leelau Mini Landscape Level Project

The Bukit Leelau Mini Landscape Level Project, a multi-stakeholders collaborative project between IOI, Bunge Loders Croklaan, Orang Asli community, GEC, Jabatan Kemajuan Orang Asli ("JAKOA"), Jabatan Perhutanan Pahang, Pekan District Officer, Tanah Makmur Berhad, Jawatankuasa Kemajuan dan Keselamatan Kampung ("JKKK") Runchang, and Pekan Department of Health, have successfully completed in November 2019 with the following key achievements:

- Identification of degraded peatland and potential areas for rehabilitation;
- Establishment of peat swamp forest tree nursery for peatland rehabilitation;

“ One of the positive outcomes of this project is it has increased the local community's access to good quality water, and also improves the quality of life of Orang Asli. We can also carry out fishing activities at the canal blocks which increase our food security. ”

Pak Saman,
Jakun Tribe Orang Asli

“ Fires caused by the dryness of the peatlands have been prevented because of this project. Other than that, the increased water level around the canal block also provides us with the water we need for our daily activities. ”

Qarina,
Jakun Tribe Orang Asli

“ Since the implementation of this project, IOI has helped us to move the tree saplings, build nurseries as well as provide all the necessities for the tree planting. IOI has also conducted fire prevention and emergency response training for us and provided us with the safety equipment needed. ”

Pak Hamzah,
Jakun Tribe Orang Asli

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

SUSTAINABLE PARTNERSHIPS AND COLLABORATIONS



● ● ● COMMUNITY RELATIONS AND CSR

- 5,000 Macaranga pruinosa wildlings have been planted on 10 Ha of the degraded peatland area;
- Canal blocks were constructed for water table management;
- Fire Danger Rating System ("FDRS") signboards installed as awareness for the local community.

Continuous ground implementation will be carried out by *Sahabat Hutan Gambut Kampung Tanjung Kelapa* ("SHGKTK"), a community group established in Q2 2019, to support and ensure continuity of the programmes. IOI through the Bukit Leelau Estate management will also continue to provide technical support to the group and explore potential opportunity to extend the learnings from this project to other units.



The Fire and Rescue Department providing a fire prevention and emergency response training for the Orang Asli community in Bukit Leelau

Assistance to Smallholders

In general, smallholders have little exposure to best practices and resources to implement sustainability practices in their landholding. This limitation makes it difficult for the smallholders, as part of the supply chain, to join in the sustainability journey. Recognising this handicap within the smallholders that we are sourcing from, IOI started off several capacity building initiatives with the purpose of helping them implement best practices to increase their yield, understand better on land management as well as assist them in preparing for mandatory sustainability certifications like Malaysian Sustainable Palm Oil ("MSPO") and Indonesian Sustainable Palm Oil ("ISPO").

Smallholder Training on Sustainability Care

As part of IOI's commitment to encourage smallholders to adopt sustainable oil palm practices, Unico 3 Estate organised a sustainability care training for the smallholders located in its vicinity, including Kg Sri Ganda, Sangi Enterprise and Bukit Kretam Estate.

In September 2019, representatives from Bukit Kretam Estate attended a one-day session at Unico 3 Estate, which covered topics such as chemical premixing, Triple Rinsing Procedure, Recycling & Landfill Management and prevention of child labour. Such trainings are aligned with the commitments in IOI's Responsible Sourcing Guidelines which is to build a traceable, transparent and sustainable palm oil supply chain.



Risk Management Workshop for smallholders in Unico

Unico MSPO Awareness Programme

IOI has been engaging with the Malaysian Palm Oil Board ("MPOB") in providing MSPO-related trainings to the smallholders within our supply chain. Aside from organising regular targeted trainings on best management practices for the smallholders, IOI had also worked with MPOB to review the MSPO certification progress of 48 of the Group's external Fresh Fruit Bunches ("FFB") suppliers (both smallholders and outgrowers) which are supplying FFB to Unico Oil Mill and Unico Desa Oil Mill.

Other than that, IOI is also exploring potential collaborations with MPOB in joint efforts to assist the smallholders and outgrowers in their MSPO certification journey. Some of the ongoing activities in collaboration with MPOB include awareness and capacity building for the smallholders and assistance in registration for the Smallholder Palm Oil Cluster ("SPOC").

“
IOI's training on Management of Peat Area and Fire Prevention has helped in overcoming peatland fires by educating and providing training to the smallholders on how to handle peat fires.
”

Lee Kok Hung

“
Our company is currently in the process of applying for MSPO certification. IOI's seminar on estate management has helped me to understand MSPO related matters and thus assisted me in the application process.
”

Wong Der Horng,
Hanut Estate S/B

Achievements

Unico Desa Group

All smallholders under Unico Desa Mill have been registered under MPOB's SPOC Programme.

79% of smallholders have successfully undergone the MSPO Certification process, with the remaining three smallholders being prepared to be certified in 2020.

Outgrowers have been MSPO-certified, with one remaining supplier awaiting issuance of the certificate.

Unico Group

40% of the smallholders sending crops to Unico Oil Mill have been certified under MSPO Certification while the rest are projected to be certified before the end of 2020.

93% of the outgrowers have been certified under MSPO Certification.

Poised and Ready to Expand Our Impacts



As a company that is agricultural-based, IOI Group is mindful of the industry's impact on the ecosystem and climate change. We are therefore, committed to invest in initiatives that will contribute to a positive impact, especially in the areas where we operate. Where sustainable strategies can benefit from partnerships and collaborations for more effective results, we engage with change-makers such as nature societies and wildlife protection authorities in order to find positive solutions.

In the face of the COVID-19 pandemic, we are all more aware that our attention to the protection and conservation of biodiversity becomes critical so that the spread of zoonotic diseases do not become a norm.



Achievements To Date:

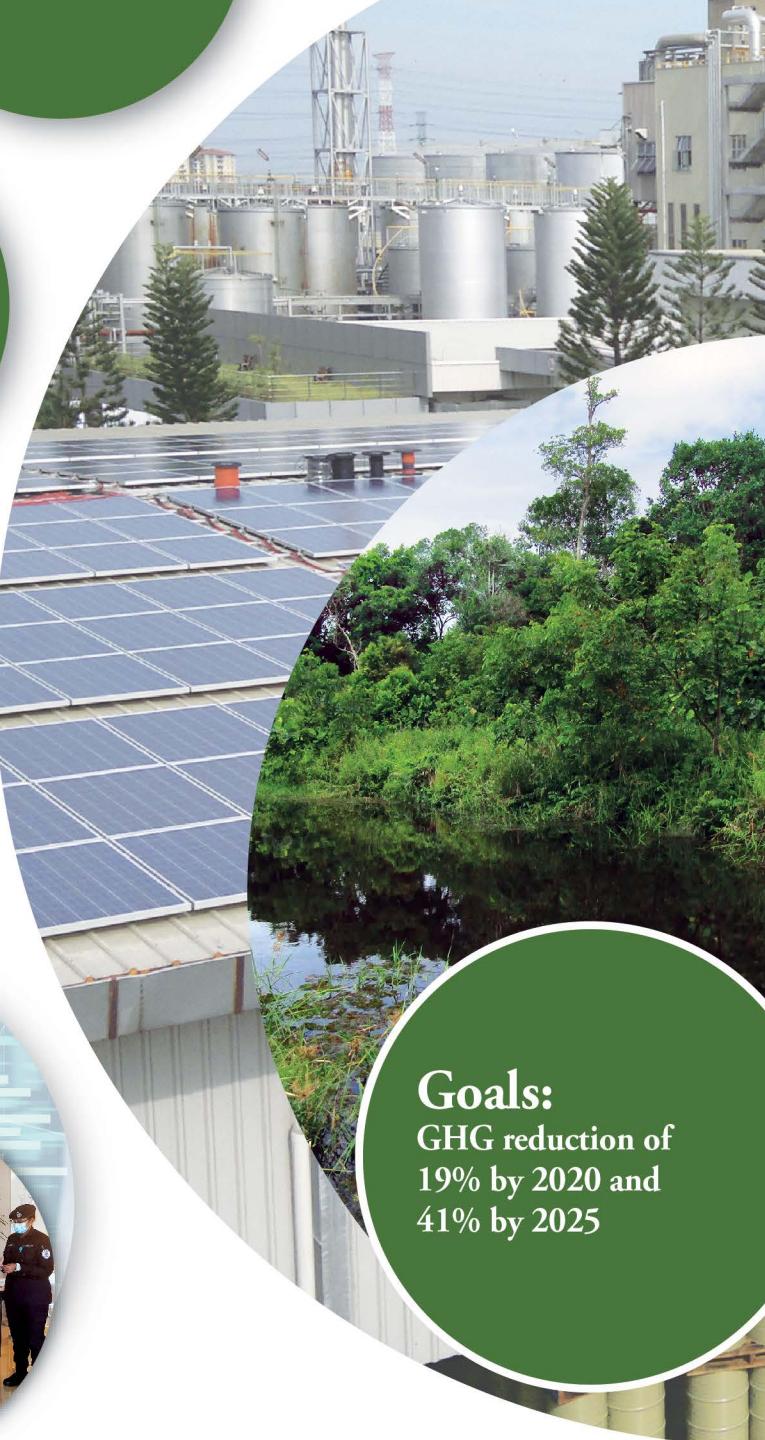
Establishment of
GHG emissions
baselines and targets

10 out of 15 mills
equipped with methane
capture plant

Face masks
distributions to estates
and mills workers
and their dependents

Achieved OER of
24.83%
with high yielding
clonal material

Goals:
GHG reduction of
19% by 2020 and
41% by 2025



SUSTAINABILITY FOCUS AREAS



IN FOCUS: CLIMATE ACTION

MANAGEMENT APPROACH

As an agricultural-based company dependent on the environment, IOI is fully cognizant that climate change is one of the risks to our business. This year, we are introducing the "Climate Change Action ("CCA") Initiative" as one of our long-term action plans to mitigate and reduce greenhouse gas ("GHG") emissions from our diverse operations. The ultimate aim of this initiative is to achieve carbon neutral as a group by enhancing existing carbon reduction initiatives while actively exploring new opportunities in minimising carbon emissions through operational efficiency and utilisation of renewable energy which is also in-line with the IOI's 5 strategic priorities.

OUR PERFORMANCE

Climate Change Action Initiative

GHG Emissions Reduction Target

Our GHG baseline is calculated based on the net GHG emissions in 2015. Our GHG emissions calculation are science-based, that is:

Plantations (Mills & Estates) - based on RSPO PalmGHG calculator version 3

Reduction of GHG emissions are mainly due to increased number of methane capture plants at our palm oil mills, contribution of GHG sequestration from conservation areas in PT SNA, higher utilisation of generated biogas, conversion of fossil fuel to biofuel, electricity credit from biogas-generated electricity, credit from selling of palm biomass and installation of methane avoidance facility. The overall GHG emission intensity forecast for by 2020 and 2025 are shown in Figure 1.

Figure 1. GHG Emissions Baseline & Target (Plantation)



Our Holistic Approach

Our approach in implementing the CCA Initiative and IOI's strategy is developed around the following commitments:

- To reduce our climate change impact by setting long-term science-based target versus the baseline to provide clear GHG emissions reduction status.
- To promote climate action plan and practices through innovation, improved efficiency and support actions throughout the operations.
- To increase resilience of our business by managing risks and opportunities, forecasting climate scenarios for climate impact valuation and incorporating circular economy in our operations.

Refinery - based on ISCC methodology

GHG emissions intensity for refinery is forecasted to progressively reduce as per Figure 2. This will be achieved through utilisation of more green electricity from IOI Bio-Energy ("IBE") and reduction in usage of electricity from grid. There is also a plan to progressively convert diesel usage to liquefied natural gas ("LNG") which is expected to significantly lower the GHG emissions.

Oleochemical - based on Intergovernmental Panel on Climate Change's ("IPCC") and the Institute for Global Environmental Strategies' ("IGES")

Reduction in GHG from electricity and steam usage in Oleochemical plants were achieved by intensification of energy efficiency projects notably doubling of cogeneration power capacity and expansion of solar harvesting capabilities which translates to the forecasted GHG emissions reduction as per Figure 3. The reduction is further fuelled by better energy efficiencies in the downstream operations due to forecasted higher production capacity.

As a group, IOI is forecasted to reduce its GHG emissions intensity by 19% in 2020 and 41% by 2025 which is likely to surpass the national commitment by Malaysia to reduce 45% carbon emissions intensity from its 2005 baseline by 2030 (Figure 4).

Current GHG Emissions

During 2019, IOI as a group produced 3.014 million tCO₂-e of direct (Scope 1) GHG emissions while indirect (Scope 2) GHG emissions contributed 0.0051 million tCO₂-e. About 51% of the total GHG emissions was from historical land use change during plantation development. A summary is shown in the table below. Full metrics of our carbon emissions and absolute numbers are available on page 74.

