

SUSTAINABILITY GOVERNANCE

A robust and effective sustainability governance and management structure is vital to ensure integration of the Group's sustainability strategies and commitments into its business agenda and operations. The following functional governance structure was adopted by the Group, setting out the respective roles and responsibilities in the governance of the Group's sustainability practices.



AUDIT COMMITTEE

Oversees the assurance activities with respect to sustainability management and reporting processes



BOARD OF DIRECTORS

Approve and govern the overall sustainability strategy and policies



GROUP'S CEO & MANAGING DIRECTOR

Responsible for the overall decision making in the implementation of the strategy including determining the operational directions to achieve the Group's sustainability goals and targets



MANAGEMENT COMMITTEES SPEARHEADED BY GROUP'S CEO & MANAGING DIRECTOR

- Formulate sustainability strategies and policies
- Represented by key personnel from various departments and operations
- Discuss sustainability issues and identify business and sustainability risks
- Review sustainability performance and alignment
- Formulate action plans and set targets and goals
- Update the Board of Directors on the progress of the Group's sustainability targets and any significant or material matters that may arise



SUSTAINABILITY STEERING TEAMS IN MALAYSIAN AND INDONESIAN OPERATIONS

- Key drivers of the Group's Sustainability practices and work closely with the operations' Sustainability Working Teams and the relevant stakeholders
- Ensure the sustainability initiatives and implementation plans are consistent with the Group's strategy and commitments
- Implement sustainability initiatives and mitigation controls on associated sustainability risks
- Monitor and report on the progress of the surveillance to the Management Committees
- Raise awareness among employees and surrounding communities



SUSTAINABILITY WORKING TEAMS IN THE OPERATING UNITS

Dedicated teams in the operating units that are responsible to implement the sustainability practices and plans in the respective operations

SUSTAINABILITY REPORT

FY2021 HIGHLIGHTS AND ACHIEVEMENTS



MARKETPLACE

The Group achieved its best ever financial performance to date

Number of processing plants: **7** palm oil mills and **2** kernel crushing plants

Total planted areas: **61,277** ha

Certification-Malaysian Operations: **100%** ISCC-EU and MPSO certified; Indonesian Operations: **60%** ISPO certified

100% of the FFB processed traceable to the plantations

80% of the CSCO produced in Malaysian operations were sold with premiums

5,671 Ha Plasma schemes and **4,121** Ha Kemitraan Schemes were developed, benefited **5,136** farmers

IJM Anti-Bribery and Corruption System Manual officially launched



SOCIAL

Maintained a workforce of **9,088** employees

8.4% turnover rate (excluding workers category)

27 employees were awarded with 20 Years' Long Service Award

29% of female representation

Zero workplace related fatal accidents

Proactive preventive measures in managing the COVID-19 pandemic in operations

Monetary support of **RM384,000** in the outreach programmes



ENVIRONMENT

Committed to **No Deforestation, No Peatland and No Exploitation ("NDPE")** and conducted compliance verification on crop suppliers

6,083 ha protected as HCV and conservation areas

Achieved **0.54** tCO₂-e/mt CPO of GHG intensity

78% energy from renewable sources - carbon emissions savings of more than **41,000** tCO₂-e

1.36 m³ water usage per tonne of FFB processed (below the threshold 1.5 m³)

Reductions in fire cases - **27** cases (FY2020: 147)

No peatland development since 2016

No Paraquat usage since 2019




ENGAGING WITH STAKEHOLDERS

The Group actively engages with its key stakeholders to understand their concerns and expectations, and to better align its strategies and objectives with the wider group of stakeholders. The key and relevant stakeholders are individuals or groups that significantly impact the Group's business or are influenced by its business activities.





The Group continues to adopt an open, timely and proactive approach in engagement with key stakeholders. The Group engages with the key stakeholders through various platforms or channels at certain intervals throughout

the year. During the engagement process, information and feedbacks were collected to improve understanding and advance the management of the potential risks and material issues relating to the Group's activities.

