



INTERCONTINENTAL SPECIALTY FATS SDN. BHD.

Joint Endeavours, Collective Action

Sustainability
Report

2024





Themed “Joint Endeavours, Collective Actions”, this year’s report reflects our collaborative approach to sustainability.

Partnering with industry peers, stakeholders, and supply chain actors amplifies the impact of our sustainability programmes and drives meaningful change.

Contents

About this report	01	Environment	33
Scope and boundaries	02	Carbon footprint	37
Assurance	02	Energy	40
		Water	43
		Waste management	45
CEO message	03		
Director/ Executive Advisor message	05	Our people	47
		Workforce overview	48
		Employee development and retention	51
		Diversity and inclusion	55
		Employee health and safety	56
Highlights and targets	07		
Target list and progress	09		
Who we are	11	Our commitment to communities	60
About ISF	11	Mangrove rehabilitation for community livelihoods with GEC	61
Business overview	12	Smallholder support	62
Our approach to sustainability	14	Marketplace responsibility	65
Materiality	15	Customer satisfaction	66
Corporate and sustainability governance	16		
Sustainability certification and compliance	20		
Contributing to the SDGs	21		
Stakeholder engagement and transparency	21		
Responsible sourcing and supplier engagement	23	Appendices	69
Grievance management	32	Base Data	69
		ISF Materials Topic	77
		Stakeholder Engagement Table	79
		GRI Content Index	80
		Strengthening our alignment with TCFD recommendations	85
		TCFD Index	88
		Glossary	99

About this report

[GRI 2-2, 2-3, 2-16]

Welcome to Intercontinental Specialty Fats Sdn Bhd's (ISF) fifth sustainability report prepared in accordance with the latest Global Reporting Initiative (GRI) Standards. GRI disclosures are included throughout the report and referenced under headings or sub-headings as GRI XXX-XX.

This report also includes reporting against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. This is to align our commitments with those of our parent company, The Nisshin Oillio Group, Ltd., and to better understand our climate-related risks and opportunities to satisfy the financial community and other stakeholders' requirements. This report is intended to be read together with the sustainability-related disclosures on our website.

[SR2024 GRI Content Index](#)

[SR2024 TCFD Index](#)

Theme rationale

The report theme – **Joint Endeavours, Collective Actions** – highlights ISF's proactive approach to collaborating with industry peers and stakeholders. Collaboration is our core value and a primary means towards achieving shared sustainability goals. We believe that working together is the best way to have a lasting impact and tackle industry-wide challenges. Our goal of maintaining traceable and transparent supply chains aligned with internal, industry-wide, local, national, and international standards can only be achieved through collective action. We monitor our supply chain and engage with supply chain actors and other stakeholders through partnership programmes, and we are committed to promoting inclusiveness while meeting our sustainability commitments.

Scope and boundaries

[GRI 2-2, 2-3]

We have not changed the scope of sustainability reporting since the last report. The present report covers material topics relevant to ISF's operations and facilities in Port Klang and Dengkil, Malaysia. It does not include our Italian refinery or Chinese sales office, which represent less than 5% of our business. Where relevant, we have also presented data about our suppliers.

This year's report includes sustainability performance information from 1 April 2023 to 31 March 2024 (FY 2024). Given the timing of this report's publication, developments after the end of FY 2023 have been included when deemed significant.

Assurance

[GRI 2-5]

We contracted Control Union (Malaysia) Sdn Bhd to provide limited independent assurance on ISF's GHG Inventory emissions against the GHG Protocol Scope 1 and 2 GHG Inventory Guidance, Corporate Value Chain (Scope 3) Accounting and Reporting Standard, and Technical Guidance for Calculating Scope 3 Emissions (version 1.0).

[Assurance statement](#)



CEO message

[GRI 2-22]



Toshio Fujimori
Chief Executive Officer, ISF

Dear stakeholders,

I am pleased to present ISF's 2024 Sustainability Report, my first since taking up the role of CEO. At ISF, we are committed to embedding sustainability into every aspect of our operations and believe that good environmental, social, and governance standards are essential for business success. I am delighted to observe that we are not alone in this mission, but that leading companies in the palm oil supply chain have shown that it is possible to create value while responsibly managing our natural resources and ecosystems together. As we move forward, I am dedicated to steering our efforts toward ambitious short-, medium-, and long-term objectives, ensuring we effectively manage our economic, environmental, and social impacts.

Short Term: Regulatory Compliance and Customer Expectations

Our short-term priorities are complying with international regulatory frameworks—including the upcoming European Union Deforestation Regulation (EUDR)— and meeting the quality expectations of our global customers. Approximately 60% of our production is exported globally, including to Europe, and many of our domestic customers sell their end products overseas. Complying with international requirements including the EUDR and meeting customer expectations demonstrates our commitment to sustainability and the highest product standards.

The EUDR requires ISF to streamline our sourcing practices and trace our supply to ensure a sustainable supply chain. We engage with our valuable suppliers to overcome barriers to traceability through training, certification support, and other collaborative measures. We already source more than 50% of our palm oil from certified sustainable plantations and mills and ensure our conventional palm aligns with our sustainability commitments.

Medium Term: Beyond EUDR

Beyond the EUDR, we recognise a worldwide push towards stricter sustainability standards driven by customers, consumers, financial institutions, and regulators demanding more transparency and accountability. We are expanding our sustainability team to prepare for the EUDR, anticipate regulatory changes, and ensure future compliance with evolving sustainability standards and legislation.

Over the next few years, we will position ISF as one of leading solutions provider in the Specialty Oil and Fats Market. Traditionally viewed as a niche B2B seller, we will expand our visibility and build brand recognition by growing our global presence, maintaining our high production standards, and strengthening our sustainability programmes.

Long Term: Carbon Neutrality by 2050

To meet the biggest global challenge of our time, our long-term goal is to achieve carbon neutrality by 2050, primarily through climate adaptation and mitigation. As one of the subsidiaries of The Nisshin OilliO Group, Ltd. in Japan, we must balance Group-level carbon neutrality goals against future expansion and growth.

As we continue to grow our business, our carbon emissions will undoubtedly rise. We are seeking ways to mitigate our environmental impacts and honour our environmental, social, and governance (ESG) commitments as we grow. Through innovation and forward-thinking policies, we will build a resilient business that leads the specialty oil and fats industry in sustainability and social responsibility.

Reducing greenhouse gas emissions is a significant path to carbon neutrality by 2050. Our R&D and Production, sustainability teams are exploring ways to reduce emissions at our operations. To this end, we are building cogeneration (COGEN) plants using gas turbine combined heat and power (CHP) systems at our Dengkil and Port Klang operations. Additionally, these plants will improve energy efficiency, reduce reliance on purchased fuel, and lower operational costs.

ISF has more than 20 projects in the works to improve operations and shrink our carbon footprint in the years to come.

Concluding remarks

The key to ISF's future is to become one of the market leaders through product quality, pricing, and an ongoing commitment to sustainability. Upholding our core values of reliability, sustainability, innovation, and collaboration is essential to delivering high-standard quality oils to our customers.

We must strive for excellence in everything we do. The foundation of our success is the hard work of our employees and partners. As the CEO of ISF, I pledge to listen to your insights and embrace your best ideas. Together we will create a platform and an environment where we can all prosper and shine.

The journey ahead is challenging. Climate change is a global problem that demands creative solutions, collective action, and continuous improvement to have a cumulative and lasting impact. I am excited to work with all of you – valued employees, suppliers, industry peers, community members, civil society and government partners, NGOs, certification bodies, and local communities – to achieve our vision of making ISF one of the world leaders in high-quality special oils and fats.

I look forward to a prosperous and sustainable future built on your continued trust and our ongoing partnerships.

Toshio Fujimori
Chief Executive Officer, ISF

Director/Executive Advisor message

[GRI 2-22]



Takashi Ishigami
Director/ Executive Advisor
(Former Chief Executive Officer, ISF)

Dear stakeholders,

I am pleased to introduce ISF's fifth Sustainability Report, which covers FY 2023 and highlights our achievements and progress in advancing our sustainability agenda. Its publication coincides with my fifth and final year with the company, after which I am handing over to new leadership.

In the past five years, I have seen the scope and rigour of our sustainability approach evolve. Our initial commitment to voluntary ESG reporting has matured into a robust system of governance that sets strategic targets to preserve the landscapes in which we operate, support sustainable harvesting and manufacturing, and deliver high-quality palm oil products to our customers and consumers while meeting all regulatory requirements.

Driving Sustainability Through Collective Action

Themed "Joint Endeavours, Collective Actions", this year's report reflects our collaborative approach to sustainability. Partnering with industry peers, stakeholders, and supply chain actors amplifies the impact of our sustainability programmes and drives meaningful change.

For example, we work with suppliers to ensure transparency on the origin of the crude palm oil (CPO) we source, ensuring it meets the highest sustainability standards. I am proud to announce that traceability to plantation improved from 98.7% and 71.3% for crude palm oil (CPO) and crude palm kernel oil (CPKO) in FY 2023 to 99.5% and 93.1% in FY 2024. We couldn't have achieved these improvements without engaging with our suppliers to earn their support.

Collaboration is essential to achieving our sustainability goals. Successful partnerships are built on integrity and reliability. ISF chooses partners who keep their promises, honour their commitments, fulfil their contractual obligations, and share our values. Together, we establish credible goals that lead to meaningful and lasting outcomes.

Our partners include Ferrero Trading Lux S.A. downstream and Hap Seng Plantations Holdings Berhad upstream, with who we are working on an ambitious smallholder support project in the Kinabatangan District, Sabah. Our three companies jointly fund and support smallholders in the region in obtaining Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO) certification, empowering them to participate in a more sustainable supply chain.

In addition, we recently entered into a virtual power purchase agreement (VPPA) with green energy provider Cenergi to source solar energy for our Port Klang and Dengkil operations, making our factories more sustainable and benefitting our customers and neighbouring communities.

In the coming years, we will expand our collaborative projects with suppliers, financial institutions, industry partners, and the communities around our operations. Building trust with nearby populations by contributing to environmental restoration projects and community wellbeing is critical to our sustainability vision, as demonstrated by our Mangrove Rehabilitation Programme in Sabak Bernam, Selangor.

Prioritising customers and meeting growing regulatory demands

ISF customers are our top priority, and sustainability shapes our relationship with them. We work to align our practices with their values, incorporating their expectations into our sustainability strategy to remain competitive and attentive as regulatory frameworks and consumer demand evolve.

The EU Deforestation Regulation (EUDR) is reshaping how companies approach sustainability due to its heightened supply chain due diligence and transparency requirements. ISF is in an excellent position to comply with the new directive because our supply to Europe is mostly RSPO SG/IP volumes.

The RSPO was pivotal in developing and implementing sustainable palm oil standards and can facilitate compliance with the proposed EU regulation across our supply chain, including RSPO-certified suppliers. ISF recognises that EUDR compliance may pose a hurdle for smallholders lacking the resources to understand and meet its conditions. Our smallholder support project is helping them move towards adherence through training and assistance with MSPO and RSPO certification. Supporting them contributes to our sustainable sourcing goals.

Advancing our sustainability agenda in FY 2024

In 2023, Our parent company, The Nisshin OilliO Group, Ltd., launched a roadmap to achieve carbon neutrality by 2050. To support this ambition and to align our efforts with theirs, ISF updated our greenhouse gas (GHG) emissions reduction targets and set new environmental goals, and have already made good progress.

In FY 2024, we managed to offset over 90% of our Scope 2 GHG emissions by subscribing to more energy from the Tenaga Nasional Berhad (TNB) Green Electricity Tariff (GET) programme.

We continue mitigating climate change impacts through nature-based solutions and partnerships like the Mangrove Rehabilitation Program. In collaboration with local communities and the Global Environment Centre (GEC), we cultivated 9,000 oil and ring mangrove seedlings and planted 5,500 mangroves covering 2.25 hectares as of January 2024. This initiative sequesters carbon, restores a degraded ecosystem, and promotes sustainable livelihoods and social cohesion.

ISF also launched our 2030 Water Conservation Plan in 2024, pledging to reduce our water consumption intensity by 10% by 2030 against our 2019 baselines in alignment with our overall sustainability goals and those of our parent company.

Finally, the financial community recognised ISF's progress and commitment to sustainability. In FY 2024, we secured two sustainability-linked loans (SLLs), including an RM210 million facility from Sumitomo Mitsui Banking Corporation Malaysia Berhad (SMBC Malaysia) in April 2023 and an RM90 million Sustainability-Linked Facility (SLF) agreement from RHB Bank Berhad (RHB) in March 2024.

Concluding remarks

ISF's sustainability journey started with an NDPE (No Deforestation, No Peat, No Exploitation) policy to reduce deforestation in our supply chain. It has since expanded to encompass a comprehensive sustainability strategy, including our Climate Action Roadmap, with clear objectives and measurable targets. This evolution reflects our growth and commitment to embedding sustainability in all our practices and policies across our operations and supply chain.

ISF understands that collaboration is essential to addressing industry-wide and societal challenges and making a lasting impact. I thank our suppliers, industry peers, civil society and government partners, NGOs, certification bodies, and local communities for helping us achieve our shared sustainability goals.

As outgoing CEO, I am proud of everything ISF has achieved during my tenure. Our partners and customers worldwide recognise our expertise and leadership in producing high-quality, sustainable palm oil that meets regulatory requirements, responds to consumer demand, and upholds ethical business practices. I know that my successor will continue to build on our commitment to excellence and our core values of reliability, sustainability, innovation, and collaboration as ISF evolves to meet the challenges ahead.

Takashi Ishigami
Director/ Executive Advisor
(Former Chief Executive Officer, ISF)

Highlights and targets

Certification and Marketplace

- 100% RSPO certified since 2011
 - 100% ISCC certified since 2012
 - 100% MSPO certified since 2019
- More than 85% customer satisfaction score

Traceability and Supplier Engagement

99.5%

CPO traceable to plantation

>50%

Suppliers RSPO certified

93.1%

CPKO traceable to plantation

100%

Direct suppliers MSPO certified

99.5%

FFB sourced from direct supplying mills 'delivering' on their No Deforestation commitment (Self-reported based on NDPE IRF)

100%

FFB sourced from direct supplying mills 'delivering' on their No Peat commitment (Self-reported based on NDPE IRF)

Environmental Performance



Pledged to achieve carbon neutrality by 2050



Subscribed to >61,00,000 kWh of Green Electricity Tariff (GET), replacing almost 70% of traditional electricity from grid and offsetting 46,000 MT CO₂e



Entered into Virtual Power Purchase Agreement (VPPA) to purchase green electricity from Cenergi SEA Berhad



Reduced scope 1 and 2 GHG emissions by >36% against 2019 baseline



9,000

Mangrove seedlings cultivated

4,500

trees planted across 2.25 hectares

85%

of trees survived and demonstrated healthy growth



Achieved EcoVadis Silver rating



Earned A- rating on the 2023 CDP Forest and Climate Change questionnaires

A- CDP score for Forest

A- CDP score for Climate Change



Launched 2030 water conservation plan



Continued mangrove rehabilitation programme at Sabak Bernam with Global Environment Centre (GEC)

Our Workforce



21.1%

of our workforce is women

5.6%

Increase compared to previous year

Smallholder Engagement



Launched a new smallholder engagement program with Ferrero Trading LUX S.A. and Hap Seng Plantations Holdings Berhad











Target list and progress

Contributing to SDG	Year and target	Current status
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as of March 2024, unless otherwise stated

Environment

	Ongoing target Maintain zero environmental legal non-compliances.	Achieved
	2030 Reduce Scope 1 and Scope 2 GHG emissions by 50% against our 2019 baseline.	On track: Our total Scope 1 and Scope 2 (market-based) GHG emissions were 104,428 MT CO ₂ e, around 35% lower than the baseline.
	2030 Reduce Scope 3 GHG emissions by 25% against our 2020 baseline.	New target: Our total Scope 3 emissions were 893,351 MT CO₂e.
  	Ongoing target Reduce energy consumption intensity by 10% against our 2019 baseline.	Needs improvement: Our energy consumption intensity was 3.13 GJ/MT.
 	2030 Reduce water consumption intensity by 10% against our 2019 baseline.	Needs improvement: Our water consumption intensity was 0.93 m³ per tonne (MT) of product processed.



Contributing to SDG	Year and target	Current status
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as of March 2024, unless otherwise stated

Environment

	2030 Reduce waste intensity by 10% against our 2019 baseline.	Needs improvement: Our waste generation intensity was 37.33 kg/MT product.
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Social

	Ongoing target Zero fatalities.	Achieved
	Ongoing target Zero accidents.	Needs improvement: 6 accidents recorded.

Supply Chain

	2025 Achieve 100% traceability to plantation for CPO and CPKO.	On track and made significant progress: Traceability to plantation improved significantly from 98.7% to 99.5% for CPO and 71.3% to 93.1% for CPKO.
	Ongoing target Engage with suppliers on Sustainable Palm Oil Policy requirements.	Achieved.
	2023 Establish a programme that is inclusive of smallholders and uptakes their oil into the ISF supply chain.	On track: Signed an MoU for a new smallholder engagement programme in partnership with our customers and suppliers.