Operating Group	GHG Emissions (tCO ₂ -e)		Net GHG Intensity (tCO ₂ -e/ MT Product)
	Scope 1	Scope 2	
Plantation	2,814,910.05	3,634.51	1.457
Oleochemical	189,320.97	33,079.14	0.345
Refinery	9,504.04	14,347.86	0.041
Total	3,013,735.06	51,061.51	1.843

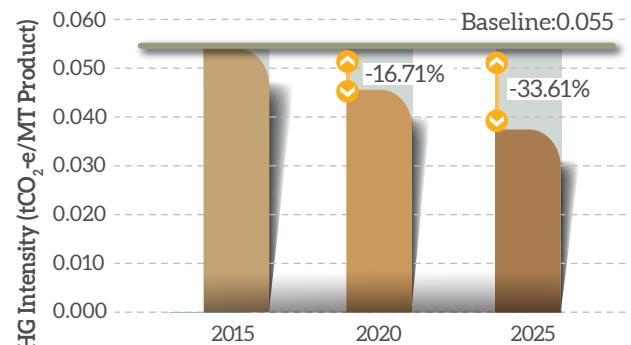


Figure 2. GHG Emissions Baseline & Target (Refinery)

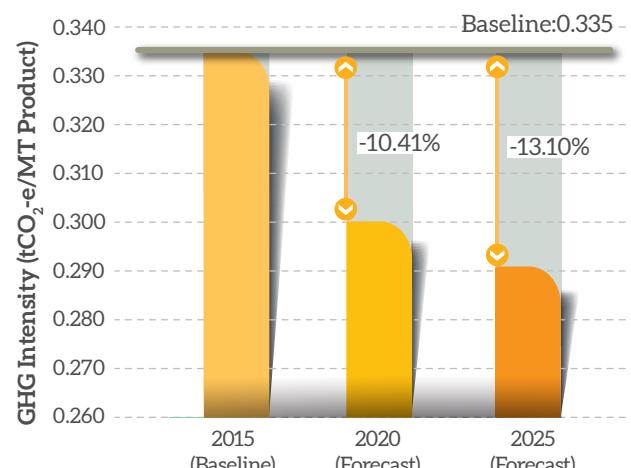


Figure 3. GHG Emissions Baseline & Target (Oleochemical)

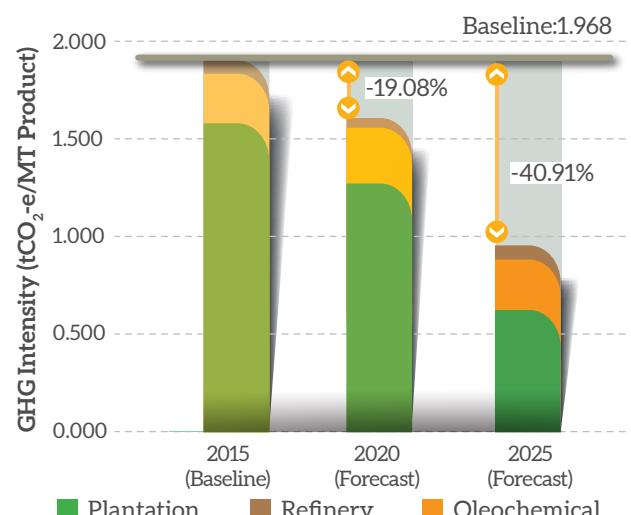


Figure 4. Consolidated GHG Emissions Intensity for IOI

SUSTAINABILITY FOCUS AREAS



IN FOCUS: CLIMATE ACTION

Operational Eco-efficiency

Management Approach

Our approach to eco-efficiency is guided by our commitments as laid out in the Sustainable Palm Oil Policy ("SPOP") and we have, in part, achieved this by integrating the circular economy model into our operation. For example, during the production of our palm oil, biomass like EFB, kernel shells, etc., and wastes like POME are recovered, repurposed and reused within the operations. The practice of utilising usable materials as secondary raw materials and optimisation of raw materials along the supply chain as well as minimisation of wastage from production further help us achieve eco-efficiency in our operation.

We also actively explore potential renewable energy initiatives to reduce dependency on non-renewable energy and at the same time improve our production efficiency to achieve higher production capacity with lesser resources. Such efforts are in line with our commitment to United Nation Sustainable Development Goals ("UN SDG") 12- Responsible Consumption and Production and UN SDG 13 - Climate Action.

Our Performance

Renewable Energy: Methane Capture

Methane gas generated from anaerobic digestion of POME, one of the main sources of GHG emissions from plantation operation, can be much reduced by the installation of methane capture facility or methane avoidance facility for the mills. As of June 2020, IOI has 10 palm oil mills equipped with methane capture plant which generated more than 4.3 million m³ of biogas, with another 2 plants are planned to be commissioned in second half of 2020.

The methane gas captured from methane capture facility is being utilised as renewable fuel for boiler and for electricity generation through gas engine instead of conventional diesel engine. This practice allows oil palm mills to reduce fossil fuel usage and gain GHG credit from utilisation of electricity from renewable energy. Methane capture system is also being utilised at our IOI Oleo Wittenberge plant to produce methane gas out of waste water for the generation of steam, thus helping to reduce GHG emissions and costs on energy.

Renewable Energy: Solar

In 2019, as part of its solar energy initiative, IOI Oleochemical installed solar panels at its plant at Prai and was able to generate a solar power capacity of 83.49 kWp. The estimated solar energy yield per year from this project contributed to about 24.79% of the total power consumption of the main office, sports complex and cafeteria annually. Going forward, this project is to be expanded to other sites due to its effectiveness in energy saving.



Solar panels installed on the rooftops at IOI Oleochemical in Prai

As part of Malaysia Energy Efficiency and Solar Thermal Application Project ("MEESTA") which is supported by the Malaysian Government and implemented by United Nations Industrial Development Organisation ("UNIDO"), a new solar harvesting system is currently being installed at the IOI Pan-Century Oleochemicals ("IOI Pan-Cen") plant. The harvested heat will be used for preheating boiler feed water to substitute consumption of non-renewable energy usage. The plant is scheduled to be completed in late 2020.



Solar thermal system under installation at IOI Pan-Cen for preheating boiler feed water

Energy Efficiency: Cogeneration Plant

A 6.5 MW Combined Heat and Power Cogeneration plant was installed at the IOI Pan-Cen Pasir Gudang site in May 2020 following the successful of similar installation at IOI Oleo, Prai's in 2015. The adoption of this green technology will have the potential to reduce carbon footprint by 26% per year and improve energy efficiency by 80%.



Cogeneration plant at IOI Pan-Cen

Alternative Energy: Liquefied Natural Gas System

In July 2019, environmental-friendly LNG is used as gas in IOI Edible Oils ("IOIEO") Refineries' (Refinery 2 and Refinery 3) high pressure Geka boiler and will gradually replace the use of non-renewable diesel fuel for steam generation. This system has the potential to reduce as much as 20% of GHG emissions. Going forward, plans are in place to install this system at Refinery 1 after the successful utilisation in Refinery 2 and Refinery 3 plants.

Energy Efficiency: Engineering Modification

Falling film and spiral heat exchanger were modified by combining both into series to improve heat recovery and product quality. This has improved LNG and diesel consumption by 22% as compared with past 3 years average. Just in FY2020 alone, this structural modification has saved more than 240,636 sm³ LNG consumption.

Peat Protection

Management Approach

Under No Deforestation, No Peat and No Exploitation ("NDPE"), IOI is fully committed to no new development on peatland and will adhere to the newly revised 2018 RSPO Principal & Criteria. Where the management of peatland is concerned, all our 3,850 Ha of oil palm planted on peat is being managed in accordance to the RSPO Manual on Best Management Practices for Existing Cultivation on Peat as well as Management and Rehabilitation of Peatlands. There is a continuous rehabilitation programme in place and will take place in stages in accordance with our programme and schedule.

Our Performance

Peatland Rehabilitation

Understanding the environmental and climate risks that poorly managed peatland poses, apart from observing best management practices, IOI also collaborates in rehabilitation projects with other stakeholders. Other than the on-going mini landscape level project whereby 10 Ha of degraded peatland of the forest reserve adjacent to Bukit Leelau Estate are being rehabilitated, we have also began to rehabilitate some of the peat areas outside of our concession in PT Kalimantan Prima Agro Mandiri ("KPAM") and PT Sukses Karya Sawit ("SKS") which caught fire due to the very dry season in 2019. During the reporting period, PT SNA had also rehabilitated the peatland adjacent to its HCV Management Area with 200 Rengas Manuk / Melanorrhoea wallichii forest tree saplings.

Fire Prevention & Management

Management Approach

IOI adheres strictly to its Zero-Burning Policy and is further supported by our 3-stage Fire Management Guidelines which are:



Stage 1: Fire prevention and monitoring

Fire prevention and monitoring - Fire is difficult to control once it's started and it is important that an accurate and reliable system for fire prevention monitoring is in place;

Stage 2: Fire emergency response

Trained emergency response team equipped with the necessary tools for fire suppression in the event of a fire;

Stage 3: Post-fire analysis and programmes

Awareness training to workers and surrounding communities to ensure similar level of preparedness in fire prevention, undertake mitigation actions to prevent future fires, engage with local civil societies and government departments.

SUSTAINABILITY FOCUS AREAS



IN FOCUS: CLIMATE ACTION

Our Performance

Internal Fire Monitoring and Emergency Response



- i) RSPO Fire Hotspot Monitoring Mechanism to provide alerts on fire hotspots.
- ii) Alerts detected will be verified by our Fire Patrolling Team. Ground monitoring assisted by using fire towers and drones.
- iii) Utilise Fire Danger Rating System ("FDRS") to indicate risk of fire based on real-time weather condition.
- iv) Emergency Response Teams are dispatched to control the fires.
- v) Developed fire risk mappings to focus on high risk areas based on historical fire incidences.

IOI, as the RSPO member committed to zero burning policy, strictly prohibits any burning activities within the company concessions. Most of the fire incidents we had on our concession were spread from outside of our concession. There were also some outbreaks inside the concessions which were due to natural causes, prolonged drought and possibly unintentional action by human. Within FY2020, there were a total of 17 fire incidences reported within and 52 reported outside our concessions in Indonesia. Only 1 fire incident reported outside our concession was detected in Peninsular Malaysia operation.

Fire Prevention Programme

Training on Management of Peat Area and Fire Prevention

IOI Unico 3 Estate in Sabah proactively initiated a training programme on managing existing peat area and preventing potential fire outbreak in February 2020. Neighbouring estates and adjacent villagers

took part in this training which covered best management practices for peat such as water level management, monitoring and fire preventive measures such as establishment of FDRS, firefighting equipment, etc.. During the same period, our plantations in Indonesia, PT Sukses Karya Sawit ("SKS") and PT Berkat Nabati Sejahtera ("BNS") also jointly conducted a fire prevention and management training. The training, attended by field assistants and our fire-fighting team, was part of their skills improvement training in mitigating potential fire incident.

Fire Safety Awareness Initiatives

Part of the objectives of our Bukit Leelau Mini Landscape Project was to raise awareness to the Orang Asli regarding potential fire risk. Thus, FDRS signboards were installed and the water table of the area was raised by canal blockings to effectively reduce the risk of accidental fire.

In October 2019, Fire Prevention Centre Malaysia conducted an awareness talk at IOI Pan-Cen on Fire Safety to enhance employees knowledge pertaining to fire prevention and emergency response. Participants gained, among others, understanding on how to handle gas leakage as well as survival methods in any type of vehicle accident. IOI Pan-Cen also hosted a mock drill of fire, spillage, evacuation and Search and Rescue ("SAR") exercise in March 2020 which was joined by Bunge Loders Croklaan. The exercise aimed to develop employee's competencies and to test their capabilities while establish good collaboration and coordination with neighbouring company to ensure emergency preparedness at all times.



Joint Emergency Exercise with Bunge Loders Croklaan in conjunction with Safety Campaign 2020 at IOI Pan-Cen

Emergency Response Team ("ERT") Competition

IOIEO and IBE co-organised an inter-department Emergency Response Team Competition in March 2020 to evaluate their emergency response preparedness in the event of an emergency. The competition includes application of fire-fighting skills such as fire hydrant-canvas hose-nozzle assembly, fire extinguishing, Iron Man challenge and Self-Contained Breathing Apparatus ("SCBA") challenge.



IN FOCUS: COVID-19

MANAGEMENT APPROACH

The COVID-19 pandemic is an unprecedented global health threat which has rapidly affected all industries and organisations at different magnitudes. Although IOI is similarly faced with the sudden appearance of this pandemic, with no prior anticipation nor preparation for such crisis, we were able to quickly pivot to a new normal and effectively navigate the human and business impacts of the pandemic with minimal disruption to our work, supply chain, and business as a whole. More importantly, we were able to ensure our employees' health and safety are properly safeguarded against this unknown threat with a combination of clear directions from the top management, responsive management team and swift implementation on the ground of all the required SOP and equipped with the necessary personal protective equipments ("PPE") to handle the health threat.

OUR PERFORMANCE

Response to COVID-19

In response to the COVID-19 pandemic, IOI has actively provided awareness trainings to the employees since 7 March 2020. Throughout the MCO imposed by the Malaysian government, the safety and welfare of our employees and their families remained our utmost concern. IOI management has ensured that employees continue to receive their salary regardless of whether operations were suspended due to the MCO. Food security was also safeguarded by ensuring sufficient food supply at the groceries and food stores operating within the plantations.

In addition, to prevent the spread of the virus within our operations, IOI had also introduced comprehensive guidelines and preventive measures. Such measures include face masks wearing, body temperature monitoring, physical distancing measures, contact-tracing, etc. COVID-19 emergency call posters were also posted in the various languages of our workers.

Preventive measures taken during this period are:

- Daily temperature screening to workers and children in crèche
- Self-quarantine for employees with symptoms
- No hand shaking policy
- Use of hand sanitiser as well as frequent sanitising of surface areas
- Strengthen the prohibition of entry and exit from our estates unless for emergencies

“
There was no difficulty in obtaining food and basic necessities throughout the MCO as they were available in the stores within the estates.
”

Lin De Jesus, Syarimo 3 Estate



Special task force for prevention of COVID-19 being practiced at the estates

SUSTAINABILITY FOCUS AREAS



IN FOCUS: COVID-19

We had also developed an SOP for any worker with a body temperature above 37.5 °C or displayed COVID-19 symptoms like cough, difficulty in breathing and headache. A standard quarantine period of two weeks under close observation would also be required for any worker who:

- Travelled to town or attended any function or event
- Returned from overseas
- Newly arrived from a foreign country
- Detected high fever and cough

In Indonesia, PT SNA established an Information and Response Centre/Pusat Informasi dan Pelaporan Mengenai COVID-19 ("POSKO") for COVID-19 cases in each community areas within the plantation area to provide assistance to the community on COVID-19 and to respond to any cases, if needed. The 4 centres are located within our 4 regions ("PT BNS, PT SKS, PT BSS, PT KPAM"). This initiative was reported in their local newspaper in May 2020¹.

So far, the procedures and preventive measures taken have been proven effective in curbing the spread of COVID-19 in IOI's operations as none of our workers have been tested positive for COVID-19. However, the management remains vigilant in observing good hygiene practices and adhering to the guidelines.