Due to the restriction of movements during the COVID-19 pandemic, most of the stakeholder engagement activities were carried out virtually. The various key stakeholders and the engagement processes and channels adopted are listed below:

Key Stakeholders	Mode of Engagement	Key Topics and Concerns	Likely Solutions and Outcomes
 <p>GOVERNMENT AUTHORITIES AND REGULATORS</p>	<ul style="list-style-type: none"> • Dialogues held through forums and virtual meetings • Site visits and inspections • Virtual and webinar meetings • Engagement surveys from the government agencies • Periodic reporting to authorities 	<ul style="list-style-type: none"> • Latest news or updates and emerging changes in regulations or standards • Safety aspects in the workplace • COVID-19 related issues • Foreign workers legalisation procedures 	<ul style="list-style-type: none"> • Robust governance in compliance with regulations
 <p>INVESTORS AND SHAREHOLDERS</p>	<ul style="list-style-type: none"> • Pro-active correspondences in addressing queries through emails and phone calls • Analyst briefings (virtual) and reports • Annual general meeting (virtual) 	<ul style="list-style-type: none"> • Group performance and productivity insights • Updates on business strategy and impacts • ESG performance or analysis, updates and focused topics • Corporate governance and compliance matters 	<ul style="list-style-type: none"> • Updates on the Group's performance, corporate news made through corporate website and annual report • ESG reporting under sustainability report integrated with annual report • Governance reporting in compliance with Bursa Malaysia's standards and guidelines
 <p>LOCAL COMMUNITIES</p>	<ul style="list-style-type: none"> • Dialogues and engagement meet-up 	<ul style="list-style-type: none"> • Supply chain and sustainability issues • Pricing mechanism and crop quality • Agricultural practices • Health related topics • Fire and haze prevention • Local development 	<ul style="list-style-type: none"> • Sustainability policies and practices including NDPE Implementation • Briefing on pricing mechanism and crop quality • Sharing of knowledge on agricultural best practices • Proactive briefings and special committee on COVID-19 preventive measures, developed relevant SOPs • Fire related trainings which include no burning in land clearing • Strategic partnership ie. Kemitraan projects and Plasma schemes • Community development initiatives including philanthropic support

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Key Stakeholders	Mode of Engagement	Key Topics and Concerns	Likely Solutions and Outcomes
 <p>CUSTOMERS</p>	<ul style="list-style-type: none"> • Telecommunication and email correspondences • Customer's assessment tools 	<ul style="list-style-type: none"> • Supply chain and traceability • Sustainability commitments and progress • Product quality and services • Pricing and delivery arrangement 	<ul style="list-style-type: none"> • MSPO, ISCC, ISPO certified Products • No Deforestation, No Peat, No Exploitation (NDPE) Policy • Customer feedback documentation
 <p>NGOS AND INDUSTRY ASSOCIATIONS</p>	<ul style="list-style-type: none"> • Virtual meetings, email correspondence, collaborative projects 	<ul style="list-style-type: none"> • Sustainability related topics • Industry latest updates and policies • Wildlife conservation and human-elephant conflict issues • Industry's best practices and agricultural knowledge 	<ul style="list-style-type: none"> • Strategic NGO with Group partnership eg. <i>Rurality</i> Project • Smallholders' development and best practices training programmes • Establishment of plantation conductorship programme for the rural youth by collaborating with Montfort Youth Training Centre (MYTC) and MEOA • Views channeled to authorities through industry associations ie MEOA • Sustainability data and traceability reporting through annual report and corporate website
 <p>SUPPLIERS AND BUSINESS PARTNERS</p>	<ul style="list-style-type: none"> • Meet-up sessions, email correspondence, virtual meetings • Briefings and trainings 	<ul style="list-style-type: none"> • Sustainability commitments and related matters including certifications, traceability and best management practices • Product specifications and work quality • Company's policies and governance • Relevant laws and regulations applied • Cost-efficiencies and practicality of the new products or technologies employed 	<ul style="list-style-type: none"> • Products and technology trials • Supplier assessment forms and code of ethical business conduct • Tender procedures and pricing-rate matrix
 <p>EMPLOYEES</p>	<ul style="list-style-type: none"> • Operational and management committee meetings • Briefings and trainings • Employees Wellness Programme • Annual appraisals 	<ul style="list-style-type: none"> • Operational performance and productivity • Sustainability updates and practices • Welfare and remuneration • Workplace and living conditions • Safety and health issues and practices, including COVID-19 • Group's directions, vision, policies and practices • Human resource related matters 	<ul style="list-style-type: none"> • Alignment and improvement of performance • Identification of training needs and implementation of development programme to build capabilities • Implementation of an effective Occupational Safety and Health System and Standards • Implementation of COVID-19 SOPs to mitigate the risk of COVID-19 • Whistle blowing channel, grievance heard through the grievance procedure and two-way communication meetings