Who We Are

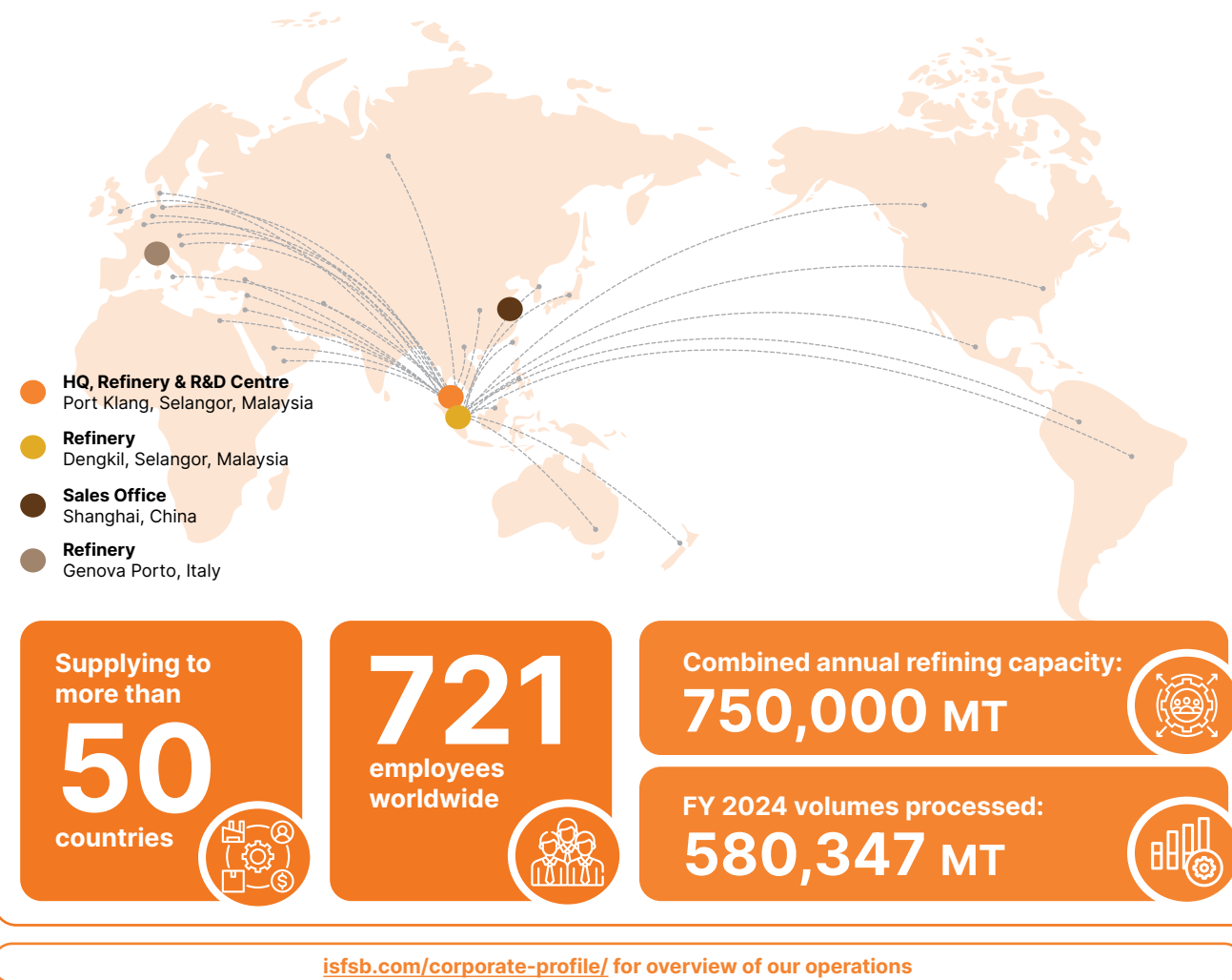
About ISF

[GRI 2-1, 2-2, 2-6, 204-1]

Intercontinental Specialty Fats Sdn Bhd (ISF) is a private company established in 1980, and a subsidiary of The Nisshin OilliO Group, Ltd., Japan's largest vegetable oil company. ISF is a leading producer of specialty fats headquartered in Port Klang, Malaysia. We operate state-of-the-art palm oil refineries in Dengkil and Port Klang, home to our research and development (R&D) centre. We also operate an Italian refinery for our European customers and a Chinese sales and distribution office in Shanghai, China¹.

ISF produces and distributes a wide assortment of bulk and packed specialty fats and oils. Around 92% of our commercial production is refined, bleached, and deodorised (RBD) bulk palm, olein and stearin oils. The remaining 8% includes packed cocoa butter alternatives, dairy fat replacements, margarine, and other fats.

Operational Overview



¹ Our Italian and Chinese operations account for less than 5% of our business and are outside the scope of this report.

Business overview

We source more than 99% of our raw material – crude palm oil (CPO) and crude palm kernel oil (CPKO) – from local suppliers. It is then refined and processed at our Malaysian facilities. We manufacture products for various applications and industries – including chocolate and confectionery, baked goods, fried foods, plant-based dairy alternatives, and non-alimentary products.

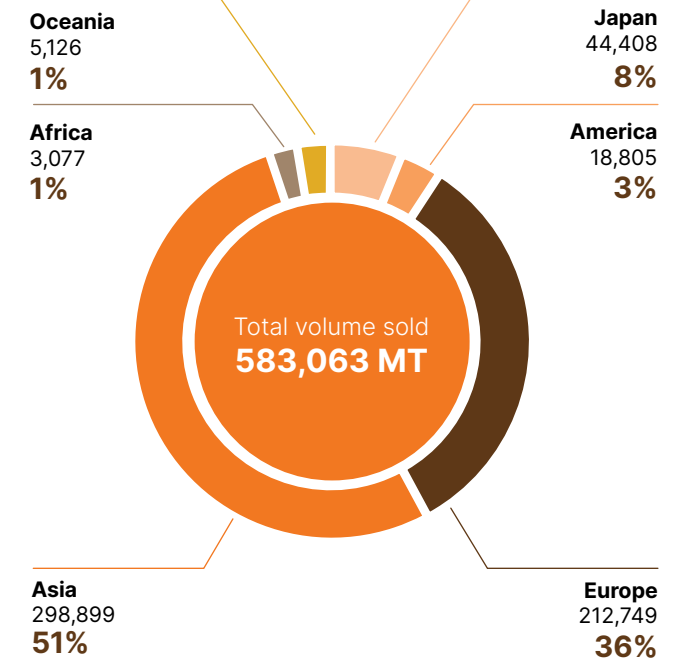
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→ See [Responsible sourcing and supplier engagement](#)

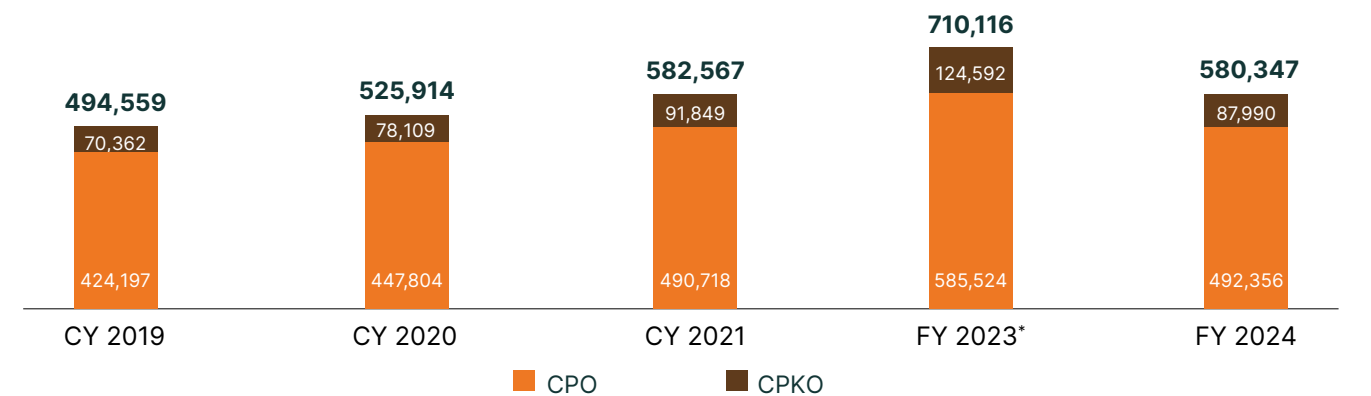
From April 2023 to March 2024, we processed 580,347 tonnes (MT) of CPO and CPKO and sold 583,063 MT of product in more than 50 countries. Our main markets are Asia and Europe, representing 59% and 36% of product sales, respectively. The remaining 5% is sold to the Americas, Africa, and Oceania.

ISF produces and delivers innovative, high-quality, sustainable products that meet evolving global standards and consumer needs. We have earned a strong reputation as a reliable partner in the food manufacturing industry. Please visit our [website](#) for detailed information on our products and their applications.

Volume sold by region FY 2024 (MT, %)

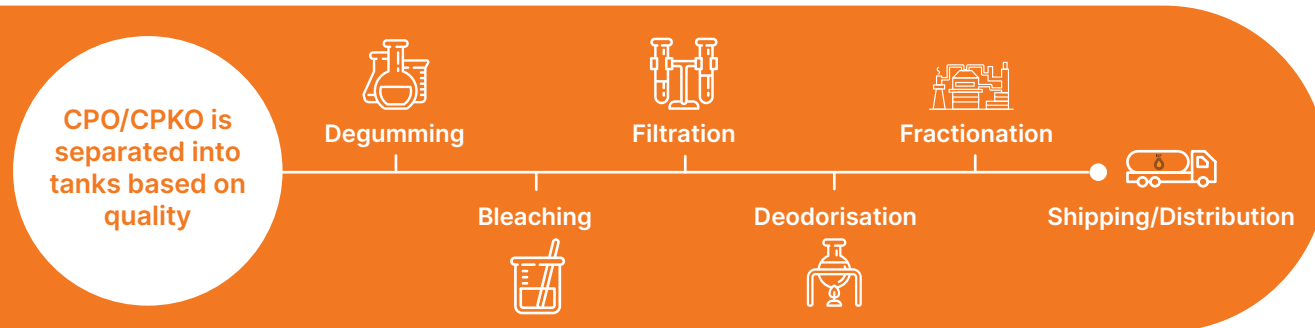
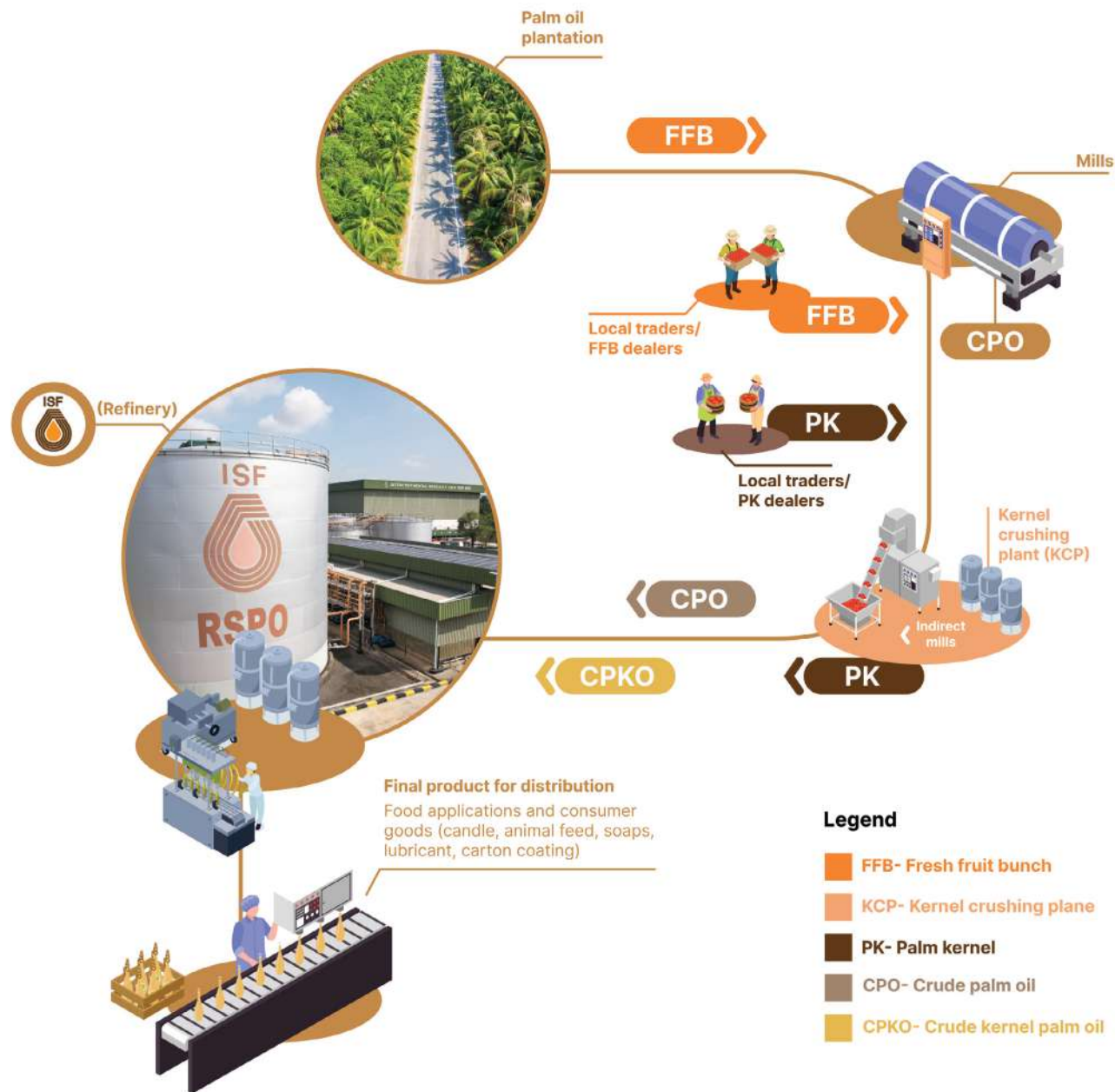


Total volumes processed CY 2019–FY 2024 (MT)



*Note: FY 2023 data covers 15 months comprising Q1 2022 and our 2023 financial year (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting.

The ISF value chain



Our approach to sustainability



ISF recognises the long-term environmental and social impacts of palm oil production and our considerable responsibility to develop the sector sustainably and inclusively. Sustainability is a pillar of our core values for healthier palm oil products and is embedded in our operational activities and partnerships with suppliers. Our Sustainable Palm Oil Policy and Supplier Code of Conduct drive our industry-aligned No Deforestation, No Peat and No Exploitation (NDPE) commitments.

In 2024, we revised our Sustainability Timebound Action Plan adding topics that extend beyond NDPE, including corporate structure, roles and responsibilities, social impact, and climate action. This revision sets benchmarks in these new areas, allowing us to regularly update stakeholders as we work towards achieving our sustainability targets and commitments.

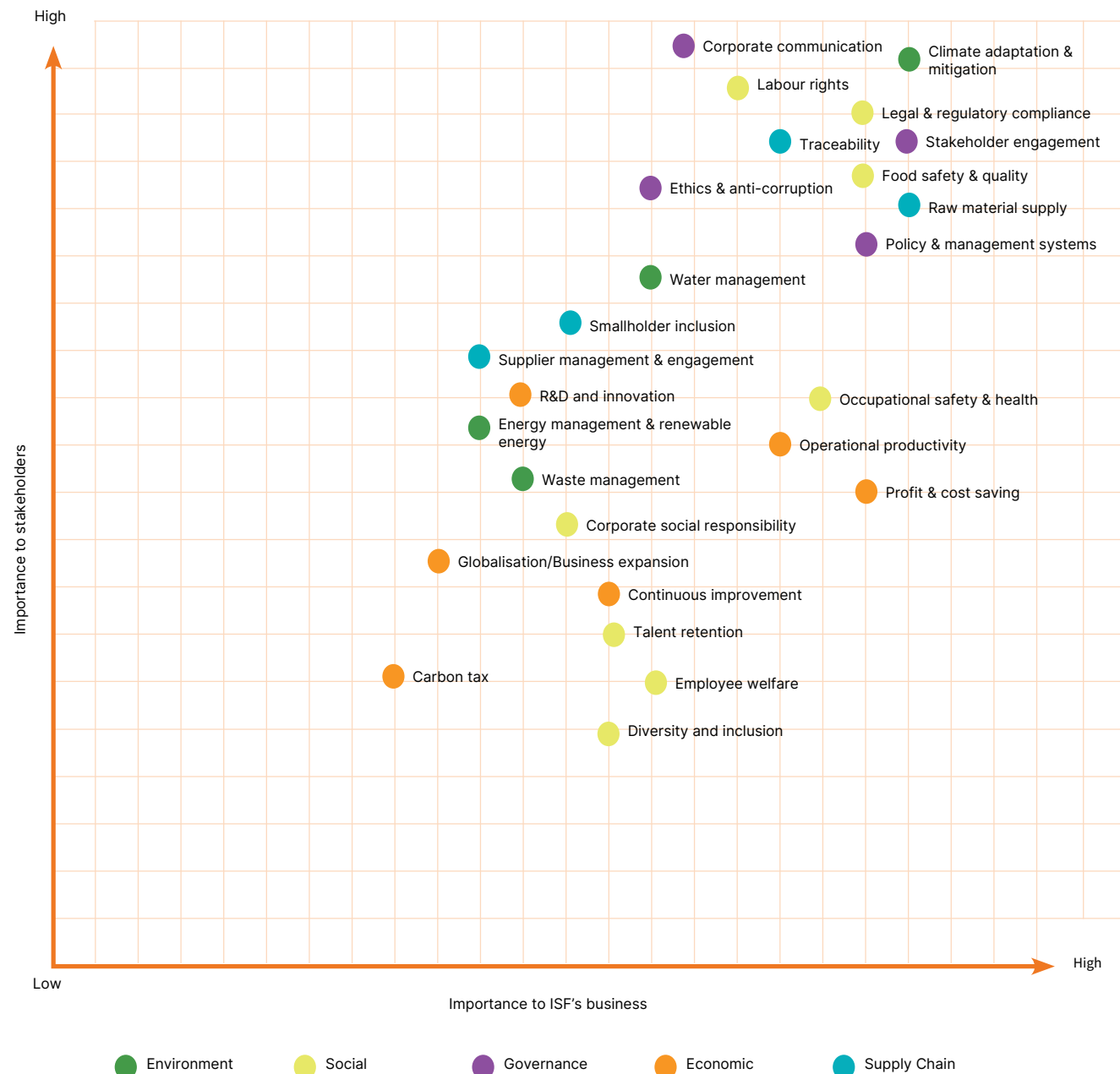
We communicate our current policies to employees, suppliers, contractors, and all relevant stakeholders through employee orientations, email, and during stakeholder briefings and meetings. Our sustainability measures underpin our dedicated policies on food safety management and the environment. They can be found on our [website](#).