IOI staff distributing reusable face masks to Community Learning Centre ("CLC") school children

IOI Face Mask Initiative

Face masks are one of the most effective PPE against the transmission of COVID-19. Wearing face masks in public places was initially recommended by the government on a voluntary basis and subsequently mandatorily enforced by some of the countries where we operate. From the beginning, IOI has been providing free 3-ply surgical disposable face masks to our employees as part of our commitment to ensure the health and safety of the workforce are safeguarded during these challenging times. Distribution of the disposable surgical masks was subsequently replaced by reusable cloth masks that meet the N95 requirements, through the IOI Face Mask Initiative as long-term usage of replaceable surgical masks is not sustainable and could contribute to shortages of surgical masks in the market, especially for front-liners like those in the medical profession, security officers, etc..

“
Throughout the MCO period, large gatherings were prohibited. Face masks were distributed to each employee and we were required to sanitise our hands regularly. On top of that, our body temperatures were screened daily, and anyone with a body temperature above 37.5 °C would be taken for treatment.
”

Mucales, SYPOM



Establishment of POSKO at PT SNA in Indonesia

Besides protecting our employees from COVID-19, we also extend similar support to our employees' dependents. Reusable face masks specially made for children will also be distributed to all school children within the plantations prior to re-opening of schools after long closure.

As part of the community empowerment programme throughout this period, the management also initiated a community face mask project by encouraging the community within our plantations to sew their own reusable face masks. Materials needed for making the face masks were fully provided by IOI with the support from operating units in establishing their sewing facility complete with proper SOP to ensure that they are COVID-free. Non-working spouses of our employees are involved and their wages from making the face masks are being paid by IOI. The initiative comes with the objective of producing sufficient reusable masks for the plantation community while encouraging the community to generate alternative income during their involvement in making these masks.



Handmade mask as one of IOI's commitment to prevent COVID-19 in the workplace



Worker utilising land for planting in Luangmanis Estate

Plant Your Own Food Initiative

“
The vegetables I have planted helps my family a lot in reducing our living expenses as I no longer have to buy vegetables.
”

Bungawati Namma,
Baturong 1 Estate

Although our workers have been planting their own food, albeit in a haphazard manner, at the backyards of their house within the estate parameters, IOI started to formalise this activity in December 2019 via the "Plant Your Own Food Initiative". We did this by allocating specific areas for fruits and vegetables planting. Seedlings and fertilisers were provided to the employees interested in this initiative to ensure that this activity is done in a sustainable manner and in alignment with our UN SDGs.

The management realised that the main benefit of this initiative is food security (UN SDG 2) for our plantation employees and this is especially during the COVID-19 pandemic when our workers had to be quarantined during the MCO. Furthermore, this initiative enabled the workers to have access to healthier fresh fruits and vegetables while minimising their expenses for food, reducing their carbon foot print and crucially, during the pandemic, reducing the risk of infection among our employees by decreasing their need to visit public places to purchase fruits and vegetables (UN SDG 8, 13 & 15).

¹ <https://pontianakpost.co.id/pt-sna-peduli-warga-terdampak-covid-19/>

SUSTAINABILITY FOCUS AREAS



IN FOCUS: COVID-19

Common vegetables, fruits and cooking ingredients planted by the workers are eggplant, tomatoes, chilies, water spinach, pineapple, papaya, mangoes, lemongrass, turmeric, galangal and many others.

IOI further wanted to assess the value from the initiative by conducting detailed studies in Luangmanis Estate, Baturong 1 Estate and Kahang Estate which represented the Sandakan, Lahad Datu and Peninsular regions respectively. Currently, the total planted area for the estates in this study is 4,244 m² with the involvement from 260 households. In Indonesia, especially at PT SKS and PT BSS, most of the housing areas have been allocated their own areas to plant vegetables and rootstock plants for their own use. However, the official monitoring of the data for this initiative has not been conducted yet due to the pandemic.

The management is currently in the process of identifying more areas for the workers to encourage more workers to be involved in this initiative as it has also contributed to enriching the lives of our employees by promoting tighter communal relationships among our employees and served as a beneficial leisure activity. This partnership between our management and workers reflects our commitment in contributing towards UN SDG 17.

“Because of the Plant Your Own Food Initiative, we can provide not only for the needs of our own households but also share our harvest with each other.
”

Harianto, Kahang Estate



A proud worker with his crops in Baturong 1 Estate

Learnings from COVID-19 Pandemic

Having good governance in place is crucial in ensuring appropriate actions are taken to handle a crisis. This is even more so during the COVID-19 pandemic and IOI was able to demonstrate our good governance through our ability to operate more or less as usual. Such assurance was demonstrated during the MCO when we managed to assure our employees, suppliers, customers and investors that most of the operations are still able to operate through well-established guidelines and SOP, strong internal networking and updated information technology system. Employees were also assured of no salary or wage deduction throughout the entire period on top of the various assistance provided by the company to safeguard the livelihood of the employees.

The crisis also reiterated the importance of an established, well executed safety and health system within our operations as shown in our ability to deliver the necessary awareness regarding COVID-19 to the employees, execute all the safety measures according to the newly developed guidelines and standard operating procedures provided by the government as well as the preventive measures required to prevent any potential infection within the operations.

Finally, from the perspective of biodiversity and wildlife conservation, the COVID-19 pandemic, thought to be zoonotic in origin, has also highlighted the effect of human-wildlife interactions. Increasing threat to wildlife from poaching and illegal animal trade have been shown to increase the potential appearance of new diseases in the future. IOI takes this matter seriously through our commitments on biodiversity conservation and protection of Rare, Threatened, and Endangered ("RTE") species. A new guideline on biodiversity and conservation has been prepared to provide detailed guidance on managing and protecting wildlife within our operations.



TECHNOLOGY AND INNOVATION

MANAGEMENT APPROACH

Adoption and use of technology & innovation are crucial for IOI especially as an agricultural company with inherent challenges of land scarcity & limited work force to remain competitive and to meet the future's increasing demand for palm oil. IOI has been actively investing in the development of new technology to increase the yield per area of its oil palm plantations, increase production efficiency, crop diversification, production of value-added secondary products, and improve values from existing products, which have been described in the IOI's 5 strategic priorities.

OUR PERFORMANCE

Palm Biotechnology and Molecular Research

IOI Palm Biotech Sdn Bhd together with IOI Research Centre are responsible for managing the Research and Development as well as breeding programme for high-yielding planting materials to achieve long-term continuous yield improvement.

One of the strategies is by the planting of high yielding clonal palms, with the highest clonal planting hectarage up to 54% and 34% in selected estate groups in Peninsular Malaysia and Sabah respectively. In addition to high yielding clonal palms, semiclonal palms derived from elite clonal Dura crossed with selected Pisifera ("DxP") for oil yield enhancement will also be planted. To date, planting of high yielding clonal palms contributes between 25 to 50% of planting materials in suitable locations in IOI's annual replanting programme. As an example of the success of our programme, IOI's Bukit Leelau Palm Oil Mill in May 2020, achieved an average Oil Extraction Rate ("OER") of 24.83%, the highest OER achievement in Peninsular Malaysia.

Aside from breeding programmes, IOI is also focusing its research on oil palm genetic diversity studies, Deoxyribonucleic acid ("DNA") fingerprinting, Quantitative Trait Locus ("QTL") mapping and molecular markers development. An immediate goal is the development of IOI's Simple Sequence Repeat ("SSR") fingerprinting panel to be used as a quality control tool to produce DNA-authenticated DxP seeds, breeding materials and clones. This will help ensure only high purity DxP seeds, fidelity (true-to-type) clonal ramets and semi/bi-clonal seeds are produced from legitimate crosses and ortets in IOI.



Tissue culture lab at IOI Palm Biotech Sdn Bhd

Technology Integration



Integrated Management System

IOI is progressively establishing SAP system in its operating units as part of the digital transformation initiative to bring together all the analytical and transactional capabilities of a plethora of systems onto one location. This enables improved performance and better decision making process by allowing users to plan, execute, generate reports and analytics based on live data, as well as triggering period closing and providing improved predictions.

Within the given timeframe, IOI has launched the second Go-Live roll out of our ONE IOI Integrated Platform at Ladang Sabah and Mayvin Group in Sandakan Region, and Unico Group in Lahad Datu Region. In July 2020, we have implemented the SAP system in approximately 75% of the operating units and we expect to complete the implementation by year end 2020.

SUSTAINABILITY FOCUS AREAS



TECHNOLOGY AND INNOVATION



Mechanisation of FFB evacuation



Field Mechanisation in Oil Palm

Mechanisation was introduced at IOI as part of the solution to improve productivity and reduce workers dependency on laborious tasks. For example, in December 2019, Main Line FFB Evacuation system was utilised at the Gomali Plantation complex where infield FFB collected at the collection platform was loaded using a grabber and then transported by tractor to the palm oil mill for processing. The FFB collection team was able to mechanically load 30 to 40 MT of FFB a day to the mill compared to the conventional system that can only load 10 to 12 MT of FFB a day. Mechanical buffaloes and power wheelbarrows are also employed at difficult terrains to make the FFB evacuation process easier.

Aside from elimination of laborious tasks, mechanisation provides opportunity to retain skilled workers through increased productivity and salary as shown in our pilot study on Main Line FFB Evacuation system at Gomali Estate which also showed a 50% reduction of labour usage.

Several other mechanisation initiatives currently on trial are utilisation of Husqvarna Palm Pruner for pruning of immature palm, precise pesticide spraying using drone and removing trash at palm circle using Cifarelli blower.



Digital & Cashless Salary System

IOI collaborated with Merchantrade Asia Sdn Bhd to launch a digital wallet service on 1 February 2020. The system provides simplification of salary disbursement to our workers through online banking platform such as transferring money to their home country and is especially practical for applications in remote areas as well as at convenient stores. This system has also benefited the workers as they can now easily receive their monthly salary and track their expenses through mobile phones, make purchases without the need to carry cash in hand, remit money easily to their family and withdraw cash anytime through automated teller machine.



Employees at Baturong Oil Mill received their first salary through e-wallet.



Digitalisation and Automation

IOI is also using digitalisation and automation to improve operational efficiency. Our oleochemical plant at Prai is pioneering the digitalisation process through the implementation of the Realtime Production Organiser Operation Management ("RPO-OM") that works together with the Energy Management System to monitor and optimise energy use in operations. Both systems are in the initial development phase.

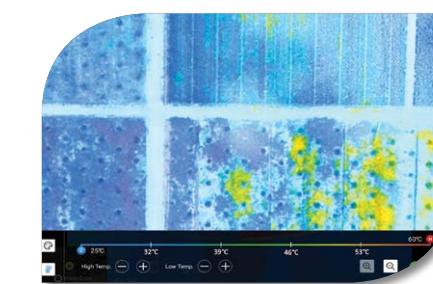
A new Environment Sustainability Data Entry ("ESDE") system has also been developed and scheduled for roll-out in 2020. The system will serve as an internal central database and will allow effective monitoring of all sustainability-related KPIs for IOI oleochemical operations.



Drone Thermal Imaging Technology

Drone thermal imaging is the latest technology that is currently being used by our firefighting team to assist in early fire detection. The customised drone for heat monitoring is equipped with a 4K sensor for light capture and a FLIR Lepton thermal micro camera for thermal imaging. The system allows fire hotspot monitoring to be conducted at night, as well as in smoky or foggy condition. Multispectral dynamic imaging, incorporates high-quality light detail into thermal imagery in real time to enhance visual detail, allowing quick identification and interpretation of critical data that may not be immediately visible to the naked eye.

Furthermore, the ability of this technology to display the average temperature of an object from far allows rapid monitoring to be done at locations which is not accessible readily, as for example due to safety issues. This technology is also particularly important for monitoring at peatland areas where fires sometimes occur underground with no real indication as there are no observable fires above ground.



Thermal imaging for fire monitoring



Innovation in Process Manufacturing and Products

Product Quality Improvement

IOIEO has adopted the latest technology in analytical science for testing 3-monochloropropanediol ("3-MCPDE") and Glycidyl fatty acid Esters ("GE") in refined palm oil and palm kernel products after equipping the refinery with a Gas Chromatography-Mass Spectroscopy ("GC-MS") for quality control. Both 3-MCPD and GE are known food processing compounds found in the vegetable oils during refining process. Improved quality control and refining process has enabled IOIEO to produce low GE RBDOL (Refined, Bleached, Deodorised Palm Olein) below 4 ppm to meet buyer's demand.



Product Innovation

While some European manufacturers are going towards the direction of palm oil free products in the mistaken belief that this will stop deforestation, IOI GmbH, with its ample supply of certified sustainable palm oil ("CSPO") from IOI's plantation operations, decided to advocate for producing products that contain sustainably sourced palm oil. They undertook this by converting the whole palm-based raw material portfolio into RSPO Mass Balance ("MB") certified palm oil to meet the growing demand of the personal care industry. In fact, both IOI's German manufacturing sites in Witten and Wittenberge committed to convert its entire production to sourcing 100% RSPO MB grade materials for its personal care products.

Aside from supporting the uptake of CSPO, this commitment also increased the value of our products by meeting the strict requirements of COSMOS for organic and/or natural cosmetics. The combination of utilising CSPO and receiving approval by COSMOS have proven to be a great success to the sales of products where the sales volume increased by two-folds. This is a great example of how our commitment towards the 3Ps (People, Planet & Prosperity) works hand in hand.



Requirements of Ecocert's COSMOS approved products

- Environmentally friendly production and processing processes respecting human
- Development of the concept of green
- Responsible use of natural resources
- Respect of biodiversity
- Absence of petrochemical ingredient
- Absence of genetically modified organism ("GMO")
- Recyclable packaging

Poised on Commitment to Expand Our Progress



IOI's focus on teamwork, synergy and communication in all aspects of operations has built greater agility and adaptability to change. This has stood us well in the current pandemic challenge as the Group (Plantation and Manufacturing Divisions) swiftly adopted guidelines and implemented recommended standard operating procedures to ensure business continuity while upholding the safety of our workforce in the plantations, at our offices and across all manufacturing facilities globally. As a result, we are able to continue on our sustainable journey, implementing our current planned activities, albeit based on the new norm.