Note: The frequency of engagement with the key stakeholders can be periodic or on a needs basis, unless otherwise stated.

MANAGING MATERIAL MATTERS

In this reporting year, the Group focused on eleven (11) material matters and aligned them accordingly to the relevant SDG. The material matters reported were representative of matters deemed as of significant concern to the business and its key stakeholders as they influence the execution of the Group’s sustainability strategies.

The material matters disclosed in the previous year’s sustainability report were first assessed to determine if they are still relevant and if there are any new concerns to be raised based on the current global and local trends, changes in regulatory as well as the directions of the industry. The material matters were also determined through engagements with the key stakeholder groups









through various collaborative platforms, dialogues and meetings. Beyond stakeholders’ feedback, topics of concern were also determined based on evaluation of internal and external reports, and the significant ESG risks and opportunities which are vital to the Group’s long-term success and continued growth.

The material matters were then reviewed and approved by the Group’s Management Committee. The relevant targets and key indicators under each material matters were reviewed and discussed periodically in the management meetings to ensure sufficient and applicable mitigation plans were being employed and the progress of the implementation targets were closely monitored.








Material Matters	Corresponding UN SDGs	Description	Details in this Report	Stakeholder Groups
Profitability and Value Creation	<p>SDG-1 No Poverty <i>End poverty in all its forms in everywhere</i></p>	<ul style="list-style-type: none"> The Group’s business revenue generated was shared and distributed across to various stakeholders, with about 25% to its employees, 8% to capital providers and about 15% as taxes and cess to the governments. The Group promoted and conducted various trials and experiments using innovative technologies to enhance its work efficiencies and productivity, such as use of drone technology, in-field mechanisation and digitalisation in field management. 	<ul style="list-style-type: none"> Economic value creation and distribution Priming and driving innovations Smallholders and out growers’ transformation schemes 	

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Material Matters	Corresponding UN SDGs	Description	Details in this Report	Stakeholder Groups
Corporate Governance Stewardship	 <p>SDG-16 Peace, justice and strong institutions <i>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</i></p>	<ul style="list-style-type: none"> • Ensure compliance of all relevant statutory and legal requirements. • Implement the whistle blowing platform and grievance mechanism to ensure voices are heard. 	<ul style="list-style-type: none"> • Regulatory compliance and ethical conducts 	
Assurance and Certification	 <p>SDG-12 Responsible Consumption and Production <i>Ensure sustainable consumption and production patterns</i></p>	<ul style="list-style-type: none"> • The Group provides assurance to its product buyers through certifications that the palm products are produced responsibly and sustainably. 	<ul style="list-style-type: none"> • Sustainability certification and quality assurance 	
Supply Chain Management		<ul style="list-style-type: none"> • The Group ensures the origins of palm products are traceable and with good level of transparency. 	<ul style="list-style-type: none"> • Traceability and supply chain management 	
Occupational Safety and Health	 <p>SDG-3 Good Health & Well Being <i>Ensure healthy lives and promote well-being for all at all ages</i></p>	<ul style="list-style-type: none"> • The Group is committed to provide a safe and healthy environment to employees and take necessary preventive measures to secure the safety and health of employees at work and its supply chain partners. 	<ul style="list-style-type: none"> • OSH performance • Accident Mitigation and Safety Intervention • Work related illness • Medical care and well being • Security in operations 	
COVID-19 Pandemic		<ul style="list-style-type: none"> • The COVID-19 pandemic has impacted the lives of many and the Group recognised its responsibility to ensure the employees, as well as the surrounding communities remain safe and protected from the disease. 	<ul style="list-style-type: none"> • COVID-19 pandemic • Community outreach and development 	