Materiality

[GRI 3-1, 3-2]

This report covers the material topics most relevant to our business and stakeholders. We identified these topics during a materiality workshop with top management, senior executives, and other key personnel in April 2019, followed by a comprehensive review in 2023. Although we have not revised our material focus areas for this report, we consulted our project partners and representatives from financial institutions to ensure we remain responsive to the main issues that impact our stakeholders.



→ See pages 15 and 16 of our [2022-2023 Sustainability Report](#) for an overview of the materiality assessment process.
 → See [Appendix \(ISF material topics\)](#) for definitions of topics.

Corporate and sustainability governance

[GRI 2-9, 2-11, 2-12, 2-13, 2-14, 2-16, 2-17, 2-23, 2-24, 3-3]

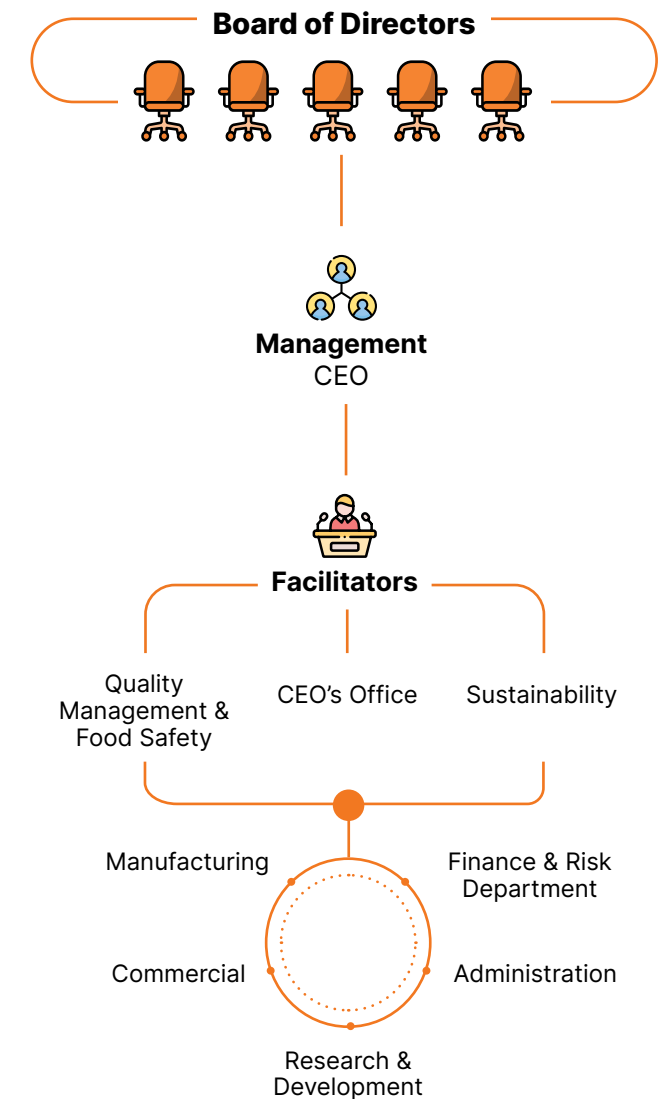
We support our environmental, social, and governance (ESG) initiatives with effective leadership, including in our day-to-day operations. The Board of Directors and senior executives, including our Chief Executive Officer (CEO), oversee ISF company strategies, including ESG matters. The Board comprises nine experienced professionals, all male, Japanese, and aged 50 and over.

The ISF Sustainability Team oversees day-to-day sustainability measures. The team is part of our Trading and Marketing Division and is led by the Chief Marketing Officer (CMO), who reports directly to the CEO. The sustainability and commercial teams report to the CMO and collaborate closely to understand mutual needs and requirements, embedding sustainable practices in our business decisions. ISF prioritises sustainability topics by engaging with partners and responding to customer needs and critical issues raised through multi-stakeholder initiatives.

ISF's joint ESG Committee drives and sets the strategic direction of the business, ensuring that sustainability is integrated into every aspect of our commercial activities through policy, risk management, and organisational development initiatives.

The committee includes key senior managers and executives across all divisions and departments. They report directly to our newly appointed CEO, Mr. Toshio Fujimori, who assumed the role in July 2024. Following this, we restructured our reporting system, and the committee's management team now reports directly to the CEO, who reports to the Board of Directors. The ESG Committee meets at least quarterly.

Although we operate independently of our parent company, our sustainability efforts are integrated, aligned with, and guided by the group goals established by The Nisshin OilliO Group, Ltd. We are exploring further synergies between ISF and The Nisshin OilliO Group, Ltd. and leveraging our respective strengths to work towards common objectives, improve the cohesion of our disclosures, and better respond to stakeholder expectations.



Securing sustainable financing

In FY 2024, we entered into two new sustainability-linked financing arrangements, demonstrating our steadfast commitment to embedding sustainability initiatives into our financial strategies under the guidance of our Finance Department. The first loan, worth RM210 million, was secured in April 2023 from Sumitomo Mitsui Banking Corporation Malaysia Berhad (SMBC Malaysia). The second, secured in March 2024, was an RM90 million Sustainability-Linked Facility (SLF) agreement from RHB Bank Berhad (RHB), demonstrating ISF and RHB's shared commitment to promoting sustainable practices across the palm oil industry.

Under the terms of the SLF, ISF will benefit from substantial rebates upon achieving the predefined Sustainability Performance Targets (SPTs). These targets are strategically framed to improve ISF's operational efficiency, supply chain actor and stakeholder engagement, and ability to meet customer requirements.

SMBC Malaysia and ISF forge ahead to combat global climate change

Commentary by SMBC Malaysia

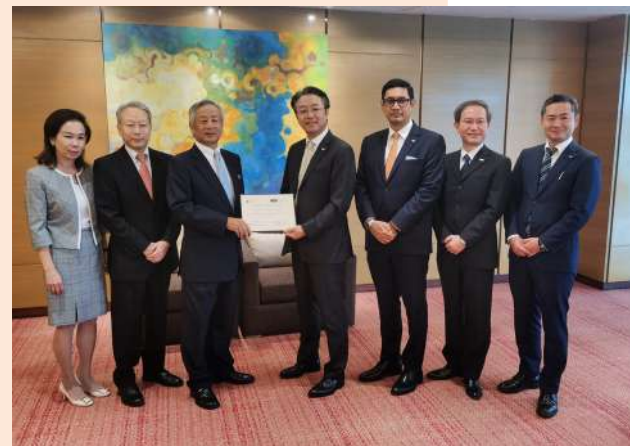
Intercontinental Specialty Fats (ISF) is the first Japanese company in Malaysia to secure an RM90 million sustainability-linked loan (SLL) from SMBC Malaysia. This strategic funding will support ISF initiatives and investments in innovative technology to reduce its carbon footprint and strengthen environmental stewardship.

ISF incorporates ESG considerations into its corporate strategy because it is not just a moral obligation, but a path towards creating long-term values for stakeholders, and to ensure the sustainability of its business success.

Additionally, SMBC Malaysia participated in ISF's Mangrove Rehabilitation Program in Sabak Bernam, Selangor. This collaborative effort heightens environmental awareness and promotes sustainable practices, demonstrating its dedication to supporting and uplifting local communities.

SMBC Malaysia believes in the power of collaboration to combat global climate change and will continue to partner with ISF on our collective sustainability journey.

About: SMBC Malaysia is a wholly-owned subsidiary of the Sumitomo Mitsui Banking Corporation (SMBC) with a local capital base. It provides conventional and Islamic banking services to Malaysian conglomerates, MNCs, and government-linked companies. ISF secured its first sustainability-linked loan from SMBC Malaysia in April 2023, with a one-year term.



Ethics and conducts

[GRI 2-25, 2-26]

In line with our [Core Values](#):



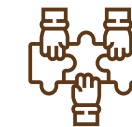
Reliability



Sustainability



Innovation



Collaboration

ISF upholds the highest ethical standards in conducting business with our customers, suppliers, governments, civil society, and other stakeholders. Our Ethical Policy and [Anti-Bribery and Corruption Policy](#) guide our actions and are available to all employees.

Our [Whistleblowing Policy](#) provides channels to report issues, ensuring that all claims are thoroughly and impartially investigated and that whistleblowers are protected.

Both policies were updated in March 2024, and The Anti-Bribery and Corruption Policy now includes anti-money laundering provisions. The Whistleblowing Policy was strengthened to include a specific timeline for investigations and new reporting procedures.

Our grievance procedure for external stakeholders allows parties outside the company to raise concerns about our organisation and supply chain.

All suppliers must comply with our [Supplier Code of Conduct](#) and uphold our commitment to ethical business practices. We engage with suppliers regularly to verify and understand their progress and level of compliance. We work closely with them to develop comprehensive action plans in cases of non-compliance.

In FY 2024, 100% of staff and 97% business partners were trained on our Anti-Bribery and Corruption Policy and its procedures.

→ See [Grievance management](#) or visit our [website](#) for more details

→ See [Supplier engagement and assessment](#)

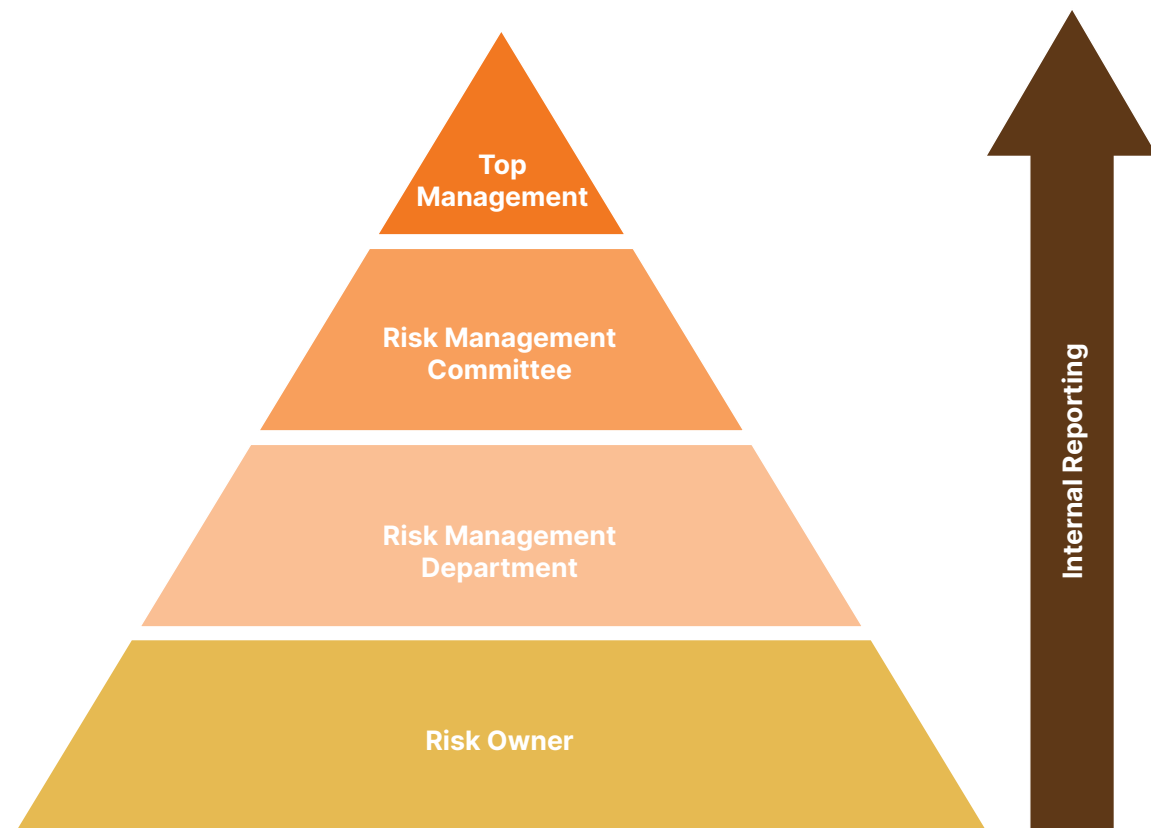


Risk mitigation and governance

Effective risk management is central to our operations. Our Risk Management Committee, which comprises members from the Risk Management, Finance, and Sustainability departments, oversees enterprise-level risk management programmes on strategy, finance, operations, compliance, and sustainability, with guidance from our Senior Management. Our Enterprise Risk Management (ERM) framework complies with ISO:31000 2018 standards and includes a risk escalation structure to ensure the timely communication of risks to our management team.

We maintain a comprehensive risk register that classifies risks and assigns qualified individuals to manage them. This register is reviewed and updated every six months to anticipate and address potential issues. As an additional layer of verification, our Sustainability Department conducts sustainability risk evaluations that feed into the ERM framework. Our Board of Directors and managers at every level follow up on identified risks and their potential impact.

ISF's risk reporting hierarchy



→ See pages 17 and 18 of our [2021 Sustainability Report](#) for more information

Flood preparedness and response plan

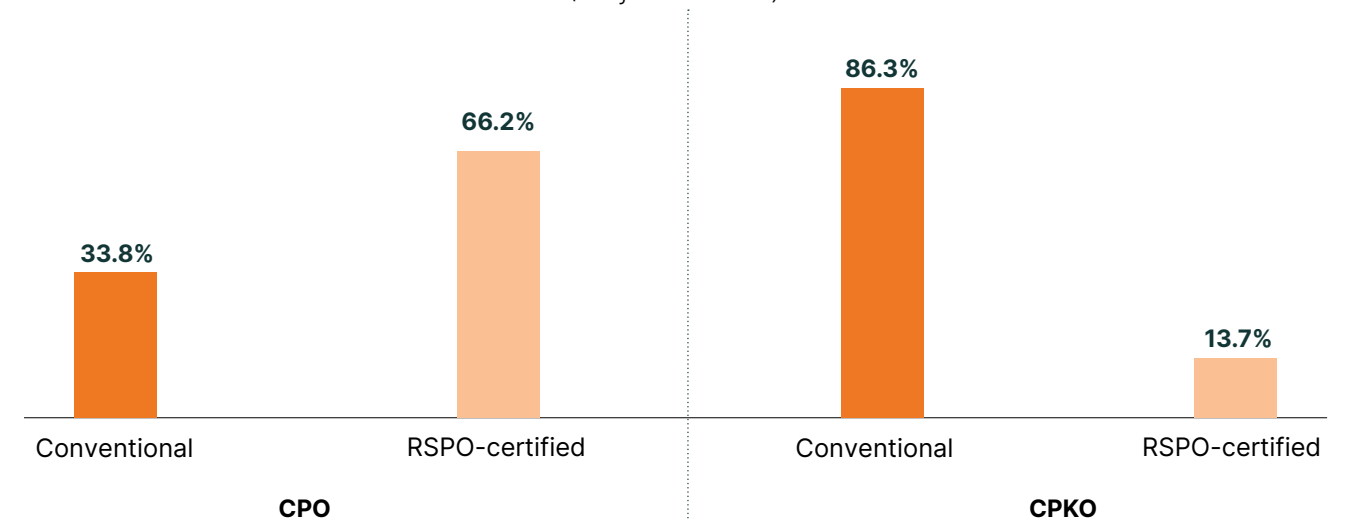
Recognising floods as a significant climate-related risk to our operations, ISF developed and implemented a flood preparedness and response plan in December 2022. See our [2022-2023 Sustainability Report](#) for more information.