Achievements To Date:

Managing
>15,000 Ha
of HCV and
conservation area

Planted 1,000
Cashew wildlings
for rehabilitation
at Cagar Alam

Recycled and reused
98% non-hazardous
wastes in IOI mills
and estates

Improved workers
retention and labour
rights practices

Target:
To achieve 100%
traceability in
Malaysia through
MSPO Trace

SUSTAINABILITY FOCUS AREAS



OUR WORKFORCE

HUMAN RIGHTS AT OUR WORKPLACE

MANAGEMENT APPROACH

Our workforce is the most important asset of our operations as activities such as seed production, oil palm planting and management, up to the extraction, refining and oleochemical manufacturing process, all require high degree of human intervention. With a strong workforce of about 30,000 worldwide, we are proud that we are able to contribute to society by providing jobs and opportunities to increase their standard of living. On top of this, IOI commits, based on our SPOP, to upholding the wellbeing of our employees by ensuring that our labour practices are aligned with internationally-recognised standards and to continuously implement best management practices that are in compliance with the requirements of human rights.

IOI had published in 2017, the Foreign Workers Recruitment Guideline & Procedure that we had developed with various stakeholders including NGOs. These guidelines provided a step-wise approach in ensuring every aspect of the recruitment process is being conducted accordingly. All job applicants have been given similar employment opportunities in IOI as per the Equal Opportunity Employment & Freedom of Association Policy. However, due to the nature of work in the oil palm estates which is more physically demanding, most of our applicants are male. As a result, the breakdown of our workforce shows 70% of our employees are male. However, with the adoption of mechanisation in laborious field work, more female employees may be attracted to work in the estates in future.

OUR PERFORMANCE

System for Monitoring of Human Rights and Labour Conditions

IOI was the earliest company in this industry to publicly commit not to charge foreign workers with recruitment-related fees. We had also placed KPIs on our estate managers stating that they must take proactive measures such as training to increase the workers' productivity with target earnings more than the minimum wage for each worker working during normal working hours.

All these commitments have been well adopted across the operations since 2017. In order to ensure continuous and consistent practices within the group, a comprehensive labour rights monitoring checklist was formulated and implemented at the plantations in Sabah and Peninsular Malaysia and further expanded to the Indonesia operations in November 2019. The Plantation Sustainability team continued to conduct internal audits on the monitoring of human rights and labour conditions based on the monitoring checklist.



Workers' Retention in IOI

In recognising the importance of good labour and human rights practices in retaining workers in the plantation industry, IOI in collaboration with Earthworm Foundation has produced a video to showcase positive impacts of good labour and human rights practices to the industry. The video highlighted measures including adopting internationally recognised labour and human rights standards which has resulted in an increase in productivity and reduction in abscondment rate by almost 30%. Through various testimonials from migrant workers and our estate management, the video also illustrates how good labour and human rights practices can be part of effective labour retention strategies. The video has been publicly uploaded at YouTube¹.

Implementation of good labour and human rights practices is evident in IOI as the total workers increased from 23,749 as reported in our last report to 23,809 in this reporting period.

On 23 December 2019, IOI set another milestone with the signing of three collective agreements with the National Union of Plantation Workers ("NUPW") which came into effect from 1 January 2020 to 31 December 2022. These agreements will set the baseline of employees' wages and employment conditions on top of the benefits that IOI is providing to the workers, including but not limited to conducive working and living conditions, medical benefits, and education facilities for their children.



Part of the collaborative video entitle Respecting People, Retaining Workers



Group photo of some of the WEC participants at Gomali Palm Oil Mill



Signing of collective agreement between IOI and NUPW

Women in IOI

IOI recognises the contribution and importance of women, either as our employees or as part of the close-knit plantation community living together with our employees. Within this reporting period, IOI has included new commitments into the SPOP to protect reproductive health of female employees and promote women empowerment. These commitments are supported by the newly developed internal guidelines for Implementation of Women and Empowerment Committee ("WEC") and the Guideline on Reproductive Health.

In conjunction with the International Women's Day on 8 March 2020, Plantation Units throughout IOI took the opportunity to synchronise the launching of the WEC at their respective operating regions (Sabah, Peninsula Malaysia and Ketapang, Indonesia).

¹ <https://www.youtube.com/watch?v=FrYN7nRGvVE&feature=youtu.be>

SUSTAINABILITY FOCUS AREAS



OUR WORKFORCE



Preparation for WEC launching gimmick at Ladang Sabah

OCCUPATIONAL SAFETY AND HEALTH

MANAGEMENT APPROACH

IOI firmly holds in the belief that a safe, healthy and harmonious working environment for all our employees across our operations as well as for others who may potentially be affected by our operations, are of critical importance, especially so during the COVID-19 pandemic. We are governed by our Occupational Safety, Health and Hygiene Policy¹ which holistically covers commitments on legal compliance, risk identification and controls, and necessary procedures to minimise safety and health hazards. We continuously aim and work towards zero accidents at our operations through proactive risk identification, risk management and continuous improvement to prevent future incidents. These policies and guidelines are further encapsulated in our SPOP under "Human Rights and Workplace". Additionally, IOI's involvements and participations in various internationally recognised certifications drive us to maintain the operations at a high level of compliance to safety and health requirements.

OUR PERFORMANCE

Safety & Health Performance

	Plantation Segment	Resource-Based Manufacturing Segment	
	IOI Plantation	IOI Oleochemical	Refinery
Injury Rate per Million Hours	32.89	7.38	2.48
Occupational Disease Rate per Million Hours	0	0	0

Refer to page 73 for full occupational safety & health performance

IOI remains committed to provide the necessary trainings as means of developing awareness and capacity building of the employees. Trainings on safety and health are consistently provided based on annual training programmes covering general risk prevention trainings to specific competency trainings such as first aider, machinery handling, confined space training, etc.. Within the reporting period, IOI as a Group provided an average of 19.6 hours of training per person. Our workers working mostly at the plantation received 22.3 hours of training per person which is higher than the IOI's overall average training hours. Full disclosure on employees' training hours is available on page 73.

Winner of National Occupational Safety & Health Award 2019

IOI's Baturong 1 Estate in Lahad Datu, Sabah was the winner of the National Occupational Safety and Health Award 2019 (Agriculture Category) that was held at the National Council for Occupational Safety and Health ("NCOSH") Excellence Awards Dinner on 28 February 2020. The competition for the top award involved more than 50 reputable companies and was presented by Datuk Amir Omar, Secretary

General of the Ministry of Human Resources. Recognition for this prestigious award was based on the NCOSH evaluation and audits since June 2019 where Baturong 1 Estate received a perfect score of 100% in its Occupational Safety and Health management and created 11 new safety innovations to enhance the safety, health and hygiene of the workers in plantation.

Group Safety Campaign

IOI's Sakilan Group organised the 1st Group Safety Campaign with the theme, "I Choose to Work Safely & Be Healthy at All Times" from 3 to 26 September 2019. The campaign featured various internal and external programmes which included awareness talks from the local Department of Occupational Safety & Health, Department of Environment, Health Department, Sabah Wildlife Department ("SWD"), Immigration Department, Energy Commission, Social Security Organisation and Department of Road Transport as well as IOI's Health, Safety & Environment and Sustainability Team. There were other activities such as a blood donation, competitions and a lucky draw.

Aiming for Zero Accident

In order to achieve its "Zero Accident" aim, IOI Oleo is committed to build a stronger prevention culture by introducing the 3E (Engagement, Empowerment, Enforcement). The 3E programme is meant as a further complement to the 3S (*Sihat, Selamat, Semangat*) theme under the global-based Vision Zero Malaysia campaign to reduce occupational accidents and the spread of diseases that has been introduced at the workplace.

During the Safety Week 2020, which ran from 10 to 14 February 2020, IOI Oleo had about 400 participants (employees and contractors) involved in such activities as enhancement on competency and engagement with employees working on the ground. The 3S programme achieved the initial objective of inculcating a zero-tolerance mindset towards workplace accidents in order to achieve a zero-accident rate for Malaysia's Vision Zero.



Aiming for Zero Accident

Health, Safety & Environment Campaign 2020

The Health, Safety & Environment ("HSE") Campaign 2020 was unveiled at IOI Pan-Cen in March 2020. The objectives of the campaign, themed Safety – Live It, Learn It, Love It, were also announced by the management. The campaign included promoting a HSE working culture, raising awareness of occupational safety and health on workplace hazards and risks, enhancing environmental protection, energy conservation and climate change as well as increasing employees' knowledge of relevant HSE legislations.

“

It is necessary to lead the change in workplace culture to encourage each individual to work together and address health, safety and environment-related issues.

Gurdev Singh, Chief Operating Officer of IOI Pan-Cen

Emergency Response Team ("ERT") Competition

IOIEO and IBE co-organised an inter-department Emergency Response Team Competition on 7 March 2020. Six teams comprised of 14 members from single or combined departments took part in the competition that evaluated their emergency response preparedness and response in the event of an emergency. The competition includes application of fire-fighting skills such as fire hydrant-canvas hose-nozzle assembly, fire extinguishing, Iron Man challenge and Self-Contained Breathing Apparatus ("SCBA") challenge. This event clearly lifted team spirit and loyalty among the employees. The QA/PKDF team eventually emerged as the victor after fierce competition from other teams who had performed equally well.

Competency Training Programme

"Working at height" is defined as working at a place that is above ground/floor level where a person is liable to being injured by falling. As the risk of falling from height is one of the main concerns, estates at IOI Lahad Datu Region initiated a Working at Height Competency Training Programme from 8 to 11 July 2019 for their estate workers. The participants were trained on the theoretical and practical aspects of managing the associated risks such as hazards identification, risk assessments, safety knot tying, ladder safety inspection, utilising proper working and fall protection equipments as well as work positioning system.

SUSTAINABILITY FOCUS AREAS



ENVIRONMENTAL MANAGEMENT

PEAT, FIRE, BIODIVERSITY AND CONSERVATION

MANAGEMENT APPROACH

In May 2020, IOI further strengthened our SPOP by including new commitments especially on biodiversity conservation and protection of Rare, Threatened and Endangered ("RTE") species. We followed this by revamping our Environmental Management Guidelines and streamlining them into 3 clear categories: Fire Management, Peatland Protection & Management, Biodiversity & Conservation Guidelines¹ as described in our Environmental Factsheet. These specific guidelines provide guidance on matters such as how to identify, manage, protect and monitor in and around our operations. Currently IOI is adopting the latest HCV templates based on the HCV Resource Network ("HCVRN") guidelines for any HCV assessment. IOI also participates in the working group for reviewing the National Policy on Biological Diversity organised by the Ministry of Natural Resources and Environment of Malaysia and is part of the HCV Malaysia Steering Committee.

Total land designated and managed as HCV areas (Hectares)	Other conservation land set aside, excluding HCV areas (Hectares)
---	---

3,655.35

11,508.95

As IOI believes that where environment management and conservation are concerned, environmental education to cultivate awareness on their importance must be inculcated into future generations. In the meantime, rehabilitation activities, wildlife rescue missions and monitoring of threats to wildlife must also be carried out with relevant stakeholders to enhance the values of the programmes while meeting the company's commitments on environmental management.

OUR PERFORMANCE

Environmental Awareness & Education

22nd Environmental Education Race

IOI Sandakan Region was one of the partners and co-organisers of the 22nd Environmental Educational Race ("EERace"), an annual environmental educational programme together with the Rainforest Discovery Centre ("RDC"). In June 2019, 36 schools from all over Sabah raced to complete activities and tasks such as calculating minimum wages through the collection of oil palm fruitlets, measuring the width of riparian zones according to regulations, undertaking scheduled waste management as well as other sustainability practices in IOI Pamol Group's Estates in line with the race's objectives. The race was eventually won by a group of educationists consisting of education officers and teachers.

Orangutan Conservation Outreach Programme

In order to promote wildlife conservation and increase knowledge of sustainability measures, IOI organised a two day Sepilok Orangutan Conservation Outreach Programme in collaboration with Sepilok Orangutan Rehabilitation Centre ("SEPILOK") and NGOs such as the Borneo Sun Bear Conservation Centre ("BSBCC"), Kinabatangan Orangutan Conservation Programme ("KOCP") and Wildlife Rescue Unit ("WRU") in August 2019. IOI's employees from Baturong group and an adjacent community participated in the event which focused on preventing poaching and protecting threatened species such as Orangutans, Elephants, Sun bears etc. Apart from capacity building and exhibitions, the programme also included colouring contest which saw the participation of more than 200 children from Sabah HUMANA Learning Centre.



Children Colouring Competition during the Orangutan Conservation Outreach Programme



Rehabilitation programme at Cagar Alam Muara Kendawangan

Wildlife Rescue

IOI continues to work with the SWD on wildlife rescue missions. In February 2020, IOI was involved in such mission, i.e., to rescue three elephants found roaming around IOI Moynod Estate. IOI, together with SWD and other conservationists, successfully translocated the elephants to Ulu Kawag Forest Reserve. In the meantime, IOI continued to patrol the area for any lingering wildlife to prevent any conflict or threat to wildlife in the area. Apart from rescue missions, IOI Plantation is also in discussions with SWD, Earthworm Foundation, government authorities etc., on long-term plans to mitigate human-wildlife conflict while enhancing activities that can protect and promote co-existence with wildlife within the areas in which we operate.

Commitments and efforts by IOI on biodiversity and conservation were recognised by the SWD where IOI Syarimo Group received 8 certificates of appreciation for its contribution in wildlife conservation and participation in the Honorary Wildlife Warden Programme.

Buffer Zone and Peatland Rehabilitation Project

As part of the commitment to preserve and rehabilitate High Conservation Value areas, PT SNA had organised a buffer zone rehabilitation programme at Cagar Alam Muara Kendawangan which involved the planting of more than 1,000 Cashew plant wildlings (*Anacardium occidentale*) along the buffer zone. The programme, participated by IOI's employees as well as teachers and students from a school in Kendawangan, Kalimantan, was also to cultivate awareness among the students on the importance of preserving buffer zones. The rehabilitation project also served as one of the means of generating alternative income for the community from Cashew nuts harvesting.

Other rehabilitation project that IOI undertook was the Bukit Leelau Mini Landscape Level Project where IOI managed to rehabilitate 10 Ha of degraded peat land in collaboration with the community and several stakeholders as per reported on page 37.