Material Matters	Corresponding UN SDGs	Description	Details in this Report	Stakeholder Groups
<p>Employees Retention and Engagement</p>	 <p>SDG-8 Decent work and economic growth <i>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</i></p>  <p>SDG-4 Quality Education <i>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</i></p>	<ul style="list-style-type: none"> Human capital is vital and play an integral role in delivering values to shareholders. It is vital to cultivate a positive organisational and offer employees jobs with fair compensation, safe working condition, decent living environment and social protection. 	<ul style="list-style-type: none"> People asset and talent retention Fair remuneration and benefits Employee engagement and development Education and childcare in plantations for workers' children 	
<p>Human Rights</p>	 <p>SDG-5 Gender Equality <i>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</i></p>  <p>SDG-16 Peace, justice and strong institutions</p>	<ul style="list-style-type: none"> The Group respects the rights of its employees and to treat them with dignity in line with relevant legal requirements and regulations. 	<ul style="list-style-type: none"> Respect for human rights Freedom of association & collective bargaining Empowering women at workplace Grievance procedure and whistle blowing channel Children's protection and well-being 	
<p>Climate Change</p>	 <p>SDG-13 Climate action <i>Take urgent action to combat climate change and its impacts</i></p>  <p>SDG-7 Affordable and Clean Energy <i>Ensure access to affordable, reliable, sustainable and modern energy for all</i></p>	<ul style="list-style-type: none"> As a sustainable palm oil producer, it is imperative in building climate change resilience and minimising the environmental impacts. Increased frequency and severity of adverse weather conditions and patterns could severely disrupt the stability of the business and its supply chain. The Group strives to set realistic targets for the emission reductions and improve its reduction strategies. 	<ul style="list-style-type: none"> Fire management and prevention Managing carbon emission Energy management 	

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Material Matters	Corresponding UN SDGs	Description	Details in this Report	Stakeholder Groups
Conservation and Land Use	 <p>SDG-6 Clean Water and Sanitation <i>Ensure availability and sustainable management of water and sanitation for all</i></p>  <p>SDG-15 Life on land <i>Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss</i></p>	<ul style="list-style-type: none"> • Reputational risks or perceived concerns can arise from negative environmental as well as social impacts from the business activities. • The Group adopts responsible land use and agricultural practices, and committed to conserve and maintaining areas of HCS and HCV. • The Group's strategies in water management leads towards water use optimisation and reduction in water wastage. The Group strives to ensure water resources are utilised in the most optimum way with minimal impacts to the environment. 	<ul style="list-style-type: none"> • Responsible land use and agricultural practices • Environment and biodiversity protection • Responsible agrochemical usage • Water stewardship • Effluent and waste management 	
Stakeholder Engagement	 <p>SDG-17 Partnership for the Goal <i>Strengthen the means of implementation and revitalize the global partnership for sustainable development</i></p>	<ul style="list-style-type: none"> • The Group believes that collaborating with other stakeholders are vital in creating shared values and working towards the common goals. 	<ul style="list-style-type: none"> • Creating shared values through partnerships and collaborative initiatives • Community outreach and development 	



The annual stakeholder engagement activity – “Walk with CEO” shifted from a physical programme to a virtual meet-up “Meet the CEO”