Sustainability certification and compliance

ISF adheres to industry-leading sustainability standards and certification schemes to provide independent assurance to our customers and stakeholders of sustainable practices across our operations. **Our production is 100% certified against the Roundtable on Sustainable Palm Oil (RSPO), Malaysian Sustainable Palm Oil (MSPO), and International Sustainability and Carbon Certification (ISCC) standards.** We are committed to the RSPO Shared Responsibility principles, support the adoption of certified palm oil products, and actively promote MSPO-certified palm oil products to customers in the global market.

To meet market demand and comply with regulatory requirements, we process and trade certified sustainable palm oil raw materials and products using the Segregated and Identity Preserved (SG/IP) and the Mass Balance (MB) supply chain models. **In FY 2024, 66.2% of our sourced CPO and 13.7% of our CPKO were RSPO-certified, with more than 98% sold through the SG/IP model. Only 6,407 tonnes (MT) of CPKO were sold under the MB model.**

Conventional and RSPO-certified raw material sourced by product FY 2024
(% of total volume)



The proposed European Union (EU) Directive on corporate sustainability due diligence obliges companies to demonstrate environmental and human rights protections throughout their global supply chains. A significant portion of ISF's market is EU-focused, and many of our customers have reached out with questions about meeting these regulations. In response to EU expectations, we are allocating more resources to ensure compliance and support our commercial partners.

ISF is well-equipped to comply with this directive, as most of our supply to Europe comprises RSPO SG/IP volumes. Given the central role of the RSPO in developing and implementing global sustainability standards for the industry, we are well-positioned to facilitate compliance with the proposed EU directive by all our supply chain actors, including our RSPO-certified suppliers.

To address the new directives, we are using polygon maps to collect data from non-certified suppliers, including second and third-tier suppliers. Additionally, we are revising customer and supplier engagement methods, establishing standard operating procedures (SOPs) to drive EU Directive compliance, and conducting internal awareness training.

We will also maintain an open dialogue with our customers and partners to include MB volumes and conventional products in our efforts to comply with the proposed directive.

Contributing to the SDGs

We contribute to the United Nations' Sustainable Development Goals (SDGs) and have identified the following five goals our business can have an impact on and contribute to:



We have mapped the relevant SDG targets against our revised material topics to reflect the areas where we can maximise our impact. By focusing on these goals and aligning our strategy and targets to them, we will create sustainable value and contribute to shared outcomes with other stakeholders. We aligned our material topics and relevant targets with the SDGs to prepare this report.

→ [ISF's SDG contributions](#)

Stakeholder engagement and transparency

[GRI 2-28, 2-29]

ISF values stakeholder engagement and actively seeks feedback to improve our sustainability practices. We identify our key stakeholders by considering their influence on and relevance to ISF, as well as the impact that ISF has on them. We achieve this through regular reporting and various communications channels, including the following:



See [Stakeholder engagement table](#) for a detailed overview of our engagement methods and meeting frequency with each stakeholder group.

We also work with industry partners and participate in key multi-stakeholder initiatives to further our sustainability agenda. We have presented additional details about some of these partnerships throughout the report.

Notable partnerships in FY 2024:

Programme	Partners
Labour Transformation Programme (LTP)	Partnered with Earthworm Foundation (EF), Johor Plantation (previously known as Kulim (Malaysia) Berhad) and Ferrero International S.A. → See our 2021 Sustainability Report
Mangrove Rehabilitation Programme	Partnered with environmental NGO Global Environment Centre and the community of Kampung Dato Horat (SHBKDH) → See Community section
Sustainability-Linked Loans	Secured RM210 million from Sumitomo Mitsui Banking Corporation Malaysia Berhad (SMBC Malaysia) and RM90 million from RHB Bank Berhad (RHB) → See Securing sustainable finance
Smallholder support project	Partnered with Ferrero Trading Lux S.A. and Hap Seng Plantations Holdings Berhad to provide funding and technical support to help smallholders in the Kinabatangan District, Sabah → See Smallholder support

→ [See list of partnerships and collaborations on our website](#)

Sustainability ratings and benchmarks

ISF participates in several sustainability rating schemes, including the CDP global disclosure system, which evaluates companies' environmental performance and transparency, and EcoVadis, which assesses how well companies have integrated sustainability principles into their business and management systems. These ratings help ISF benchmark our performance against industry peers and identify areas of improvement.



Since 2019, ISF has submitted our annual data to the CDP Forests questionnaire, which measures deforestation risks and opportunities. In FY 2024, we also submitted to the CDP's Climate change questionnaire, which measures greenhouse gas emissions and climate change risks and opportunities.

We received an A- rating for our 2023 CDP Forests submission, an improvement from our B score in 2022. We also received an A- rating on our inaugural CDP Climate Change questionnaire submission. We are now among the highest-rated companies for both categories, with scores exceeding regional and food and beverage-processing sector averages.



ISF completed the EcoVadis assessment in February 2024 and was awarded the organisation's Silver Medal. We are proud to have placed in the top 15% of companies assessed.

Responsible sourcing and supplier engagement

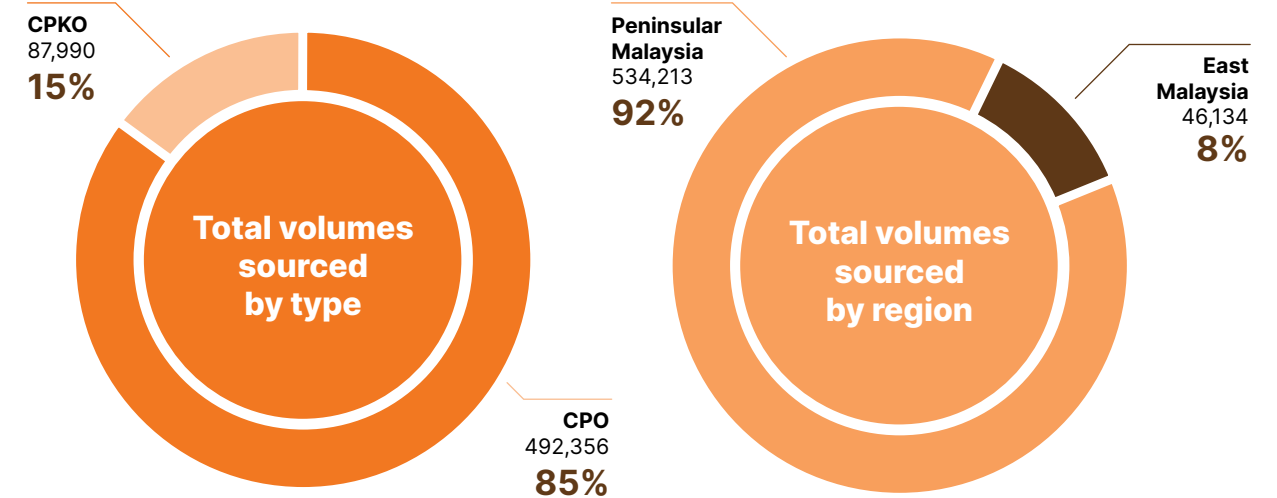
[GRI 2-6, 3-3, 203-2, 204-1, 308-1, 308-2, 414-1, 414-2]

We source crude palm oil (CPO) directly from mills and crude palm kernel oil (CPKO) from kernel crushing plants (KCPs). In FY 2024, we sourced a combined volume of 580,347 tonnes (MT), comprising 85% CPO and 15% CPKO from 43 suppliers, including 32 mills and 11 KCPs.

ISF predominantly sources from a small pool of local suppliers in Malaysia. All volumes are sourced in the country, primarily from Peninsular Malaysia, with only 8% of our CPO originating in East Malaysia. This approach is crucial to maintaining a resilient low-risk supply chain.



Total volumes sourced by type and region FY 2024 (MT, %)
Total: 580,347 MT



100%
traceability to mill since 2018

99.5%
CPO traceability to plantation as of March 2024

100%
response rate to all grievances raised via [our grievance procedure](#)

93.1%
CPKO traceability to plantation

Traceability

[GRI 3-3]

Supply chain traceability is fundamental to our sustainability commitments. By tracing our supply, we can support industry measures to identify and mitigate environmental and social risks within palm oil supply chains. We actively engage with our suppliers on traceability and have achieved 100% traceability to mill for the CPO and CPKO we source since January 2018.

To pursue our goal of full traceability to plantation, we engage with our direct suppliers and register the details of the plantations they source from, including their coordinates, Universal Mill List (UML) codes, and the volumes they supply.

Our traceability engagement has confirmed that 18 of our direct mill suppliers source fresh fruit bunch (FFB) from their own plantations (66% of our total CPO volumes sourced), while the remaining 14 source from their own and external plantations (34% of our total CPO volumes sourced).

Since 2022, we have taken significant steps to enhance our traceability data collection process and continue to engage Roundtable on Sustainable Palm Oil (RSPO) Mass Balance and conventional mills through targeted outreach efforts. In recognition of the interconnected nature of our supply chain, we also began sharing our traceability to plantation (TTP) data templates with our direct kernel crusher suppliers, as some of their supplying mills also supply CPO to us. We have strengthened our traceability efforts and achieved significant progress by fostering closer cooperation.

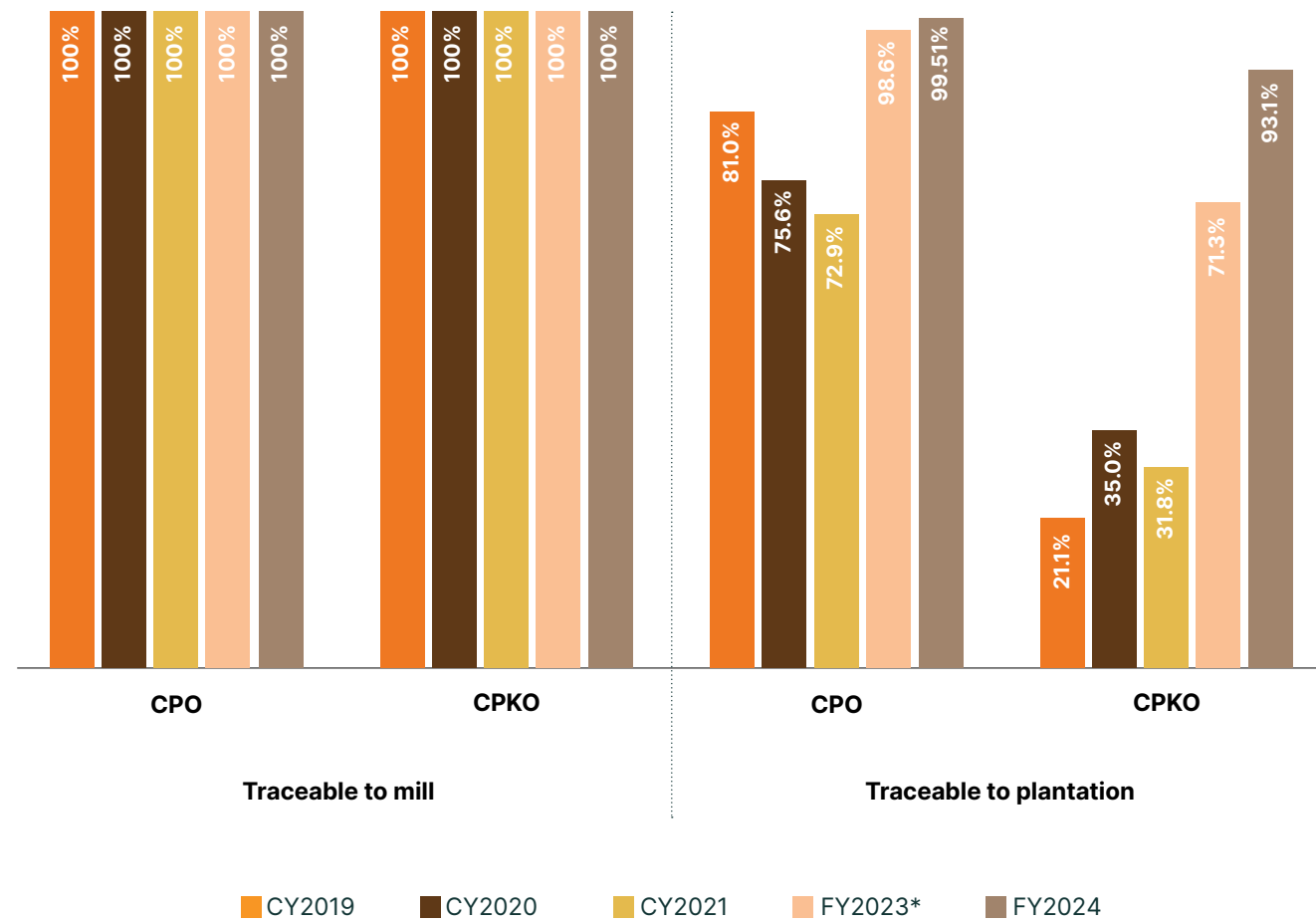
As of March 2024, we have traced 99.5% of our CPO back to plantation, up from 98.6% in the previous year.

This achievement was made possible by significant enhancements to our traceability data collection process in 2022.

Traceability figures may fluctuate due to changes in our supply base, as we source from different suppliers as needed to ensure a reliable supply and mitigate risks. Nevertheless, we remain committed to our target of 100% traceability to plantation of our CPO supply by 2025. We continuously improve our traceability practices to ensure the highest sustainability and transparency standards in our supply chain.

Unlike CPO traceability, achieving full traceability to plantation for palm kernel oil (PKO) presents unique challenges due to the complexity of the supply chain and the involvement of multiple actors. **We have confirmed that the KCPs supplying ISF procure palm kernels from 143 mills, and we have made substantial progress in achieving CPKO traceability. As of March 2024, we achieved 93.1% CPKO traceability, up from 71.3% the previous year (a 21.8 percentage point increase).** This significant improvement is a direct result of our ongoing efforts to improve traceability data collection as we continue working towards our target of 100% traceable palm kernel oil by 2025.

CPO and CPKO traceability CY 2019- FY 2024 (%)



* FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).



Supplier engagement and assessment

Supplier commitments to sustainability

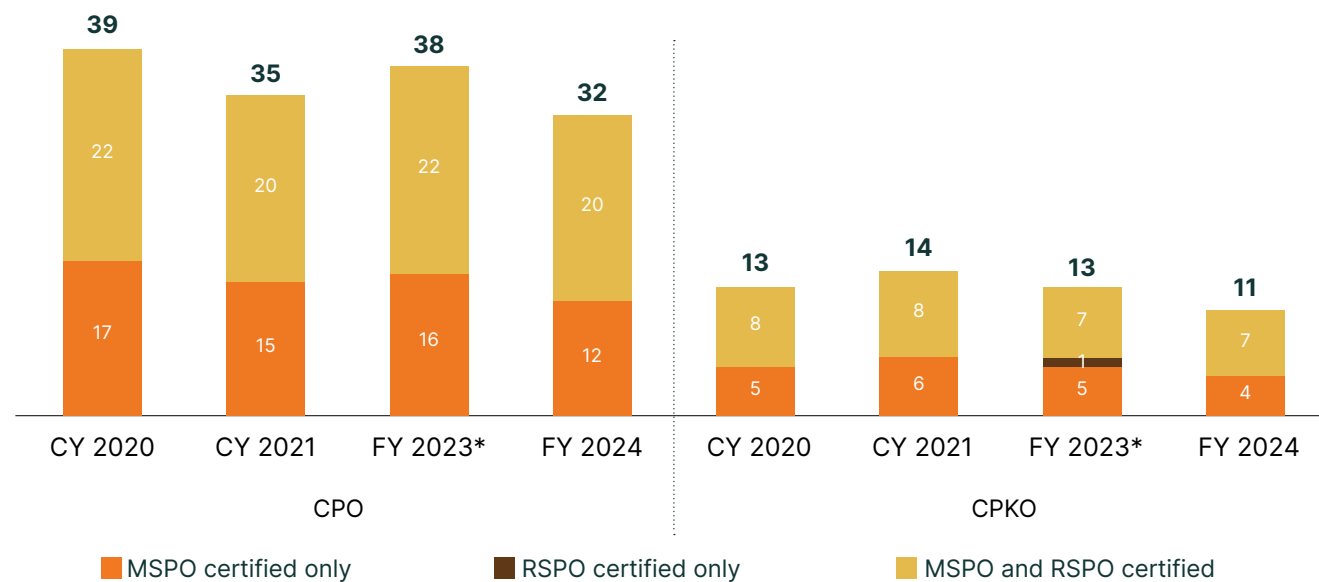
ISF engages with new suppliers and requires them to demonstrate their sustainability commitments by implementing a No Deforestation, No Peat and No Exploitation (NDPE) policy or signing the ISF Supplier Code of Conduct on respecting our NDPE commitments. We engage with our suppliers in various ways, including workshops, dedicated programmes, and surveys, with a particular focus on supporting uncertified suppliers in meeting our sustainability requirements.