This elephant has been successfully translocated to a new home at Ulu Kawag Forest Reserve

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

SUSTAINABILITY FOCUS AREAS



ENVIRONMENTAL MANAGEMENT



Environmental Education Carnival

In October 2019, IOI Sungai Sapi Estate organised a Beluran District Environmental Education Carnival with the theme *Klestarian Kehidupan Melalui Pendidikan* which was officiated by the Beluran District Deputy Director of Education.

The carnival aimed to highlight the importance of environmental protection, promote the 3Rs (Reduce, Reuse, Recycle), encourage schools and organisations to participate and maintain inclusiveness in environmental education activities. At the carnival, IOI representatives showcased IOI's sustainability practices such as use of different types of personal protective equipment by plantation workers, recycling of wastes, and environmental practices.

Group photo of participants attending the Environment Education Carnival

OPERATIONAL ENVIRONMENTAL MANAGEMENT

MANAGEMENT APPROACH

IOI's environmental commitments are clearly articulated in our SPOP and are detailed further in the environmental factsheet on page 84. Our approaches to reduce environmental footprint and support positive environmental impacts covers the following areas:

- Energy efficiency and reduction of greenhouse gas emissions.
- Efficient use of natural resources while creating value and where possible using less resources including water.
- Waste reduction, responsible solids and liquids waste management and minimising pollution.
- Responsible and best practices in agrochemical usage by eliminating the use of highly hazardous agrochemicals and minimise environmental, safety and health impacts.

IOI's environmental management system is not only guided by relevant national and international regulations and various third-party certification systems but also by best management practices. All our operations' environmental compliance and performance are progressively monitored by internal departments and subjected to external third-party verification. We are committed to create environmental awareness to our stakeholders and provide the necessary training to our workforce to ensure competency.

For this section, agrochemical, waste and water management will be highlighted here. Matters involving energy efficiency and reduction of greenhouse gas emissions are discussed in the Climate Action section on pages 42-46 while the detailed performance data on our water, waste, energy and emissions are available on pages 74-75.

OUR PERFORMANCE

Responsible Agrochemical Management

IOI's had revised and published the Agrochemical Management Guidelines¹ which further emphasises our commitment in complying with legislative requirements, prohibiting the use of Paraquat and agrochemicals that are categorised as World Health Organisation Class 1A or 1B, and other substances listed under the Stockholm and Rotterdam Convention as well as reducing the use of other chemical-based agrochemicals. The guideline also covers safety and health aspects in agrochemical management and handling. The list of agrochemicals used in this reporting period is as reported in Sustainability Report 2019.

IOI practices "Reuse" and "Recycle" of secondary products to further reduce the use of inorganic fertilisers. During replanting, old stems and fronds are made into mulch and applied on the field to maintain moisture and provide organic fertilisers. Where possible, we repurpose our organic waste such as empty fruit bunches ("EFB") and treated POME as fertiliser in our plantations.

IOI implements Integrated Pest Management ("IPM") to sustainably control pests. Biological controls and natural solutions are used as ecologically friendly ways to manage pests across all our plantations and minimise the use of agrochemicals. Examples of these practices includes planting of beneficial plants and rat population control by barn owl.

Waste Management

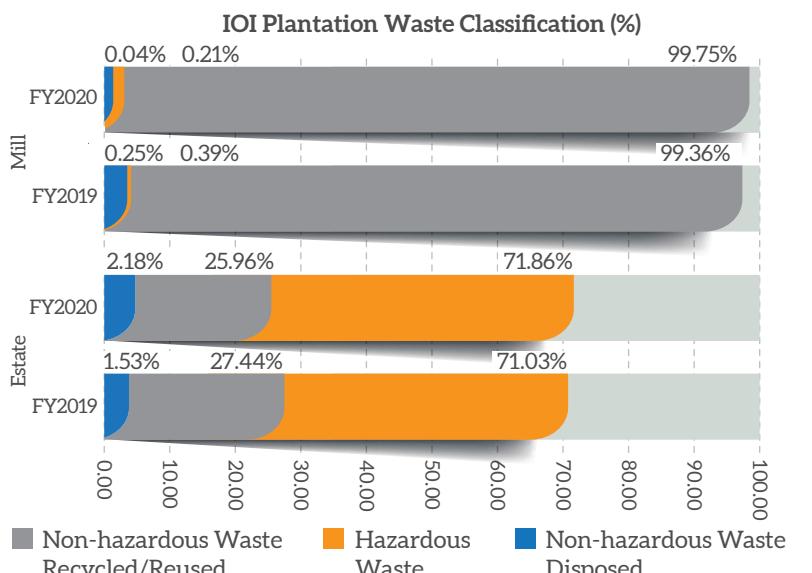
IOI emphasises on resource efficiency by optimising output while reducing unnecessary consumption and waste generation. The Group continuously explores waste management by "Reusing", "Recovering" and "Recycling" waste materials through integration of a circular economy model. Generated hazardous and non-hazardous wastes were handled based on environmental regulations. Non-hazardous waste is reused, recycled or disposed of at municipal landfills while hazardous waste is disposed by authorised collectors according to local regulations. Within the reporting period, IOI generated 5,110 MT of hazardous waste, and 330,664 MT of non-hazardous waste.

Waste management in IOI

IOI Plantation

For FY2020, 98% of total waste generation from IOI Plantation were recycled and reused. Majority of the waste was contributed from mill operations, and were mostly organic waste including EFB, POME, fibres and kernel shells that are being recycled, reused or repurposed for energy generation and as natural fertilisers.

POME generated from our mills is always treated to reduce Biological Oxygen Demand ("BOD") and Chemical Oxygen Demand ("COD") to the permissible regulatory level. IOI also adopted additional approaches such as application of green tube filtration system to remove solids from the POME.



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

SUSTAINABILITY FOCUS AREAS



ENVIRONMENTAL MANAGEMENT

IOI Refinery

	FY2019	FY2020
Hazardous Waste	18.25 MT	12.46 MT
Non-hazardous Waste Disposed	97.78 MT	107.74 MT
Non-hazardous Waste for Recycling/ Recovery	Data not available	12,183.33 MT

Waste comparison for IOI Refinery based on financial year.

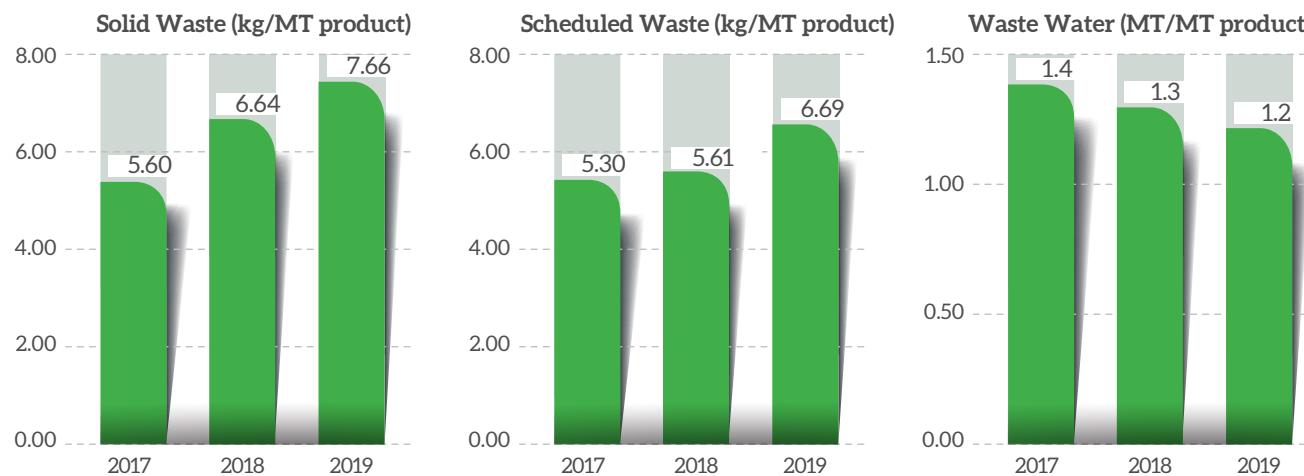
For this reporting period, additional wastes data reported also includes non-hazardous waste for recycling/ recovery, which was not reported in FY2019. Majority of the waste consists of Spent Bleaching Earth, which is usually converted

to environmentally friendly products. IOI refinery recycled 99% of the total waste produced. Among the environmentally friendly practices of IOI Refinery:

- Utilisation of palm oil by-products for steam production.
- Installation of chemical recycling system.
- Fast scanning method for incoming raw material to reduce chemical usage.
- Recycle and reuse of paper and scrap metal.
- Sludge produced from effluent treatment re-used as organic fertiliser.

IOI Oleochemical

Year to year Performance of Waste per MT Product of IOI Oleo



*Comparison of results were done based on calendar year

IOI Oleo classifies its waste into scheduled waste, solid waste and wastewater. Increase in waste production (Solid and Scheduled waste) within the reporting period was due to stringent regional legislations particularly for scheduled waste and reclassification of solid waste within IOI Oleo. Plans to reduce waste generation include working with external parties to explore utilisation of generated wastes in fuel, agriculture and industrial sectors. At the same time, during this reporting period, there is a continuous reduction of wastewater generated. Details are discussed in the following pages.

Water Stewardship

Water management plan for our plantation and manufacturing operations is updated on an annual basis. So far, none of our operations are operating in regions that are categorised water stressed.

IOI continues to enhance its water monitoring and reporting through internal water monitoring systems and external disclosures. This includes voluntary disclosure of Carbon Disclosure Project ("CDP") and integration of CDP as part of our performance indicator to improve our water management. IOI responded to the survey for the year 2019 and scored C for water, which indicate that we have awareness on this environmental concern.

IOI Plantation

Water consumption for the processing of FFB (m³ water/MT FFB)	
FY2019	FY2020
7.25	3.54

Our water management practices for plantation operations is clearly defined in our website¹. An annually updated water management plan is available for both estates and mills operation. The plan covers provision on water abstraction, storage, utilisation and wastewater management.

We also maintain buffer zones to protect natural waterways. Plans and commitments of maintaining river tributaries is reported in the HCV Assessment Report and the estate's Environmental Impact Assessment ("EIA"). Periodic water quality and consumption are monitored to gauge the health of river ecosystems and quality of water supply.

IOI Refinery

IOI refinery initiated several advancements in their water management within the reporting period. As of May 2020, water alarm and level detectors were installed at the palm oil refinery effluent ("PORE") treatment plant to alert the operators whenever there are any malfunctions or when the level of the recycled water supply goes low. This new feature ensures continuous water supply to the refinery while avoiding accidental water discharge to the sea and reducing water wastage. Since April 2020, our refinery has been able to recycle 100% of the treated PORE for refinery usage.

IOI Oleochemical

Water sources for IOI Oleochemical are mainly from the municipal source while a minority comes from the rainwater harvesting systems. Efforts have been made to adopt eco-themed oleochemical processes such as the use of physical separation instead of chemical treatments to reduce the use of water. Rainwater harvesting systems were installed to take advantage of the abundant rainfall throughout the year for our Malaysian facilities in Prai, Penang and Pasir Gudang, Johor. The rain collected has been used to refill water for cooling and non-critical housekeeping purposes.

While the existing Effluent Treatment Plant ("ETP") in Pasir Gudang site meets the Department of Environment's ("DOE") Standard B Discharge Limits quality, the treated effluent is mostly used for general cleaning purposes. In order for the treated effluent to be suitable for operational processes, a tertiary treatment system needs to be in place. As a result, a tertiary treatment system like the reverse Osmosis ("RO") treatment plant has been installed at the Pasir Gudang facility to treat wastewater effluent and reject water from the cogeneration plants to clean RO water for the cooling tower. This can lead to reduction of water withdrawal by 25% at the Pasir Gudang site. The Oleochemical plant in Prai has also embarked on water conservation projects such as recycling of the cogeneration plant RO reject water and recycling of effluent discharge.

For FY2020, reduction in water withdrawal was reported in most oleochemical operations due to improved production efficiency.

Water Withdrawal by IOI Oleochemical (m³/MT product)



¹ https://www.ioigroup.com/Content/BUSINESS/B_Practices

SUSTAINABILITY FOCUS AREAS



RESPONSIBLE SOURCING AND TRACEABILITY

MANAGEMENT APPROACH

Building a sustainable and traceable supply chain is important to IOI in order to deliver responsibly produced products to our buyers and end-consumers. Our commitments to support supply chain transformation are stated in our SPOP and Responsible Sourcing Guidelines ("RSG") and we believe that close collaboration and cooperation with our suppliers and all other stakeholders will enable us to achieve these objectives.

As reported in previous IOI's ASR, IOI's three-step suppliers traceability approach for our palm oil sources enhances transparency and aids in our monitoring and engagement of our supply base while all new suppliers are pre-qualified and screened in accordance with our "New Supplier Pre-assessment and Screening" procedure to ensure they have awareness of our sustainability requirements and agrees to meet our SPOP and RSG requirements¹.

Also as reported in last year's ASR, IOI utilises the online digital platform Tools for Transformation ("T4T") that allows suppliers to benchmark their operational systems against sustainability indicators covering NDPE requirements, good practices and areas for improvement. The platform also contains resources on best practices to guide suppliers in customising an action plans to close gaps and implement systems to align with market requirements.

As IOI sourced 96% of its palm oil volume within Malaysia and all the suppliers in Malaysia are subject to Malaysian Sustainable Palm Oil ("MSPO") certification, IOI will utilise the Traceability Module in MSPO Trace platform which was developed by Malaysian Palm Oil Certification Council ("MPOCC") to trace the origin of the palm oil sources in Malaysia. MSPO Trace is a continuous certification monitoring platform which aims at delivering sustainability, accountability and traceability throughout the oil palm value chain from grower to customer. Our latest palm oil traceability achievement is available on our Palm Oil Dashboard¹.



Mobile MSPO Trace Application

OUR PERFORMANCE

Suppliers Monitoring

IOI continues to monitor and receive alerts on issues concerning land use change and social matters in our supply base. The engagements, actions taken and progress are reported in IOI's grievance register².

IOI is currently in the 2nd year of utilising T4T for supplier monitoring and assessment in Sabah. IOI is now targeting to aid suppliers towards the preparation of their time-bound action plan to address any gaps in their sustainability practices.

Progress	Percentage of Suppliers monitored
Completed self-assessment through T4T	89%
Prepared action plans based on identified gaps	39%

IOI had also organised a supplier workshop to address the identified gaps on NDPE in its supply chain.



Sharing of IOI's sustainability commitments and achievements

Suppliers Engagement and Transformation

As of June 2020, we have identified 13% high priority, 72% medium priority and 15% low priority suppliers within our supply chain. Out of the 110 direct suppliers, we have engaged 77% of these suppliers through direct engagement methods such as workshops and on-site engagement.

In July 2019, IOI and BSI Services Malaysia Sdn Bhd ("BSI") visited Kluang Oil Palm Processing Sdn Bhd ("KOP") in Johor for a mill-level verification of KOP's compliance with IOI's SPOP. KOP's operations were assessed in terms of legal, environment, greenhouse gas, social and supply chain. The assessment evaluates KOP's operation and records existing good practices, identifies gaps and guides the preparation of action plans for improvement.

In the same month, IOI and Earthworm Foundation visited Bell Palm Industries Sdn Bhd ("BPI") to initiate a 3-stage Labour Transformation Programme to evaluate and strengthen BPI's labour systems and practices. Apart from communicating IOI's NDPE commitment and sharing of Labour practices and ethical recruitment with BPI, interviews with the migrant workers were also performed to evaluate their working conditions and recruitment practices.

IOI was also invited by Keck Seng (M) Berhad in October 2019, to communicate at the supplier workshop, our RSG, NDPE and SPOP commitments.

Engagement with Suppliers for Certification

In September 2019, Interland Plantations Sdn Bhd formally requested IOI's support in their preparation for the MSPO certification audit. IOI shared best management practices and assisted Interland in developing management plans such as the Environment Impact Assessment ("EIA") and Social Impact Assessment ("SIA"). The successful visit led to further discussion on the MSPO compliance and implementation for Interland's MSPO Stage 1 Audit in December 2019.

Collaboration with Buyer

IOI and Reckitt Benckiser conducted an intensive focus session on the 'No exploitation' requirement under our NDPE commitment for our supplier Tanah Emas Mill in Sabah who was selected based on prioritisation from the T4T assessment and stakeholders' concerns on human right issues. The session, attended by the mill team and other external suppliers including smallholders and small producers, was designed as an interactive platform to encourage dialogue and participation to develop solutions and systems suited for their own operations and to address issues such as ethical recruitment, forced labour and grievances.



Presentation on mitigating risk of child labour

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

² https://www.ioigroup.com/Content/S/S_Track

SUSTAINABILITY FOCUS AREAS



RESPONSIBLE SOURCING AND TRACEABILITY



IOI refinery facility in Sandakan, Sabah



View of IOI refinery from a different perspective

SUSTAINABILITY CERTIFICATIONS

MANAGEMENT APPROACH

IOI subscribes to international and local sustainability certification schemes and various assurance platforms to ensure the company is aligned with the latest industry's best practices and as part of our commitment towards transparency for our concerned stakeholders via third party verification.

IOI further commits to encapsulate the economic, environment, social, and governance principles from the sustainability certification schemes into our operation and progressively explore opportunities for improvement through these certification schemes.



RSPO certification audit at one of our operating units during COVID-19

OUR PERFORMANCE

Certification Progress



RSPO

- 170,384.44 Ha area certified.
- All 14 mills in Malaysia are certified.
- IOI is committed to achieve 100% RSPO certification for all its estates by 2023 barring any unforeseen delay on the RSPO resolution process involving IOI Pelita in Sarawak.



MSPO

- 174,653.45 Ha area certified.
- All mills and estates in Malaysia are certified.
- 1 refinery in Sandakan, Sabah is certified.
- 8 mills in Malaysia are certified.



ISCC

Currently our operations in Indonesia are preparing for their RSPO and ISPO certifications. However, the timebound plan for both of our RSPO and ISCC certifications have been pushed to year 2021 due to pending issuance of Hak Guna Usaha ("HGU") by the local government and COVID-19 pandemic.

Sustainability Assurance

Sustainability Policy Transparency Toolkit

In the current reporting period, IOI garnered a score of 71.9% against an industry average score of 35.2% in the Sustainability Policy Transparency Toolkit ("SPOTT") assessment. The score puts IOI at 13 out of 99 palm oil producers, processors and traders that were assessed based on their performance on sustainability-related aspects.

EcoVadis Sustainability Rating

IOI through IOI Oleochemical participated in EcoVadis sustainability assessment, which is a platform for trading partners to share sustainability performance. IOI achieved a silver rating in the assessment and was categorised within 90th percentile among participated companies.

Carbon Disclosure Project

IOI has been disclosing its forest, water, and climate change performance of its Oleochemical units through Carbon Disclosure Project ("CDP") since 2018. Starting from 2020, IOI has included data and information of all the operating units to the assessment. For the current reporting period, IOI scored B- for Forest, C for Water, and D for Climate change.



FTSE4Good Bursa Malaysia Index

This year, FTSE4Good assessment showed improvement for the environmental aspects (2.6) and governance aspects (4.6) but lower score for social aspects (2.3) specifically in relations to supply chain. As a result, the overall Environmental, Social and Governance ("ESG") rating declined slightly to 2.9 compared to last reporting cycle at 3.1.

SUSTAINABILITY FOCUS AREAS



RESPONSIBLE BUSINESS

MANAGEMENT APPROACH

In IOI, good governance enables us to operate more efficiently, mitigate risks and safeguard our stakeholders' interests. We are more accountable and transparent to investors which improves our access capital. We achieve this state by committing to work with integrity and to uphold the highest standard of work ethics in line with our Code of Business Conduct and Ethics ("The Code"). The Code provides guidance on the standards of behaviour expected of all employees of IOI Group, whereas the supplementary Code of Ethics for Directors is formulated for new on-boarding and existing directors. All new employees are communicated on The Code during their on-boarding training and The Code is available both in the employee's domain and at each operational unit.

Where corruption is concerned, IOI solidifies our zero-tolerance approach towards corruption in any form by outlining them clearly in the Group's Business Ethics, Compliance, Anti-Corruption and Anti-Money Laundering Policy¹. Topics covered in this policy includes our stance against kickbacks, gifts, hospitality and entertainment, protection money and political contribution. The policy which was published in 2018, is publicly available in our website and is communicated to all our employees through training/on-boarding sessions.

OUR PERFORMANCE



Anti-Corruption Training at IOI HQ for the employees

Training on Business Ethics, Compliance, Anti-corruption and Anti-Money Laundering Policy

In September 2019, IOI revised this policy and provided awareness training on the updated policy to the Board of Directors and senior management team and subsequently to all the employees. The purpose of these trainings was to promote better awareness about corporate governance and to ensure employees understand the significance of the updated policy.

The trainings was also to make sure that operating units will have the relevant process and procedures to prevent potential violation of the policy within or even outside of the organisation. The training also covered penalties and defences, adequate procedures, case studies, challenges as well as the steps that should be put in place internally to minimise the risk of corruption.

There was no corruption case reported within IOI in the current reporting cycle.



Sustainability Management Review Meeting for Sabah Region

Risk Management

IOI maintains a platform for all stakeholders to provide their feedback and communicate their concerns over any of our operational impacts, areas that may require improvement or possibility of misalignment to our policy and best practices. Aside from the grievance procedure that has been described on page 34, IOI has an established whistleblowing approach to resolve both internal and external stakeholder concerns. Any case submitted through these channels will be processed transparently with the involvement of affected stakeholders. IOI also commits to safeguard all stakeholders involved in the grievance process against potential threats, intimidation, violence, or reprisals throughout the process. To effectively manage all of our sustainability and operational risks, the Group coordinates risks and audit oversight through the Enterprise Risk Management ("ERM") framework which is maintained by the Board-level Audit and Risk Management Committee ("ARMC"). The sustainability risks that concern our operations include human rights, local community grievances, occupational health and safety, fire management, deforestation, climate change, biodiversity, and peatland protection. These risks are managed at the business unit level and are guided by approved guidelines and SOP.

Regulatory Compliance

The Group ensures consistency in delivering our obligations through the adoption of best practices as outlined by the regulatory bodies and agencies. In addition, we engage with various stakeholders that includes government departments and agencies, to obtain insights and guidance, create ongoing dialogues, and to improve transparency and accountability. Such engagements and collaborations are in the form of technical workshops and roundtables covering topics such as peat, GHG emissions, labour, human rights, FPIC, traceability and certification requirements, training of staff on human-wildlife conflict, efforts on fire prevention and mitigation, and many more.

For this reporting period, IOI continues to be actively involved in the MSPO certification standards improvement process by participating in the standards review working groups initiated by the Malaysian Palm Oil Certification Council ("MPOCC"). Involvement in the MSPO standards review process is important for IOI as it is a mandatory certification scheme by the Malaysian government. The review process involves strengthening the current requirements and ensuring that the requirements is on par with the industry standards. The review process started in September 2019 and is scheduled to be completed in 2020.

Training on Social Impact Assessment

Recognising the importance of maintaining a good and cordial relationship with local communities, a training on Social Impact Assessment ("SIA") was conducted at PT SKS in July 2019 with the participation of all employees in-charge of community engagement. The training was conducted to equip the trainees with the knowledge to identify potential social issues and how to handle the potential social impacts arising from the company's operations.

In addition, the participants were also trained on the principles of FPIC as a fundamental process especially pertaining to starting any development that may affect them or their surrounding by having them have their say to give or withhold consent to the development.

¹ https://www.ioigroup.com/Content/G/pdf/IOIC_Business%20Ethics_Compliance_AC_AML_Policy.pdf

APPENDIX

SUSTAINABILITY PERFORMANCE METRICS

ECONOMIC PERFORMANCE DATA

In RM million unless otherwise stated	2020	2019	2018	2017	2016
FINANCIAL					
Profit before interest and taxation	1,137.9	1,076.8	1,380.6	1,401.4	1,459.6
Profit attributable to owners of the parent	600.9	631.7	3,060.5	743.2	629.7
Equity attributable to owners of the parent	9,296.2	9,299.6	9,156.3	7,457.4	7,138.1
Return on average shareholders' equity (%)	6.46	6.85	36.84	10.18	8.86
Basic earnings per share (sen)	9.57	10.05	48.70	11.82	9.99
Dividend per share (sen)	8.0	8.0	20.5	9.5	8.0
PLANTATION					
FFB production (MT)	3,097,262	3,398,847	3,514,857	3,155,628	3,145,317
Total oil palm area (Ha)	176,909	176,156	174,234	174,396	179,271
MANUFACTURING					
Oleochemical					
Plant utilisation (%)	77	82	83	80	82
Sales (MT)	669,854	714,131	714,024	697,421	745,100
Refinery					
Plant utilisation (%)	69	65	69	63	62
Sales (MT)	1,973,792	1,917,195	2,152,800 ¹	2,414,773	2,427,326

Note:

¹ The sales (MT) of FY2018 includes eight (8) months' results of discontinued operations

Source : IOI Corporation Berhad Annual Report 2020

WORKPLACE PERFORMANCE

NUMBER OF EMPLOYEES AND DIVERSITY

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

Number of Employee by Employment Level

Gender	Management	Executive	Non-executive	Workers	Total
Male	286	649	3,238	17,760	21,933
Female	57	266	1,679	6,049	8,051
					29,984

Employee Nationality Breakdown

Nationality	Employee Nationality (%)
Indonesian	55.6
Malaysian	25.6
German	0.9
Bangladeshi	4.3
Filipino	8.7
Indian	3.0
Nepali	1.6
Other	0.3
Total	100%

GRI 404-1: Employee Training Hours

Employee Traning Hours by Employment Level (Hours/Year)

Gender	Units	Employment Level			
		Senior Management	Middle Management	Executive	Non-Executive
Male	Hours/ Year	1,277.50	3,627.50	10,635.50	29,727.50
Female	Hours/ Year	721.50	989.50	4,352.50	7,120.50
Average Training Hours by Employment Level (Hours/Person/Year)					
		Employment Level			
		Units	Senior Management	Middle Management	Workers
Average Training Hours		Hours/Person/Year	31.23	16.55	16.38
				7.49	22.26

OCCUPATIONAL HEALTH & SAFETY PERFORMANCE DATA

GRI 403-9 & GRI 403-10: OCCUPATIONAL HEALTH & SAFETY DATA

Man-hours	Units	IOI Corporation Division		
		IOI Plantation	IOI Refinery	IOI Oleochemical
Employees	Hours	57,034,975	806,317	3,388,393
Non-employee workers ¹	Hours	210,800	231,664	349,374

Note:

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

Health and Safety Performance -Employee ¹	Units	IOI Corporation Division		
		IOI Plantation	IOI Refinery	IOI Oleochemical
Injury ²				
Total number of injuries	Number	1,876.00	2.00	25.00
Total recordable injury frequency rate	Number/Million Hours	32.89	2.48	7.38
Total number of fatalities	Number	6.00	0.00	0.00
Fatality rate	Number/Million Hours	0.11	0.00	0.00
Total number of high consequences injuries (excluding fatalities)	Number	26.00	0.00	0.00
High consequence injuries rate (excluding fatalities)	Number/Million Hours	0.46	0.00	0.00
Total number of lost time injuries	Number	1,077.00	1.00	24.00
Lost time injury frequency rate	Number/Million Hours	18.88	1.24	7.08
Disease				
Total cases of recordable work-related ill health	Number	0.00	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	0.00	0.00	0.00

Note:

¹ Figures include consideration of both employees and workers unless otherwise stated² 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	Units	IOI Corporation Division		
		IOI Plantation	IOI Refinery	IOI Oleochemical
Non-renewable fuels purchased and consumed	GJ	460,358.46	4,835.42	1,418,723.27
Non-renewable electricity purchased	GJ	29,045.38	169,356.82	62,433.09
Steam / heating / cooling and other energy (non-renewable) purchased and consumed	GJ	0.00	0.00	302,004.72
Total renewable fuels purchased and consumed	GJ	2,206,751.77	1,349,604.83	39,144.67
Total renewable energy purchased or generated	GJ	0.00	0.00	360.07
Total Electricity Sold	GJ	40,557.43	0.00	1.81
Total Energy Consumption	GJ	2,655,598.18	1,523,797.07	1,822,664.01
Energy Intensity	GJ/MT	0.86	0.77	2.72

EMISSIONS

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

Performance Indicator	Units	IOI Corporation Division		
		IOI Plantation	IOI Refinery	IOI Oleochemical
Total direct GHG (scope 1) emissions	tCO ₂ -e	2,814,910.05	9,504.04	189,320.97
Total indirect GHG (scope 2) emissions	tCO ₂ -e	3,634.51	14,347.86	33,079.14
Total GHG emission reduction (carbon sequestration)	tCO ₂ -e	-1,721,148.09	0.00	0.00
Net GHG emission	tCO ₂ -e	1,097,396.47	23,851.90	222,400.11
Emission Intensity	tCO₂-e/MT Product	1.46	0.04	0.34

Note:
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).