We track and monitor the status of both certified and uncertified suppliers to guide engagement strategies and ensure alignment with our sustainability goals. As of March 2024, all our direct CPO suppliers were Malaysian Sustainable Palm Oil (MSPO) certified. Of the 492,356 MT of CPO sourced directly from these suppliers, 327,252 MT come from their own plantation while the remainder is sourced from third-party plantation.

A further 27 suppliers – 20 CPO suppliers and 7 CPKO suppliers – are now certified against Roundtable Sustainable Palm Oil (RSPO) standards. In FY 2024, we sourced 325,833 MT of RSPO-certified CPO and 12,021 MT of RSPO-certified CPKO, representing 66% and 14% of our total volumes sourced, respectively.

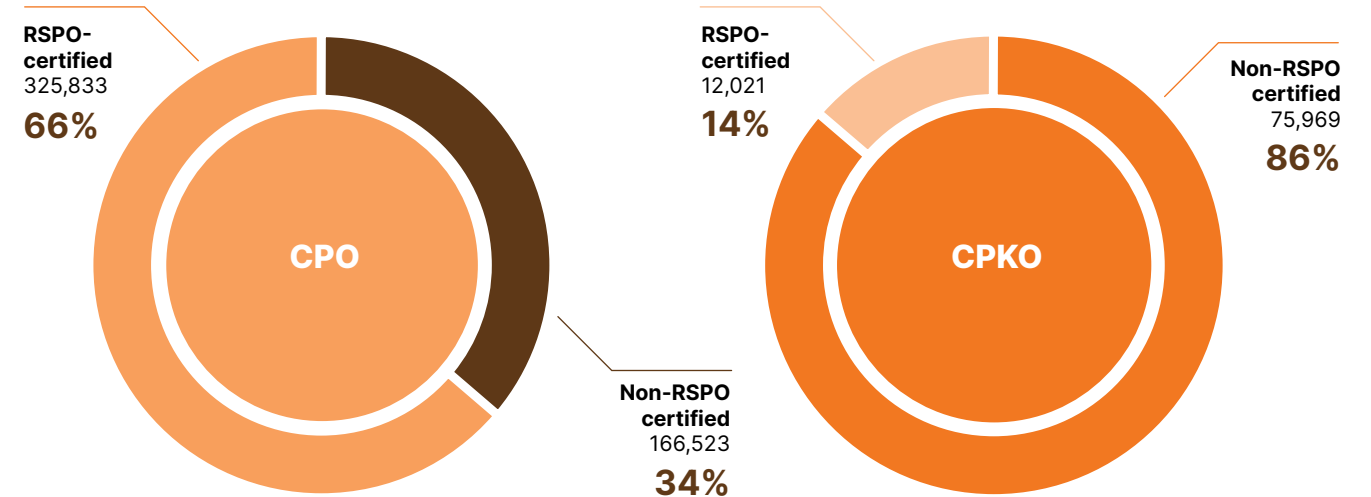


Direct supplier's certification status CY 2020 – FY 2024 (no.)



* There was a CPKO supplier from Thailand in FY 2023 where MSPO certification does not apply.
 * FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).

RSPO-certified volumes processed by product in FY 2024 (MT, %)



Tri-partite partnership to enhance industry collaboration and supplier engagement

In August 2023, ISF entered into an Memorandum of Understanding (MoU) with industry peers AAK and Mewah, establishing a tri-partite partnership to ensure a resilient PKO supply chain through enhanced engagement and collaboration. ISF co-hosted the partnership's inaugural crusher engagement workshop titled "Sustainable and Traceable PKO Supply Chain" on August 18, 2023.

The workshop addressed pressing global sustainability challenges such as the European Union (EU) Deforestation Regulation, traceability exercises, and the importance of supply chain transparency. This event marked the beginning of our tri-partite partnership with AAK and Mewah, designed to strengthen the PKO supply chain through collaborative projects. Twenty-seven (27) participants from seventeen (17) companies in our supply chain attended, and we plan to host more events to strengthen collaboration and sustainability within the industry.



ISF engaged in various sector-related activities, including POCG meetings, peer learning visits, and stakeholder engagements with key suppliers and industry partners throughout FY 2024. Our efforts were focused on sustainability discussions, progress assessments, and fostering collaborative relationships within the supply chain.

Proforest's Learning Visit to ISF

On 27 July 2023, we partnered with our partner, Proforest to host a learning visit at ISF, aimed at enhancing understanding of the palm oil refining process. The visit featured a training session led by ISF management and a tour of our refinery in Dengkil, showcasing our commitment to responsible sourcing, food safety, and the integration of sustainable practices in operations.

>Refinery Process Insights: [Proforest's Learning Visit to ISF](#)



Supplier engagement summary in FY 2024

6

Supplier verification audits undertaken



1

Supplier workshop conducted



15

Suppliers attended the workshop



Supplier assessments

Working with our implementation partner, Proforest, we annually assess suppliers to measure their progress towards aligning with our NDPE commitments. We evaluate and prioritise suppliers based on their risk of deforestation, analyse higher-risk social and environmental issues, and concentrate our engagement efforts on high-risk mills, typically non-certified suppliers.

Volumes sourced from RSPO-certified suppliers meet rigorous criteria that align with our NDPE policy and reinforce our commitment to responsible sourcing.

Since 2022, we have required that all non-RSPO certified and conventional suppliers complete our sustainability questionnaire, which enables us to evaluate them against adherence towards our [Sustainability Policy](#). This process helps us better understand our suppliers' environmental, social, and governance (ESG) commitments and assess their performance and progress in meeting our shared sustainability goals. We re-engage with suppliers and re-assess them regularly to support their efforts to comply with our policies.

NDPE IRF reporting

We evaluate supplying mills' progress towards meeting our NDPE commitments using the NDPE Implementation Reporting Framework (IRF). This tool was developed by members of the Palm Oil Collaboration Group (POCG) and facilitated by Proforest. It improves transparency in reporting progress, performance gaps, and implementation activities in companies' efforts to fulfil their NDPE commitments. The framework employs a standardised methodology, using set criteria to measure supplying mills' progress on deforestation, planting on peat, labour rights, and land and local community rights.



99.5% and **100%**

of our total CPO volumes sourced are 'delivering' on their **No Deforestation** and **No Peat (NDP)** commitments*

a significant increase from **78.3%** and **62%** in FY 2023

**self-reported data received via the IRF*



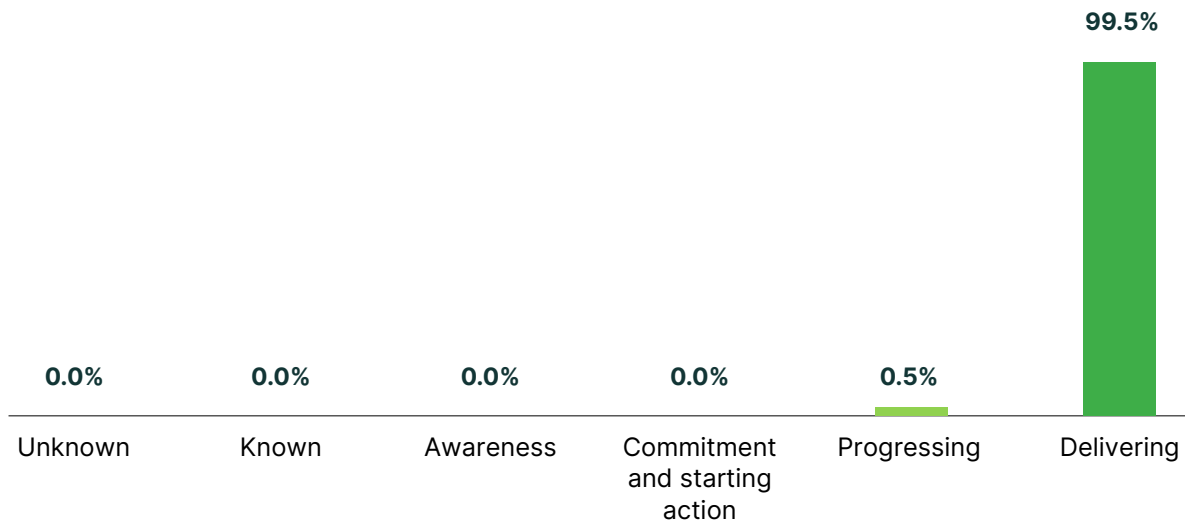
As of March 2024, self-reported data received via the IRF confirms the suppliers responsible for our total CPO volumes sourced are 'delivering' on 99.5% of their No Deforestation commitments and 100% of their No Deforestation and No Peat (NDP) commitments, a significant increase from 78.3% and 62% respectively in FY 2023.

Although we remain committed to transparency, collecting NDPE data for our PKO suppliers presents unique challenges due to the significantly lower volume of PKO production and fewer crushing mills compared to palm oil mills. Palm kernel is also traded across regional and national borders, making it difficult to ensure the integrity of the supply chain.

Our current reporting framework covers the environmental elements of industry NDPE commitments. The No Exploitation framework is currently under development, and ISF will adopt its formal guidelines when it is finalised.

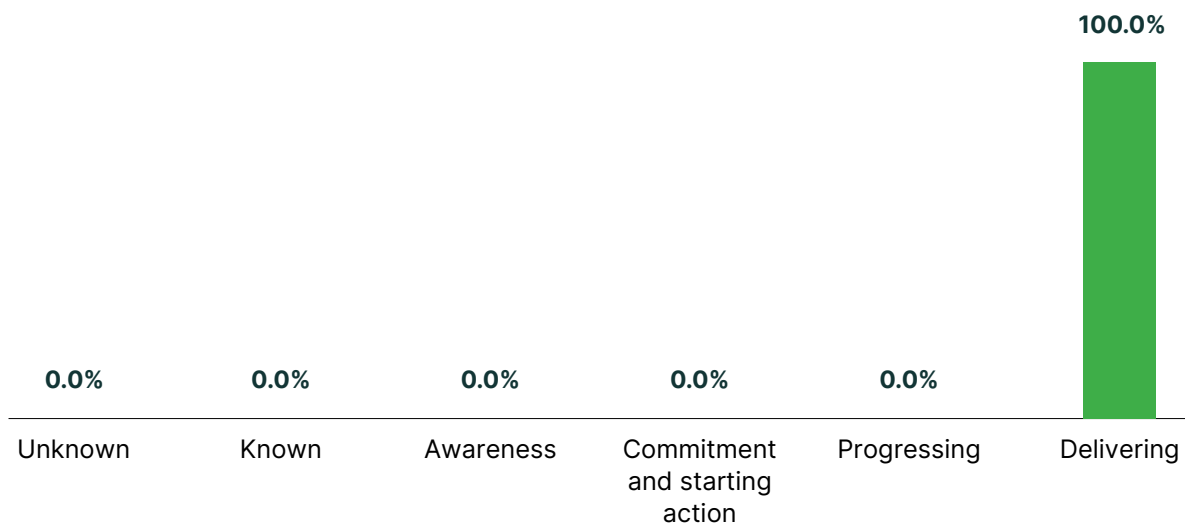
Mill progress on No Deforestation commitment for FY 2024 (% vol sourced)

Direct mills only (CPO suppliers)



Mill progress on No Peat commitment for FY 2024 (% vol sourced)

Direct mills only (CPO suppliers)



Grievance management

[GRI 2-16, 2-25, 2-26, 414-2]

A robust grievance procedure is integral to sustainable business practices. Our grievance process allows our stakeholders to raise concerns about potential non-compliance and signal areas needing improvement. In FY 2024, two NGOs filed deforestation and land-use change grievances against direct and indirect ISF suppliers. A total of 26 grievances have been filed since 2017, ten of which were closed, including a 2018 grievance alleging that ISF was sourcing from a supplier involved in forest clearance, which was resolved in September 2023.

In response, the supplier implemented a No Deforestation, No Peat, No Exploitation (NDPE) policy, established a time-bound recovery plan, and published a final report documenting its results. Actions taken include a partnership with an NGO to rehabilitate peatlands and conserve a forest reserve. Since the implementation of the recovery plan, no peat fires or further deforestation have been reported in the supplier's concession.

We are working with the affected suppliers and stakeholders to close active grievances from previous years.

	FY 2024	Cumulative since 2017
Number of grievances filed	2	26
Number of grievances closed/resolved	1	10
Number of suppliers suspended	0	3

[→ See ISF grievance procedure and list on our website.](#)



Environment

[GRI 2-27, 3-3]



ISF is committed to operating in an environmentally responsible manner. We comply with applicable environmental laws, and our environmental management system (EMS) is certified against the ISO 14001:2015 standard. Guided by our [Sustainable Palm Oil Policy](#), we seek to prevent and mitigate potential adverse impacts of our operations and supply chain on natural resources and the environment. Our initiatives focus on minimising greenhouse gas (GHG) emissions, optimising energy and water usage, and effective waste management.



A-
CDP score for Forest

A-
CDP score for Climate Change

ISF earned A- ratings on our 2023 CDP Forests and Climate Change Questionnaire submissions, exceeding regional and industry sector averages. These scores reflect our commitment to environmental stewardship, sustainability best practices, and responsible forest management and climate action strategies.

→ See also: [Sustainability ratings and benchmarks](#)

→ [Read more about our environmentally responsible operations here](#)

Addressing climate change

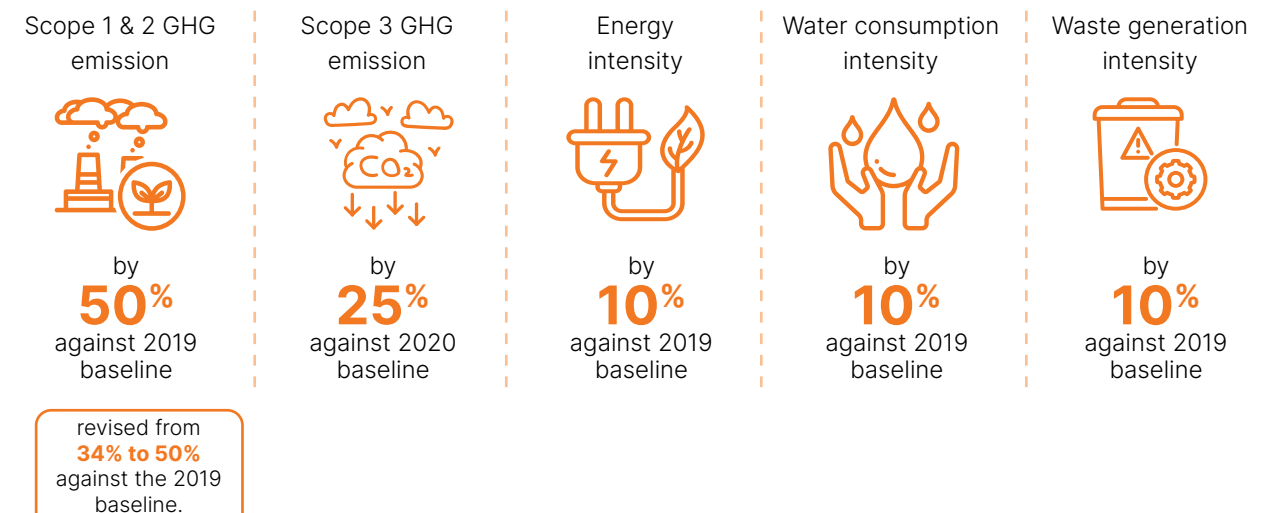
We acknowledge the urgent need to tackle climate change and transition to a low-carbon society. The Task Force on Climate-related Financial Disclosures (TCFD) recommendations are a critical framework allowing businesses to responsibly identify, evaluate, and manage their climate-related risks and opportunities (R&Os).

Aligning with our parent company, The Nisshin OilliO Group Ltd, in 2023, ISF undertook our inaugural climate-related scenario analysis and reported against the TCFD recommendations for the first time. The analysis, which examined 2°C and 4°C temperature increase scenarios, was instrumental in shaping our [Climate Action Roadmap](#) and climate-related strategies, which guide our business objectives and long-term direction.

Aligning with The Nisshin OilliO Group Ltd's Carbon neutrality by 2050

In 2023, the Group launched a new strategic roadmap to promote decarbonisation, with the goal of achieving carbon neutrality by 2050². This involved the revision of its GHG emissions reduction and environmental targets to support this goal. In line with the Group's ambitions, we also updated our GHG emissions reduction and adopted new environmental targets. Particularly, our Scope 1 and Scope 2 GHG emissions reduction target has been increased from 34% to 50% against the 2019 baseline.

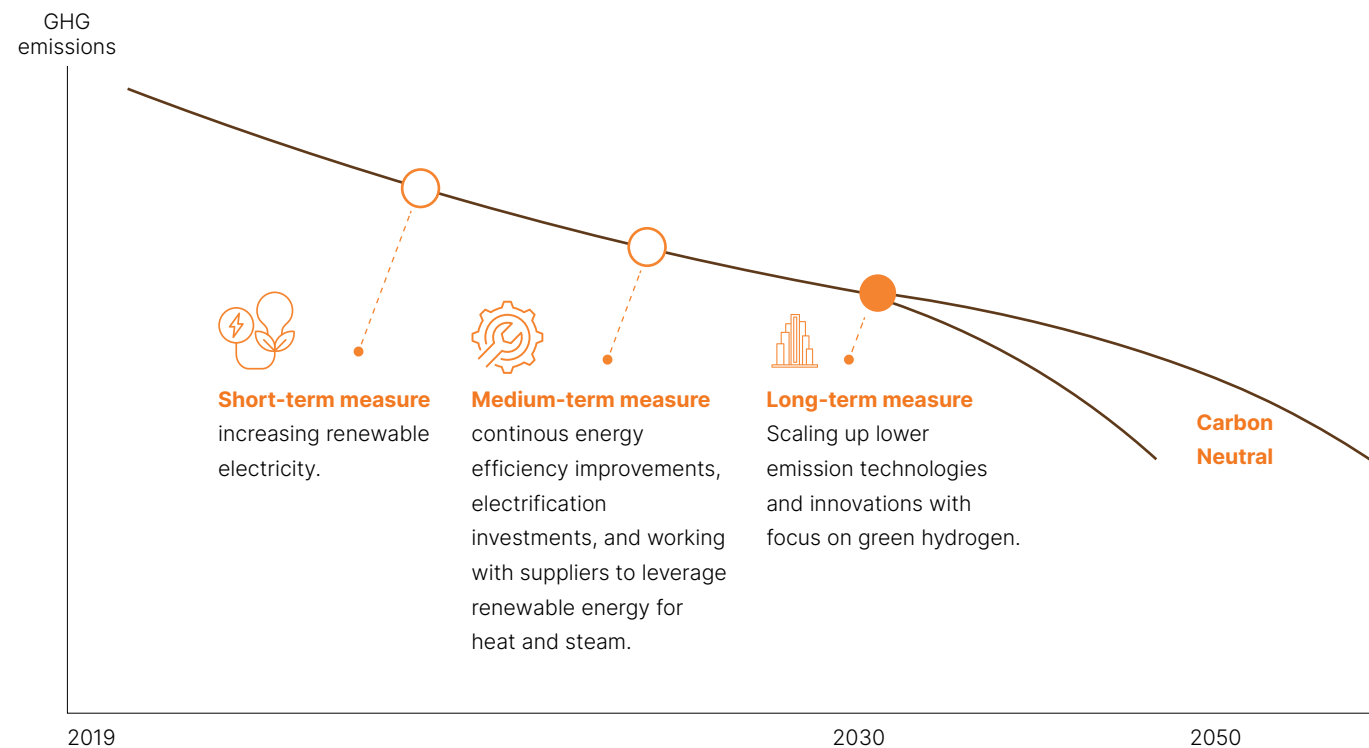
By 2030, we aim to reduce:



² See page 49 of [The Nisshin OilliO Group Ltd's 2023 Sustainability Report](#)

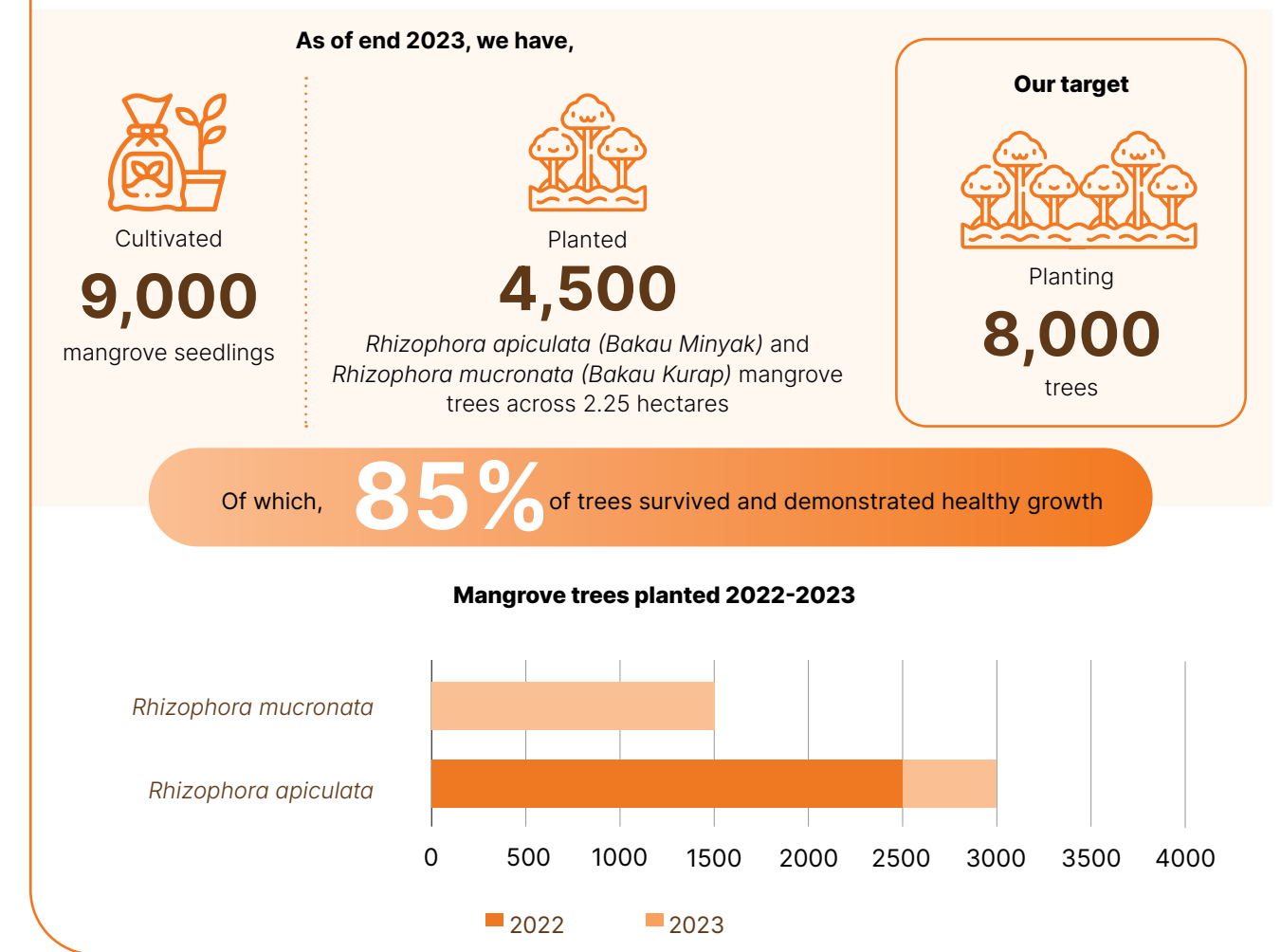
Our climate-related strategies to achieve carbon neutrality

Reducing emissions from our operations	Promoting a low-carbon value chain	Expanding our uptake of renewable energy	Exploring nature-based approaches	Increasing impact through partnerships and collaborations
<p>Mapping our carbon footprint and establishing baselines for Scope 1, 2 and 3 GHG emissions.</p> <p>Drive operational efficiency through process improvements and equipment upgrades; investing in energy-efficient technologies and innovations, e.g. heat and power cogeneration systems.</p>	<p>Supporting suppliers in lowering their own emissions.</p> <p>Prioritising sustainable procurement for a low carbon value chain.</p>	<p>Installing solar energy systems to generate renewable energy on site.</p> <p>Purchasing renewable energy certificates to replace electricity sourced from the grid (e.g. through the Green Electricity Tariff or Virtual Power Purchase Agreements (VPPA))</p> <p>Exploring opportunities to integrate renewable energy into refinery processes.</p>	<p>Supporting nature-based solutions, e.g. mangrove rehabilitation for carbon sequestration while restoring biodiversity and promoting social wellbeing.</p>	<p>Engaging with local communities to implement climate mitigation or adaptation solutions, e.g. collaboration with the Global Environment Centre (GEC) and the community of Kampung Dato Hormat for our Mangrove Rehabilitation Programme.</p>

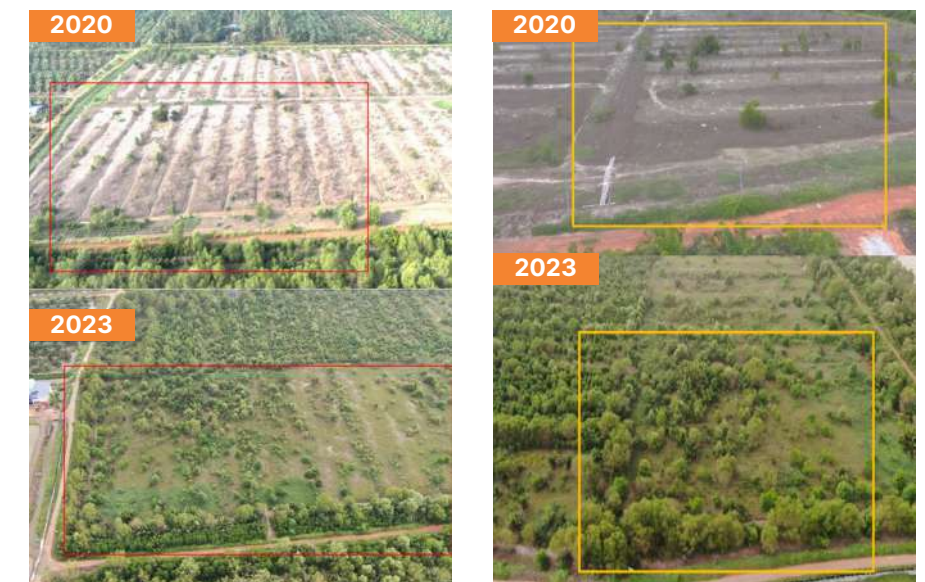


Enhancing climate resilience through nature-based approaches

In 2022, ISF embarked on a three-year Mangrove Rehabilitation Programme in Tebuk Mendeleng, Sabak Bernam, Selangor, in collaboration with the Global Environment Centre (GEC) and the community of Kampung Dato Hormat. The project will restore more than four hectares of degraded mangrove forest by planting 8,000 trees. This nature-based approach to climate adaptation sequesters carbon, restores ecological balance, promotes sustainable livelihoods, and strengthens social cohesion by actively involving local communities.



We achieved the programme's objectives for the first two years and will plant another 2,500 mangrove trees in 2024. GEC staff and community members continue to monitor and maintain the area to ensure tree survival and prevent illegal activities, including land clearing and waste dumping. We have established a solid foundation for the continued stewardship of the Tebuk Mendeleng mangrove ecosystem and remain committed to environmental sustainability and community resilience in the region and elsewhere.



Aerial photo of ISF's Mangrove Rehabilitation Programme area before planting (2020) and after planting (2023).

Carbon footprint

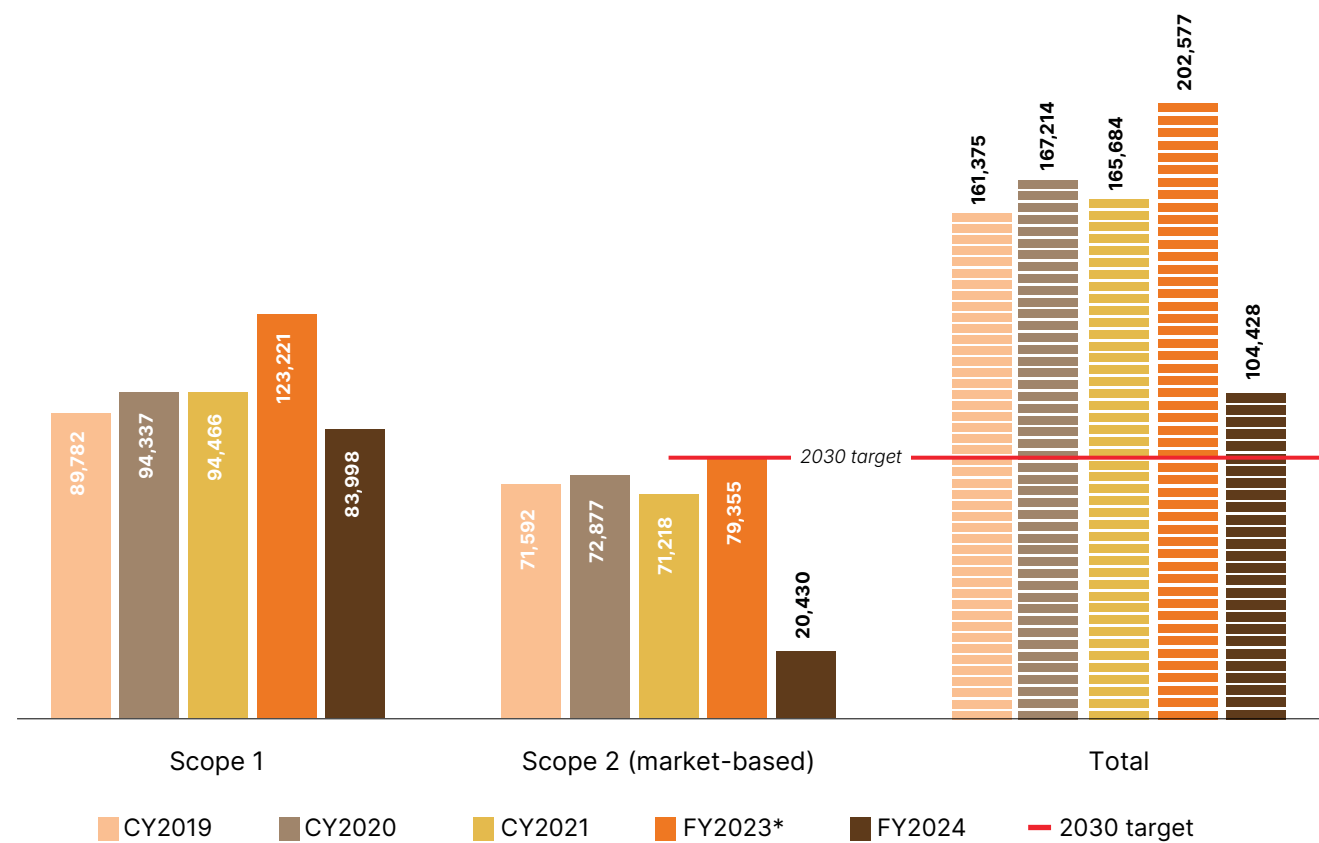
[GRI 3-3, 305-1, 305-2, 305-3, 305-4, 305-5]

We monitor and account for our carbon footprint using the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Scope 1 and 2 emissions

In FY 2024, our combined Scope 1 and Scope 2 (market-based) GHG emissions were 104,428 metric tonnes of carbon dioxide equivalent (MT CO₂e). Of this, 83,998 MT CO₂e (around 80%) were from Scope 1 emissions, while 20,430 MT CO₂e (around 20%) were from Scope 2 (market-based) emissions. Compared to 2019 baseline, our total Scope 1 and Scope 2 emissions have fallen by around 35%.

Net GHG emissions by scope CY 2019–FY 2024 (MT CO₂e)

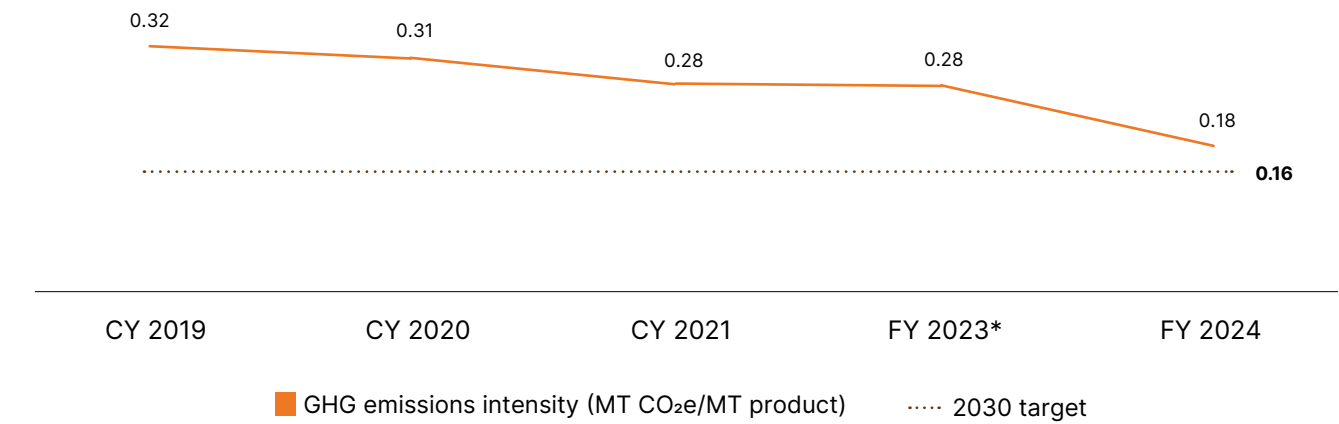


Notes:

- *FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).
- Scope 1 emission sources include emissions from fuel combustion in refining equipment, pressing machines, and vehicles. Scope 2 (market-based) emissions include all indirect emissions from purchased electricity.

Our Scope 1 and 2 GHG emission intensity in FY 2024 was 0.18 MT CO₂e per metric tonne of finished product, representing a 35% decrease compared to 0.28 MT CO₂e/MT product in FY 2023.