WATER

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

Water Consumption & Discharged by Source	Units	IOI Corporation Division		
		IOI Plantation	IOI Refinery	IOI Oleochemical
Total Freshwater Withdrawal ($\leq 1,000 \text{ mg/L Total Dissolved Solids}$)	m ³	11,615,221.73	783,141.00	2,150,923.17
Total Other Water Withdrawal ($> 1,000 \text{ mg/L Total Dissolved Solids}$)	m ³	1,624,861.00	0.00	25,158.04
Total Water Withdrawal	m³	13,240,082.73	783,141.00	2,176,081.20
Total Water Consumption	m³	10,952,756.50	780,184.00	1,247,932.20
Total Water Discharge	m³	2,287,330.83	8,422.00	928,149.00

WASTE

GRI306-2: Waste Disposal

Performance Indicator	Units	IOI Corporation Division		
		IOI Plantation	IOI Refinery	IOI Oleochemical
Total Hazardous Waste	MT	673.52	12.46	4,424.11
Scheduled Waste	MT	642.43	12.46	4,424.11
Incineration	MT	0.04	0.00	0.00
Landfill	MT	29.64	0.00	0.00
Other Disposed Waste	MT	1.41	0.00	0.00
Total Non-hazardous Waste Disposed	MT	4,204.31	107.74	9,110.34
Incineration	MT	147.20	0.00	58.37
Landfill	MT	3,804.96	0.00	5,315.21
Other Disposed Waste	MT	252.15	107.74	3,736.76
Total Non-hazardous Waste Reuse/Recycled	MT	296,806.35	12,183.33	8,251.62
Reuse	MT	85,864.08	0.00	361.00
Recycle	MT	330.91	1.37	7,860.92
Composting (Self-fertiliser)	MT	205,649.61	0.00	0.00
Recovery, including energy recovery	MT	0.00	12,181.96	29.70
Other Reuse/Recycle Waste	MT	4,961.75	0.00	0.00
Total Disposed Waste	MT	4,877.83	120.20	13,534.45
% Waste Reuse/Recycled	%	98	99	38

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
66.7	89.2	65.8	94.6

APPENDIX

GRI CONTENT INDEX

Material topic	GRI standard	Section	Page number	Additional information
General Disclosures				
Organisational Profile	102-1	Name of the organisation	Our Front Cover	
	102-2	Activities, brands, products, and services	About Us: Who We Are, About Us: Our Value Creation Model	10 16-17
	102-3	Location of headquarters	About This Report	1
	102-4	Location of operations	About Us: Who We Are	10 Malaysia, Indonesia and Germany
	102-5	Ownership and legal form	About This Report About Us: Who We Are	1 10 For full list of ownership, refer to Annual Report page 14-17
	102-6	Markets served	About Us: Who We Are	10
	102-7	Scale of the organisation	Appendix: Sustainability Performance Metrics About Us: Our Value Creation Model	72 16-17
	102-8	Information on employees and other workers	Appendix: Sustainability Performance Metrics	72
	102-9	Supply chain	About Us: Our Value Creation Model	16-17
	102-10	Significant changes to the organisation and its supply chain	About This Report	1 No changes
Strategy	102-11	Precautionary Principle or approach	Sustainability Focus Areas: Responsible Business	70-71
	102-12	External initiatives	Our Sustainability Approach: Contribution to UN SDGs	29-31
	102-13	Memberships of associations	Our Sustainability Approach: Stakeholder Engagement	24
	102-14	Statement from senior decision-maker	Message From Our Group Managing Director & Chief Executive	2-5
	102-15	Key impacts, risks, and opportunities	About Us: Our Value Creation Model	16-17 Refer to Annual Report 2020, page 20-21
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	About Us: Who We Are	10
	102-17	Mechanisms for advice and concerns about ethics	Sustainability Focus Areas: Responsible Business	70
Governance	102-18	Governance structure	Our Sustainability Approach: Sustainability Governance	21
Stakeholder Engagement	102-40	List of stakeholder groups	Our Sustainability Approach: Stakeholder Engagement	22-25
	102-41	Collective bargaining agreements	Sustainability Focus Areas: Our Workforce	56-59 IOI respect freedom of association and collective bargaining as part of our commitment to support the fair and equitable treatment of our workers. IOI will not refuse any genuine opportunity to collectively bargain with workers who want to do so (from IOI PLANTATION EQUAL OPPORTUNITY EMPLOYMENT & FREEDOM OF ASSOCIATION POLICIES).
	102-42	Identifying and selecting stakeholders	Our Sustainability Approach: Stakeholder Engagement	

Material topic	GRI standard	Section	Page number	Additional information
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Reporting Practice	102-43	Approach to stakeholder engagement	Our Sustainability Approach: Stakeholder Engagement	22-25
	102-44	Key topics and concerns raised	Our Sustainability Approach: Stakeholder Engagement	22-25
	102-45	Entities included in the consolidated financial statements	About This Report, page 1	1
	102-46	Defining report content and topic boundaries	About This Report, page 1	1
	102-47	List of material topics	Our Material Sustainability Matters	12-15
	102-48	Restatements of information	About This Report	1
	102-49	Changes in reporting	About This Report	1
	102-50	Reporting period	About This Report	1
	102-51	Date of most recent report	About This Report	1
	102-52	Reporting cycle	About This Report	1
Management Approach Disclosures	102-53	Contact point for questions regarding the report	Inside Stories	
	102-54	Claims of reporting in accordance with the GRI Standards	About This Report	1
	102-55	GRI Content Index	Appendix: GRI Content Index	76-79
	102-56	External assurance	About This Report	1
	Management Approach Disclosures			
Sustainable partnerships and collaborations	103-1	Explanation of the material topic and its Boundary	Our Material Sustainability Matters	12-15
	103-2	The management approach and its components		32-35
	103-3	Evaluation of the management approach		32-35
Community Relations and CSR	103-1	Explanation of the material topic and its Boundary	Our Material Sustainability Matters	12-15
	103-2	The management approach and its components		36-39
	103-3	Evaluation of the management approach		36-39
In Focus: Climate Action	103-1	Explanation of the material topic and its Boundary	Our Material Sustainability Matters	12-15
	103-2	The management approach and its components		42-46
	103-3	Evaluation of the management approach		42-46
In Focus: COVID-19	103-1	Explanation of the material topic and its Boundary	Our Material Sustainability Matters	12-15
	103-2	The management approach and its components		47-50
	103-3	Evaluation of the management approach		47-50
Technology and Innovation	103-1	Explanation of the material topic and its Boundary	Our Material Sustainability Matters	12-15
	103-2	The management approach and its components		51-53
	103-3	Evaluation of the management approach		51-53

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Material topic	GRI standard		Section	Page number	Additional information
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	103-2	The management approach and its components		56-59	
	103-3	Evaluation of the management approach		56-59	
Environmental Management	103-1	Explanation of the material topic and its Boundary	Our Material Sustainability Matters	12-15	
	103-2	The management approach and its components		60-65	
	103-3	Evaluation of the management approach		60-65	
Responsible sourcing & traceability	103-1	Explanation of the material topic and its Boundary	Our Material Sustainability Matters	12-15	
	103-2	The management approach and its components		66-69	
	103-3	Evaluation of the management approach		66-69	
Responsible business	103-1	Explanation of the material topic and its Boundary	Our Material Sustainability Matters	12-15	
	103-2	The management approach and its components		70-71	
	103-3	Evaluation of the management approach		70-71	
Economic Disclosures					
Economic Performance	201-1	Direct economic value generated and distributed	Appendix: Sustainability Performance Metrics	72	
	201-2	Financial implications and other risks and opportunities due to climate change	In Focus: Climate Action	42-46	
Market Presence	202-2	Proportion of senior management hired from the local community	Appendix: Sustainability Performance Metrics	72	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Community Relations and CSR	36-39	
	203-2	Significant indirect economic impacts	Community Relations and CSR	36-39	
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	205-2	Communication and training about anti-corruption policies and procedures	Our Year in Summary Sustainability Focus Areas: Responsible Business	6-7 70-71	
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	302-3	Energy intensity	Appendix: Sustainability Performance Metrics	74	
Water and Effluents (2018)	303-1	Interactions with water as a shared resource	Appendix: Sustainability Performance Metrics	74	
	303-3	Water withdrawal	Appendix: Sustainability Performance Metrics	74	
	303-4	Water discharge	Appendix: Sustainability Performance Metrics	74	

Material topic	GRI standard		Section	Page number	Additional information
	303-5	Water consumption	Appendix: Sustainability Performance Metrics	74	
Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	Environmental Management	60-65	
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Emissions	305-1	Direct (Scope 1) GHG emissions	Appendix: Sustainability Performance Metrics	74	
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	305-4	GHG emissions intensity	Appendix: Sustainability Performance Metrics	74	
Effluents and Waste	306-2	Waste by type and disposal method	Appendix: Sustainability Performance Metrics	75	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Responsible sourcing & traceability	66-69	
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Employment	401-1	New employee hires and employee turnover	Our Workforce Appendix: Sustainability Performance Metrics	56-59 72	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our Workforce	56-59	
Occupational Health and Safety (2018)	403-4	Worker participation, consultation, and communication on occupational health and safety	Our Workforce	56-59	
	403-9	Work-related injuries	Appendix: Sustainability Performance Metrics	73	
	403-10	Work-related ill health	Appendix: Sustainability Performance Metrics	73	
Training and Education	404-1	Average hours of training per year per employee	Appendix: Sustainability Performance Metrics	73	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Appendix: Sustainability Performance Metrics	72	
Child Labour	413-1	Operations and suppliers at significant risk for incidents of child labour	Responsible Sourcing & Traceability Responsible Business	66-69 70-71	
Human Rights Assessments	412-1	Operations that have been subject to human rights reviews or impact assessments	Our Workforce	56-59	
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Local Communities	413-1	Operations with local community engagement, impact assessments, and development programmes	Community Relations and CSR	36-39	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Responsible sourcing & traceability	66-69	

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GLOSSARY

Biological Oxygen Demand ("BOD")	Biochemical oxygen demand is the amount of dissolved oxygen needed by aerobic biological organisms to break down organic material present in a given water sample at certain temperature over a specific time period.	High Conservation Values ("HCV")	As defined by the HCV Resource Network, HCVs are biological, ecological, social or cultural values which are outstandingly significant or critically important at the national, regional or global level.
Carbon Dioxide Equivalents ("CO₂-e")	CO ₂ -e is a measure used to compare the emissions from various greenhouse gases based upon their global warming potential.	Integrated Pest Management ("IPM")	IPM is the careful consideration of all available pest control techniques and subsequent integration of appropriate measures that discourage the development of pest populations and keep pesticides and other interventions to levels that are economically justified and reduce or minimise risks to human health and the environment. IPM emphasises the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms.
Carbon Disclosure Project ("CDP")	The CDP is an organisation based in the United Kingdom which supports companies and cities to disclose the environmental impact of major corporations.	Intergovernmental Panel on Climate Change's ("IPCC")	The Intergovernmental Panel on Climate Change (IPCC) is an intergovernmental body of the United Nations that is dedicated to providing the world with objective, scientific information relevant to understanding the scientific basis of the risk of human-induced climate change, its natural, political, and economic impacts and risks, and possible response options.
Chemical Oxygen Demand ("COD")	Chemical oxygen demand is an indicative measure of the amount of oxygen that can be consumed by reactions in a measured solution. It is commonly expressed in mass of oxygen consumed over volume of solution which in SI units is milligrams per litre (mg/L).	International Labor 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.
Climate Change Action ("CCA") Initiatives	IOI's Climate Change Action ("CCA") Initiative is IOI's long-term action-plans to mitigate and reduce GHG emissions from our diverse operations. The ultimate aim of this initiative is to achieve carbon neutral as a group.	International Sustainability & Carbon Certification ("ISCC")	ISCC is an independent multi-stakeholder organisation providing a globally applicable certification system for the sustainability of raw materials and products.
Crude Palm Oil ("CPO")	First stage palm oil product produced from fresh fruit bunches ("FFB") at a mill.	Malaysian Palm Oil Board ("MPOB")	The Malaysian Palm Oil Board is a government agency responsible for the promotion and development of the palm oil industry in Malaysia.
Dow Jones Sustainability Indices ("DJSI") assessment	The Dow Jones Sustainability Indices (DJSI) launched in 1999, are a family of indices evaluating the sustainability performance of thousands of companies trading publicly, operated under a strategic partnership between S&P Dow Jones Indices and RobecoSAM (Sustainable Asset Management) of the S&P Dow Jones Indices. The DJSI is based on an analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labour practices.	Malaysian 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.
Empty Fruit Bunches ("EFB")	Remains of the fresh fruit bunches after the fruit has been removed for oil pressing.	Malaysian Palm Oil Certification Council ("MPOCC")	Malaysian Palm Oil Certification Council (MPOCC) is an independent non-profit organisation established in December 2014 to develop and operate the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme.
Free, Prior and Informed Consent ("FPIC") principle	Free, Prior and Informed Consent (FPIC) is 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.	Movement Control Order ("MCO")	The MCO is a cordon sanitaire implemented as a preventive measure by the federal government of Malaysia in response to the COVID-19 pandemic in the country on 18 March 2020. The order was commonly referred to in local and international media as a "lockdown" or "partial lockdown."
Fresh Fruit Bunches ("FFB")	Bunches harvested from the oil palm tree.	National Council for Occupational Safety and Health ("NCOSH")	The National Council of Occupational Safety and Health (NCOSH) is the highest forum in the Ministry of Human Resources where tripartite discussions are held about issues related to the direction, national policy and the implementation of occupational safety and health in Malaysia.
Genetically Modified Organism ("GMO")	A genetically modified organism is any organism whose genetic material has been altered using genetic engineering techniques.	National Union of Plantation Workers ("NUPW")	The National Union of Plantation Workers (NUPW) is the largest union in Malaysia and one of the largest in Asia.
Global Forest Watch ("GFW")	GFW is an interactive online forest monitoring and alert system designed to empower people everywhere with the information they need to better manage and conserve forest landscapes.	Non-Governmental Organisation ("NGO")	NGO is used in this report to refer to grassroots and campaigning organisations focused on environmental or social issues.
Global Reporting Initiative ("GRI")	GRI is 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.	Oleochemical	A chemical compound derived industrially from animal or vegetable oils or fats.
High Carbon Stock Approach ("HCSA")	The HCS Approach is a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed. The methodology was developed with the aim to ensure a practical, transparent, robust, and scientifically credible approach that is widely accepted to implement commitments to halt deforestation in the tropics, while ensuring the rights and livelihoods of local peoples are respected.	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.

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Palm Oil Mill effluents ("POME")	Palm oil mill effluent (POME) is a wastewater generated from palm oil milling activities which requires effective treatment before discharge into watercourses due to its highly polluting properties.
Peat	An accumulation of partially decayed vegetation matter. Peat forms in wetlands or peat lands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests.
Reverse Osmosis ("RO")	Reverse osmosis is a water purification process that uses a partially permeable membrane to remove ions, unwanted molecules and larger particles from drinking water.
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.
Roundtable on Sustainable Palm Oil Mass Balance ("RSPOMB")	Sustainable palm oil from certified sources is mixed with ordinary palm oil throughout supply chain.
Roundtable on Sustainable Palm Oil Segregated ("RSPOSG")	Sustainable palm oil from different certified sources is kept separate from ordinary palm oil throughout supply chain.
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. These reports are mandatory for Ordinary and Affiliate members, and are submitted each year.
Scope 1 Emissions	All direct GHGs emissions.
Scope 2 Emissions	Indirect GHGs emissions for consumption of purchased electricity, heat or steam.
Sustainability Advisory Panel ("SAP")	The IOI Sustainability Advisory Panel ("SAP") was formed in January 2017 and tasked with overseeing the application of IOI Group's Sustainability Implementation Plan ("SIP"). The SAP also advises on sustainability issues raised by multi-stakeholders including NGOs and the RSPO.
Sustainability Implementation Plan ("SIP")	IOI's SIP serves as a practical working document that puts into practice the goals and commitments stated in the IOI Sustainable Palm Oil Policy.
Sustainability Policy Transparency Toolkit ("SPOTT")	SPOTT is an online platform supporting sustainable commodity production and trade. By tracking transparency, SPOTT incentivises the implementation of corporate best practice.
Sustainability Steering Committee ("SSC")	The SSC, chaired by the GMD, heads of the operating divisions, Group Head of Sustainability and senior management from group support functions. The SSC assures that the Group's sustainability agenda, commitments and issues are discussed, approved and implemented.
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.
United Nations Sustainable Development Goals ("UN SDGs")	The 17 SDGs by the UN are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.



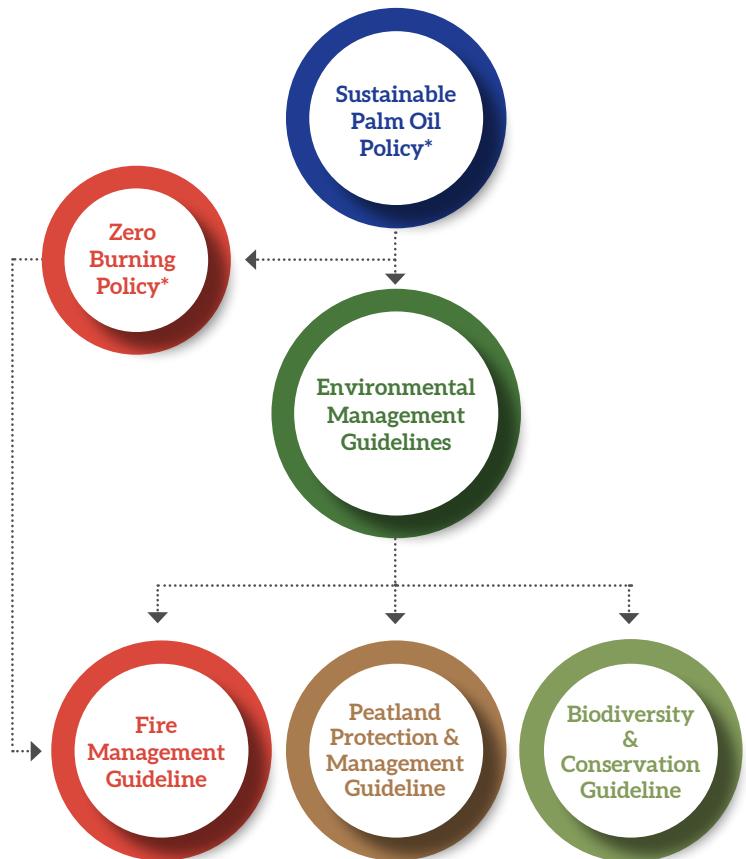
OUR APPROACH ON ENVIRONMENTAL MANAGEMENT



IOI, an active member of both the Roundtable on Sustainable Palm Oil and High Carbon Stock Approach, strongly believes in our balanced commitments towards the protection and conservation of the environment and the company's development and prosperity. These beliefs are based on our three pillars of sustainability and our adoption of the specific environmental-related United Nation's Sustainable Development Goals ("UN SDG")s.

Aside from IOI's compliance to internationally recognised sustainability certifications, IOI's **Sustainable Palm Oil Policy ("SPOP")** also subscribes to the environmental-related commitments aspects of No Deforestation, No Development on Peat and No Social Exploitation ("NDPE").

IOI has developed relevant policies and guidelines in support of the SPOP in management of major environmental concerns as below:



* Please refer to IOI Group's website for our SPOP and Zero Burning Policy

OUR ACTIONS



CLIMATE CHANGE ACTION INITIATIVE

- GHG emissions baseline and reduction target
 - 19% reduction by 2020 and 41% by 2025
 - Minimising land use change emissions through yield improvement
 - Utilisation of biomass and waste through circular economy model
- Operational eco-efficiency through adoption of green technologies and innovation
 - Methane capture, methane avoidance, solar energy, cogeneration plant, liquefied natural gas ("LNG") system



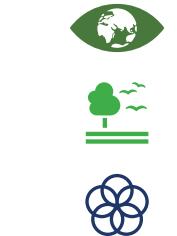
ENGAGEMENT & COLLABORATION

- Engagement with suppliers through Tools for Transformation ("T4T")
- Environmental-related training for smallholders and suppliers
- Smallholders capacity building for MSPO certification and yield improvement through ILHAM project
- Engagement with buyers and stakeholders through sustainability-related assessments. E.g. DJSI, CDP, FTSE4Good, SPOTT
- Collaboration with Monash University on Fair and Decent Wage Study



WILDLIFE PROTECTION & RESCUE

- Collaboration to translocate elephants back to their natural habitat
- Collaboration with HUTAN-PONGO Alliance on Orangutan population and its co-existence



REHABILITATION PROGRAMME

- Collaboration with local communities on peatland protection and rehabilitation
- Rehabilitation of buffer zone at Cagar Alam Muara Kendawangan
- Rehabilitation of 10 Ha degraded peatland at Bukit Leelau, Pahang
- 200 Rengas Manuk / Melanorrhoea wallicii forest tree saplings planted on peat adjacent to the HCVMA area



ENVIRONMENTAL EDUCATION

- Environmental, Orangutan and wildlife conservation programme for students
- Provide training on peat management, fire prevention and control
- Empowerment of communities through technical capacity in growing forest tree wildlings, fire fighting and protection of peatland



OUR GUIDELINES



One of the fire towers at PT SKS

MONITORING & ADAPTIVE MANAGEMENT

- Explore potential collaboration in peatland management and monitoring. E.g. Landscape Approach.
- Continuous improvement in peatland management

TRAINING & SOCIALISATION

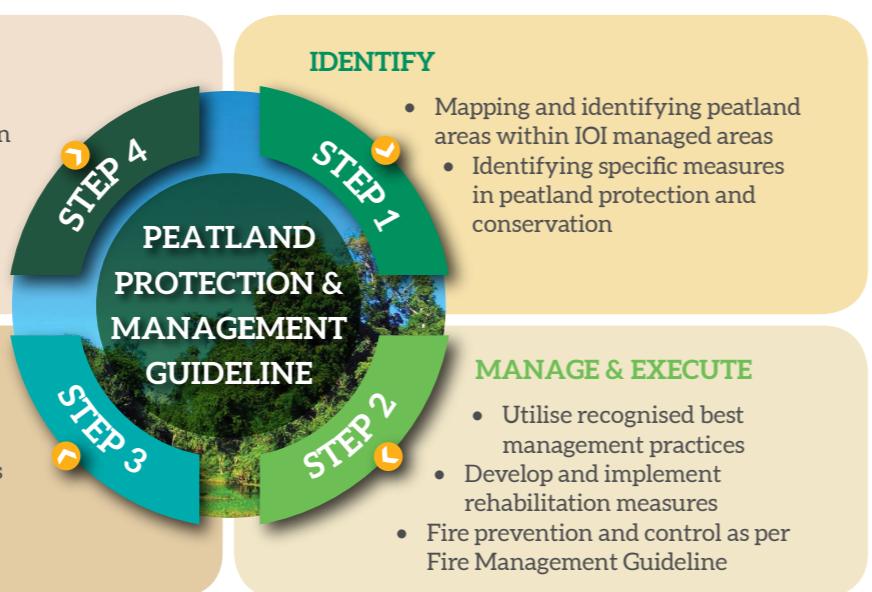
- Provide internal and external training to relevant stakeholders on managing and protecting peat area



One of our peatland conservation areas

The guidelines are developed to address implementation of environmental-related commitments, specifically:

- No Deforestation which include**
 - (i) No development of High Carbon Stock ("HCS") Forests
 - (ii) No development of High Conservation Value ("HCV") Areas
 - (iii) Implement zero burning practices
- No Development on Peat which include**
 - (i) No new development on peat regardless of depth
 - (ii) Implement Best Management Practices for existing plantations on peat
 - (iii) Where feasible, explore options for peat rehabilitation by working with experts and communities
- Adherence to all environment related laws and conventions (national and international)**

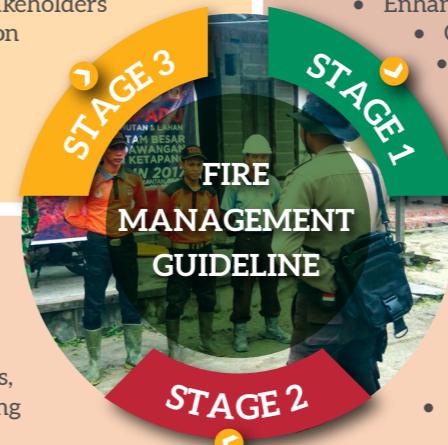


POST-FIRE ANALYSIS & PROGRAMMES

- Fire incidents analysis
- Climate change and weather forecast analysis
- Re-evaluation on fire handling, team competency and fire fighting equipments
- Engagement with affected stakeholders
- Transparency & communication
- Formulation of action plan
- Post fire analysis

FIRE PREVENTION & MONITORING

- Fire risk assessment & mapping
- Root cause analysis & mitigation measures.
- Monitoring Programme (i.e. hotspot, water table, patrolling, weather)
 - Enhancing capacity, competency & resources
 - Community engagement & socialisation
 - Collaboration with authorities
 - Action plan with time-bound commitment

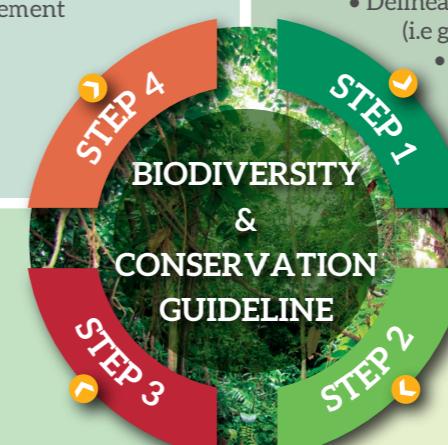


IMPACT EVALUATION, MITIGATION & PROTECTION

- Analyse and evaluate monitoring results based on indicator
- Re-evaluate indicator if target not achieved to identify the gaps and root cause
- Establish the "Adaptive Management Strategies"
- Stakeholder engagement programme
- Rehabilitation Programme whenever necessary

IDENTIFICATION OF BIODIVERSITY & CONSERVATION VALUE AREAS

- Establishment of baseline data through assessment (i.e HCV assessment)
- Stakeholder consultation (i.e local communities, NGOs)
 - Delineation activities through GIS activities (i.e ground-based survey)
 - Stakeholder engagement programme (i.e Partnership with conservation expert)



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

EXECUTION & MANAGEMENT

- Setting up objectives and targets for the management areas of biodiversity and conservation
- Development of Human-Wildlife Conflict Management
- Development of strategic monitoring plan

POISED TO EXPAND OUR GREEN FOOTPRINT

A design that neatly unfurls pictorial representation of the impacts delivered under each of the United Nations Sustainable Development Goals (“UN SDG”) the Group seeks to deliver on. This indicates the steady strategic progress or unfurling of the sustainable journey of the Group in line with IOI’s bigger picture **“to be a leading and sustainable Malaysian business corporation with global presence”**. A sense of organisation and working towards a well-planned long-term vision is reflected through the iconic representations of the many ecosystems impacted by the Group’s presence across the top – from the forests with the wildlife within, to the oil palm plantations, on to the manufacturing facilities and the day to day lives of the employees and communities at large. At the core is Climate Action (UN SDG 13), our focus for the year and the Climate Change Action Initiatives that IOI will unfurl this year. The overall green tones and fern like illustration reflect our focus on sustaining natural resources and the earth’s natural environment.



IOI CORPORATION BERHAD

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