GHG emissions intensity 2019–FY 2024 (MT CO₂e)
(MT CO₂e/ MT product)




* FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).


The reduction in our FY 2024 emissions is primarily due to subscribing to more low-carbon electricity from the Tenaga Nasional Berhad (TNB) Green Electricity Tariff (GET) programme. Our subscription allowed us to offset an estimated 46,000 MT CO₂e of GHG emissions.

We are on track to achieve our target of reducing our total Scope 1 and 2 GHG emissions by 50% against our 2019 baseline by 2030. We continue to explore and implement various emissions reduction initiatives.


Since 2021, ISF has launched several projects to reduce emissions and utility costs such as:




Recovering and utilising exhaust and residual heat from production equipment, machinery, and systems




Installing timers for more efficient steam tracing, thus maintaining a stable temperature throughout the production process




Installing and utilising solar energy systems in and around our operations



Recovering steam from chimneys and using condensate water to replace joint boiler additive (JBA) to reduce our reliance on chemical additives



Modifying, replacing, or upgrading equipment parts, chillers, and cooling towers to improve energy efficiency



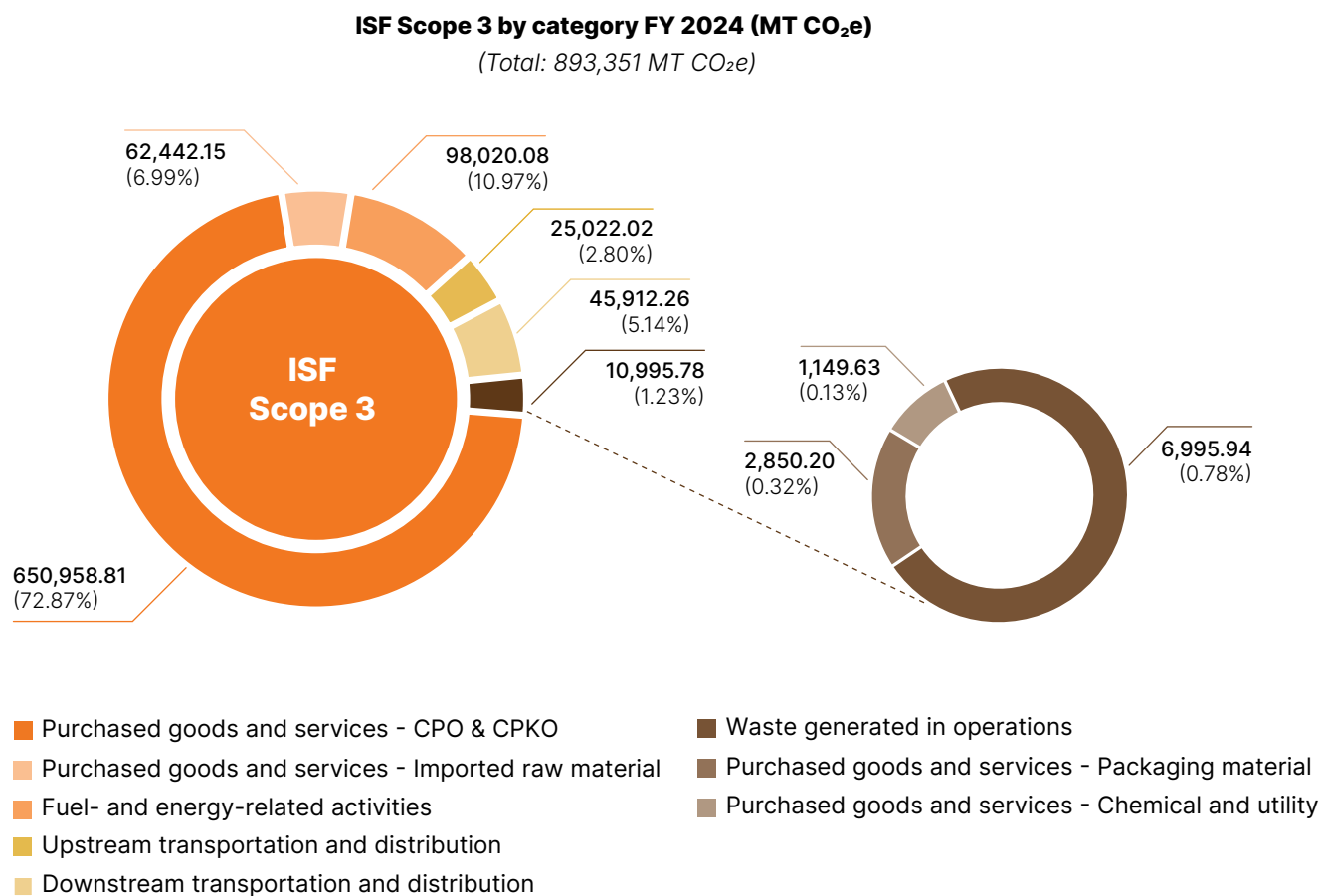
Improving efficiency of production processes

We have established special task forces at our Dengkil and Port Klang operations to oversee and implement carbon reduction and other environmental projects. Our ESG Committee manages them, and each task force assigns dedicated managers to individual projects.

Scope 3 emissions

Scope 3 emissions are indirect emissions from a company's value chain that are beyond their operational control. Although we have less influence in the management of Scope 3 emissions, we recognise the importance of accounting for them to identify priority areas for action across our supply chain.

In FY 2024, our total Scope 3 emissions were 893,351.11 MT CO₂e, 81% of which originated from upstream activities and includes purchased goods and services crude palm oil (CPO), crude palm kernel oil (CPKO), imported raw materials, chemicals and utilities, and packaging materials). Fuel and energy use contributed 11% of our Scope 3 emissions, while transportation and distribution contributed a relatively small 8%.



We continue to improve our processes and heighten the accuracy of our data and carbon inventory calculations. In 2024, we refined these calculations by adopting the latest [Intergovernmental Panel on Climate Change \(IPCC\)](#) and [Malaysian Energy Commission](#).³

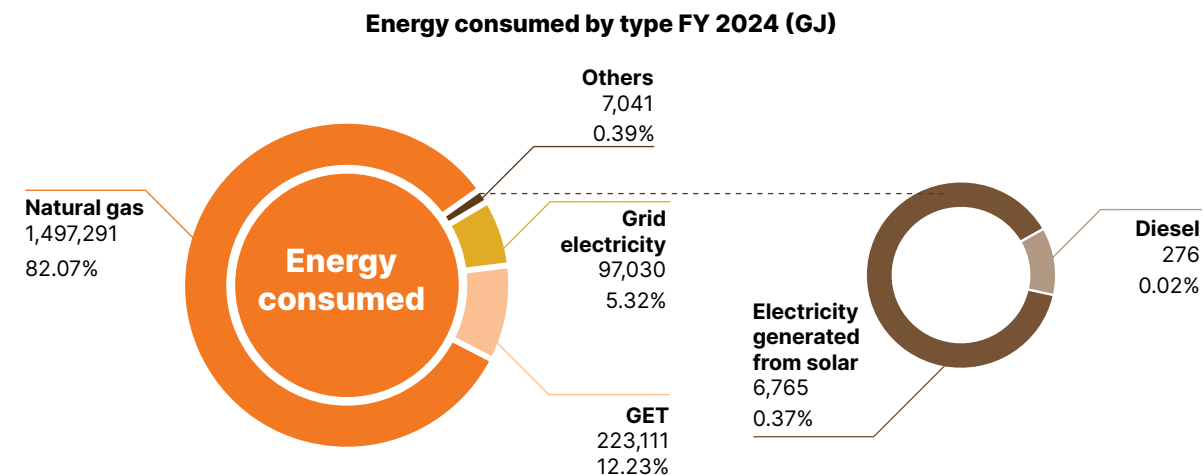
This work establishes a solid foundation for formulating Scope 3 reduction strategies. We are open to exploring joint projects with third parties in our value chain to achieve our 2030 target of reducing Scope 3 emissions to 611,236 MT CO₂e, 25% against our 2020 baseline. We will provide more information in future reports.

³ The emission factors used are for natural gas and electricity emissions calculations.

Energy

[GRI 3-3, 302-1, 302-3, 302-4]

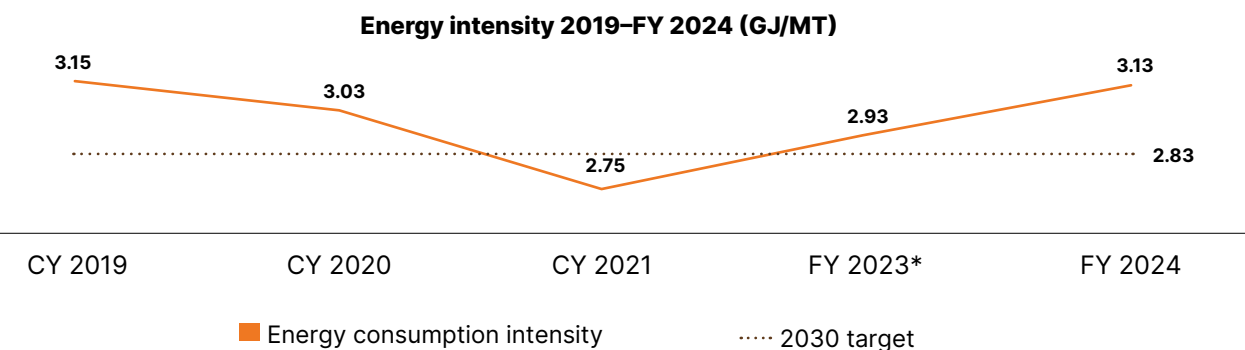
We monitor our energy consumption to analyse trends and optimise efficiency. In FY 2024, we consumed 1,824,512 GJ of energy: 82% from natural gas, 12% from green electricity generated by TNB's GET programme (a substantial increase from 2.7% in the previous reporting year),⁴ and the remaining 5% from the public grid. A small amount of our energy comes from solar power generated at our operations (1%) and diesel (<1%).



Our energy intensity rose from 2.93 GJ/MT in FY 2023 to 3.13 GJ per tonne (MT) of product processed in FY 2024. This is primarily attributable to the implementation of additional processes to meet customer demands and uphold rigorous food safety standards. We aim to reduce our energy intensity by 10% against our 2019 baseline of 2.83 GJ/MT by 2030.

We are building two COGEN (gas turbine cogeneration) and combined heat and power (CHP) systems at our operations. These advanced systems combust gas to generate electricity using a turbine and capture the heat energy released by the combustion process to fuel power boilers and produce steam for industrial processes.

Using 2021 as a baseline, the COGEN plants and CHP systems are projected to reduce GHG emissions at our operations by 8.9% while also lowering costs through enhanced energy efficiency and decreased reliance on purchased fuel. We aim to launch the first plant at our Dengkil operations by Q4 2024 and the second plant at our Port Klang operations by Q4 2025.



* FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).

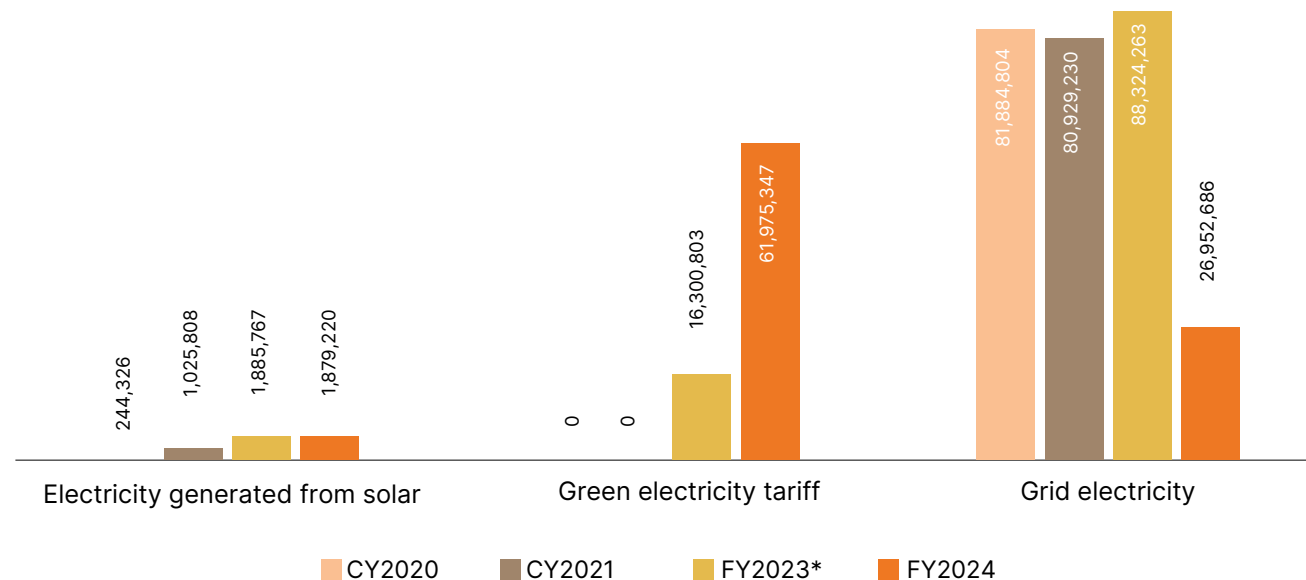
⁴ The GET programme offers subscribers green electricity blocks generated by Malaysian solar and hydroelectric plants that adhere to international Renewable Energy Certificates (REC) standards and have earned Malaysia Renewable Energy Certificates (mREC).

Transitioning to renewable energy

ISF continues to add to our renewable energy mix. In FY 2024, we substantially increased the GET programme electricity we subscribe to. We used 61,975,347 kWh of green electricity in our renewable energy mix, more than triple the amount in FY 2023. Doing so, **we replaced almost 70% of the electricity from the grid we typically use and offset around 46,000 MT CO2e of GHG emissions.**

A small fraction of our renewable energy mix is generated by our solar panels.

Renewable electricity mix CY 2020–FY 2024 (kWh)



* FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).

We installed solar panels with a 345.6 kWp capacity at our Port Klang factory buildings in 2022 and are entering the second phase of this project. We will install solar panels at our new Port Klang administrative building, increasing our solar power generation capacity by 193.6 kWp.



Virtual Power Purchase Agreement (VPPA) with Cenergi SEA Berhad

The Malaysian government has set a goal of 70% renewable energy capacity on the national grid by 2050, with an intermediate goal of 31% by 2025. As of March 2023, this figure stands at a remarkable 25%. The government has also introduced initiatives such as the Corporate Green Power Programme (CGPP)⁵ to drive this transition, creating robust incentives and opportunities for sustainable energy growth.

Specifically, the CGPP aims to integrate 800 MWac of solar power into the national grid, accelerating the development of solar farms and facilitating the procurement of green electricity and Renewable Energy Certificates (RECs) through Virtual Power Purchase Agreements (VPPAs) between developers and corporate buyers.

In January 2024, ISF officially entered into a VPPA with Cenergi, committing to purchase green electricity for a 21-year period from our 30 MWac solar farm in Kuala Ketil, Baling, Kedah, scheduled to commence operations by late 2025.

The success of the CGPP depends on developers like Cenergi and offtakers⁶ like ISF. The palm oil industry has already implemented various sustainability initiatives demonstrating its commitment to environmental stewardship. ISF must continue communicating its sustainability practices to dispel misconceptions about the industry and support the country's broader sustainability agenda.

About: Cenergi is a sustainable energy solutions company that invests in, designs, and builds renewable energy and energy efficiency projects in Malaysia and Southeast Asia, including solar farms, hydropower facilities, and biogas power plants. Cenergi is a CGPP member and also partners with palm oil companies to transform plantation and manufacturing byproducts, like wastewater and physical waste, into feedstock for renewable energy production.



⁵ The CGPP is a mechanism of a Virtual Power Purchase Agreement (VPPA) which is implemented under the existing New Enhanced Dispatch Arrangement (NEDA) framework.

⁶ Offtakers agree to settle the difference between the pre-agreed "Strike Price" and the underlying NEDA tariff, also known as the System Marginal Price (SMP). As part of the programme, developers are paid a relatively stable rate for electricity generated. In exchange, offtakers are assigned the rights to Renewable Energy Certificates (RECs) from generating electricity, helping to reduce their Scope 2 emissions.

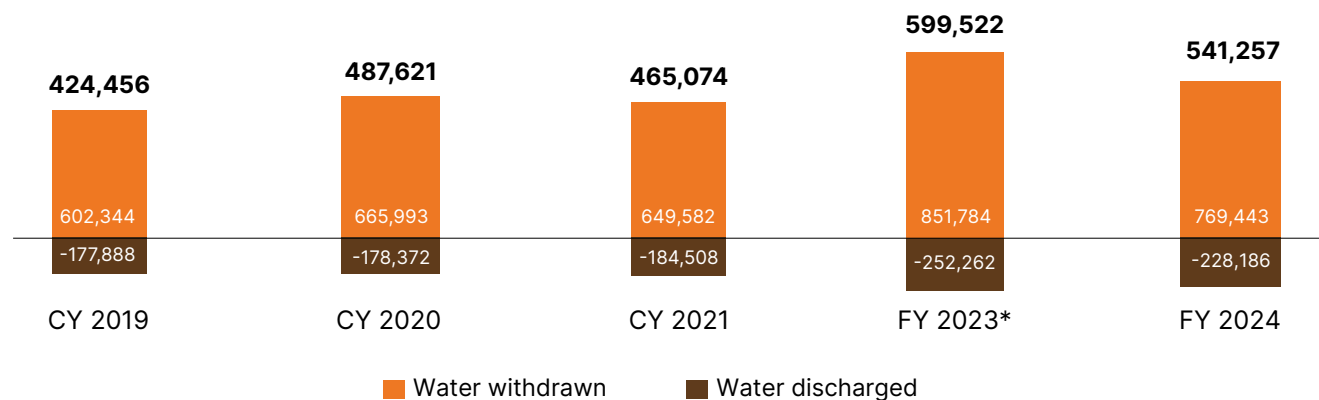
Water

[GRI 2-27, 3-3, GRI 303-1, 303-2, 303-3, 303-4, 303-5]

We monitor our water efficiency and usage and strive to improve them across our operations. Although we use some groundwater, our primary production water source is the municipal supply. Water quality is of utmost importance to ISF. We only use clean water for production and conduct regular third-party testing to ensure that the water is safe for use and meets regulatory standards.

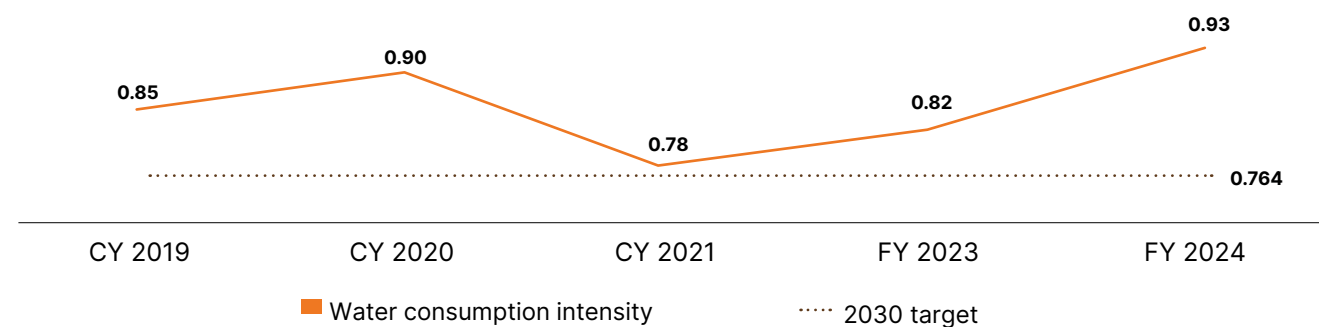
In FY 2024, we consumed 541,257 m³ of water, slightly less than in FY 2023. However, our water consumption intensity increased to 0.93 m³ per tonne (MT) of product processed, moving away from our 2030 target of 0.76 m³/MT. This increase was due to facility expansions and enhanced processes to meet stringent food safety requirements that use more water.

Total volumes processed CY 2019–FY 2024 (MT)



* FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).

Water consumption intensity CY 2019–FY 2024 (m³/MT product)



* FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).

We recognise that our production processes are water-intensive, and any disruption or shortage in the municipal water supply can significantly impact our operations. Enhancing water usage efficiency to achieve our 2030 targets is crucial as our business expands. To address this, we launched our 2030 Water Conservation Plan in January 2024, building on our existing initiatives to reduce and conserve water.

Environment

2030 Water Conservation Plan

Water is critical to our manufacturing process, so water conservation is a core component of our sustainability strategy. To ensure a reliable water supply while keeping costs down as tariffs rise, ISF developed and launched our 2030 Water Conservation Plan in 2024. It outlines our strategy to reduce water consumption intensity by 10% by 2030 against our 2019 baseline and aligns with both ISF's and The Nisshin Oillio Group, Ltd.'s broader sustainability objectives. The plan establishes our official water usage policy, focusing on three key areas to achieve our vision:

Our Vision

We strive to optimise water use across our operations and actively foster a culture of resource recycling and sustainability.



Approach and initiatives

- Conduct analyses on existing water storage capacity and water supply capability
- Increase alternative water sources (e.g. implement rainwater harvesting systems)
- Maximise clean water storage capacity (e.g. increase existing water storage capacity/ upgrade tank size, build more water tanks)
- Install steam condensate recovery systems

FY 2024 updates:

We are building a new 500 m³ water storage tank at our Port Klang operations.

All our operations, including our headquarters, are equipped with rainwater harvesting systems. In August 2023, we installed rainwater harvesting systems at our Dengkil operations and Port Klang headquarters for toilets and irrigation. In August 2024, we installed two systems at our Port Klang operations to supply an alternative water source for our cooling towers. We plan to increase the capacity of these systems to collect more rainwater and use it for general cleaning purposes.

Water Security

Ensuring sufficient water supply across our operational facilities

Water Circularity

Promoting water reuse and recycling

- Ensure 100% of wastewater at our facilities is treated
- Ensure wastewater quality parameters comply with regulations

FY 2024 updates:

We plan to reuse treated wastewater and rainwater for cleaning, irrigation and toilets. We will use untreated rainwater for our production plant cooling towers starting in Q4 2024.

We are expanding the capacity of our wastewater treatment plant in Port Klang from 250 m³ to 500 m³ per day. Phase 1 of construction began in January 2023 and was completed in December 2023. Phase 2 will commence in June 2024, with the project slated for completion in October 2025.

Water Efficiency

Minimising water usage

- Monitor water consumption at our operations
- Promote water reduction initiatives and increase employee awareness of water as a resource (e.g. through training)
- Adhere to our environmental management policy on responsible water management

Our water conservation approaches and initiatives build upon past and ongoing water conservation efforts and will be implemented by our Port Klang and Dengkil manufacturing teams. We will annually review our water conservation key performance indicators (KPIs) for each initiative and will provide updates in future reports.

We comply with all relevant effluent discharge regulations and treat all wastewater and effluent in alignment with our comprehensive in-house guidelines. We monitor all effluent and water discharged to ensure chemical levels and other quality parameters meet safe standards before their release into municipal drainage systems or the environment, to minimise and mitigate potential negative impacts on nearby water bodies.

Klang River Visit

On February 1, 2024, our senior management and ESG committee visited the Klang River, the closest waterway to our operations, to learn about its environmental role and impact. During the visit, the team inspected the real-time water monitoring systems and explored waste management strategies used along the river. The insights gained during this visit will help us improve our water quality monitoring and waste management practices, enhancing our water conservation and overall environmental management efforts.

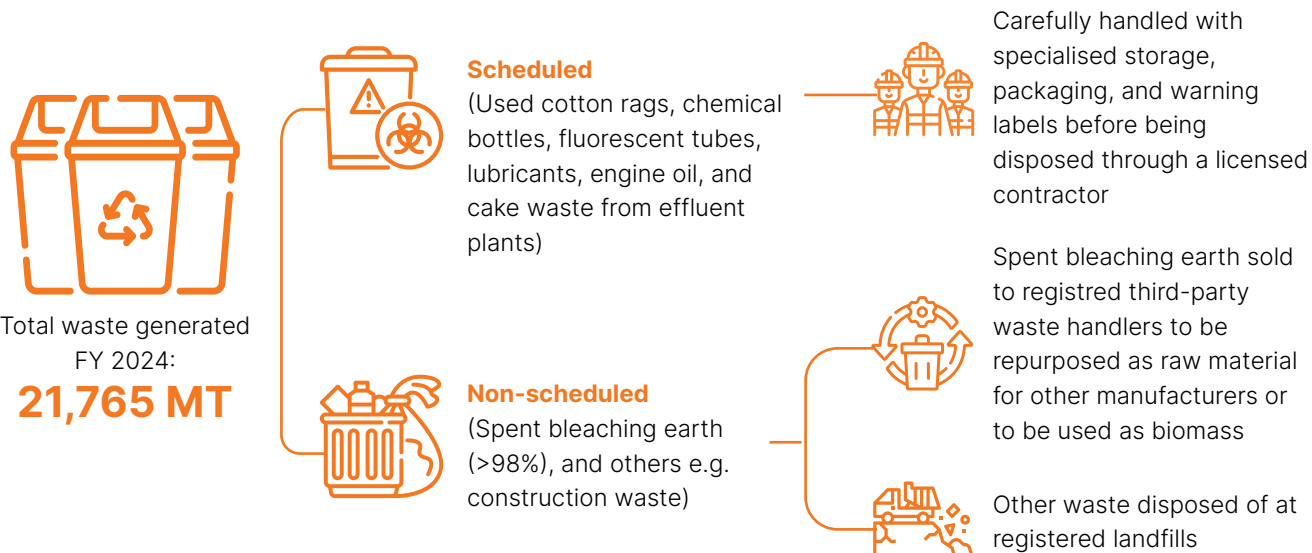


Waste management

[GRI 2-27, 3-3, 306-1, 306-2, 306-3, 306-4, 306-5]

We practice responsible waste management in compliance with relevant regulations and ensure the safe and proper handling of all operational waste, including scheduled (hazardous) and non-scheduled (general or non-hazardous) waste.

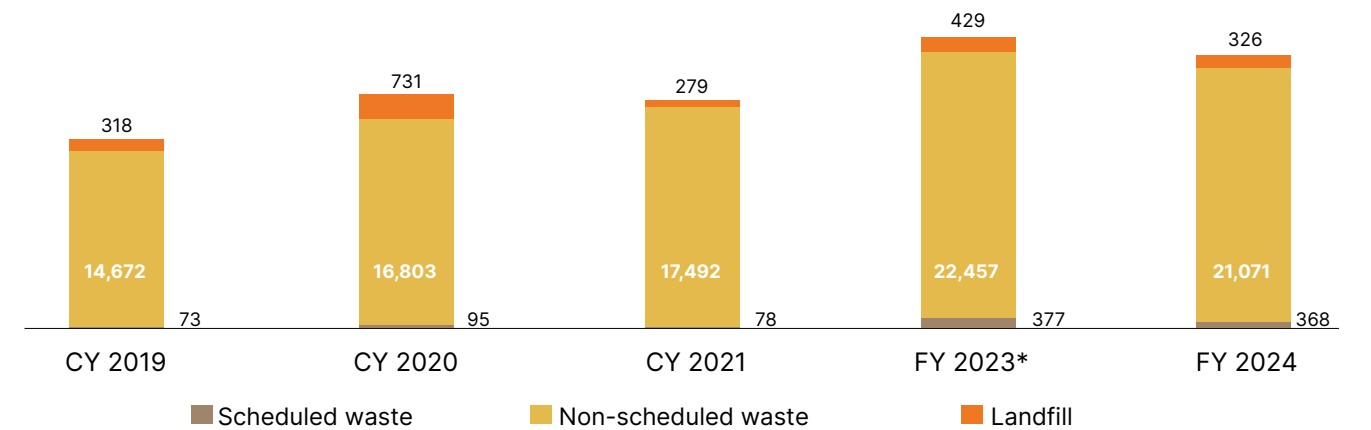
ISF's approach to waste management



In FY 2024, we generated 21,765 MT of waste. 97% was non-scheduled waste, primarily generated at our Dengkil operations. Despite the reduction in total waste generated, our waste generation intensity has increased to 37.33 kg/MT product, reversing progress towards our 2030 target of 27.10 kg/MT.

We are actively exploring methods of reducing our waste intensity. At our Dengkil operations, we currently focus on monitoring and reduction of scheduled waste. One key initiative involves transitioning from hydraulic oil to palm olein in the power packs for our filter press. By using palm olein, a renewable resource, we reduce the consumption of hydraulic oil and the waste it generates. We will share more information about our waste intensity reduction efforts in future reports.

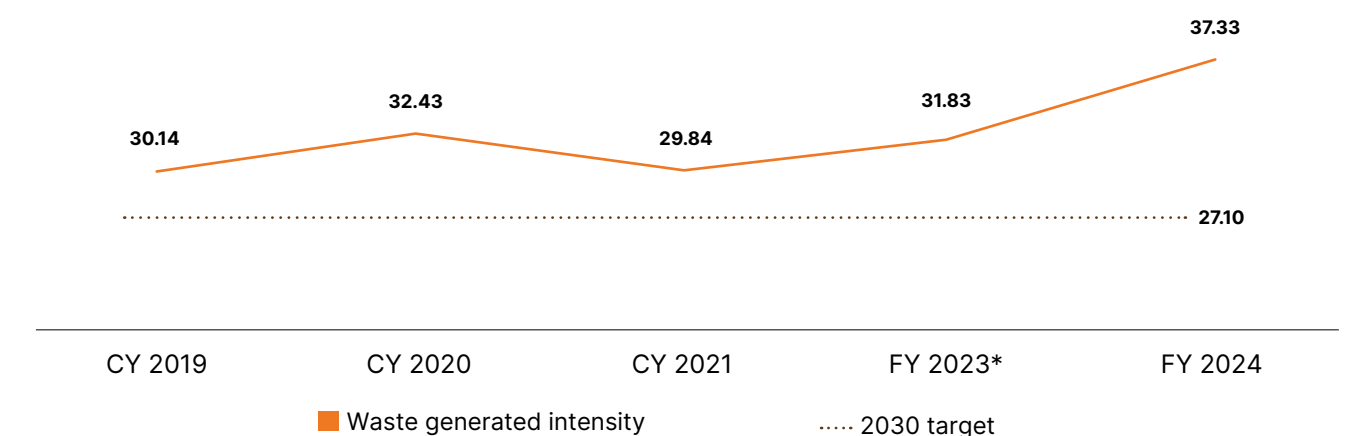
Total waste generated by type CY 2019–FY 2024 (MT)



Note:

- Note: *FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).
- Non-scheduled waste data for CY 2019 to CY 2021 has been restated due to improved waste data collection and record-keeping processes in FY 2023.
- The increase in scheduled waste in FY 2023 compared to previous years is due to the re-categorisation of sludge waste by the Malaysian Department of Environment (DoE) in 2022.

Waste intensity CY 2019–FY 2024 (kg/MT product)



* FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).

Our people

[GRI 2-30, 3-3, 402-1, 407-1, 408-1, 409-1]



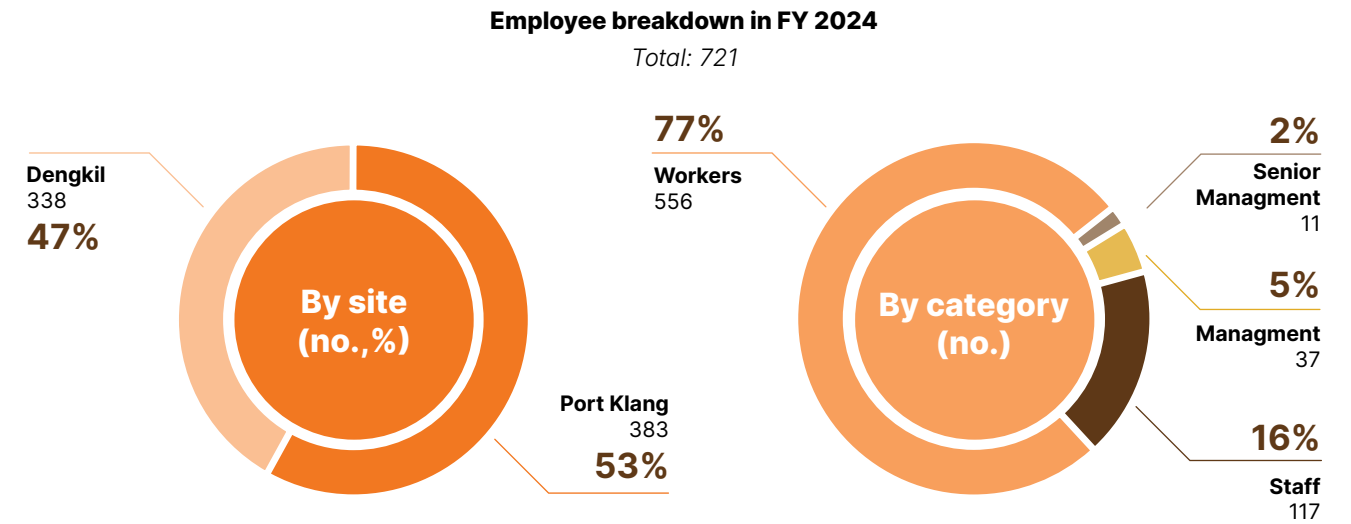
ISF seeks to cultivate a workforce that feels valued, empowered, and motivated to contribute to our shared success. Our employees are the backbone of our business, and we provide them with a work environment that fosters their well-being. We uphold human rights and ethical recruitment practices across our business operations and supply chain through our [Sustainable Palm Oil Policy](#), our [Labour and Human Rights Policy](#), our Migrant Worker Ethical Recruitment Guideline and Procedures, and our Supplier Code of Conduct.



Workforce overview

[GRI 2-7]

As of March 2024, we employ 721 people on a permanent, full-time basis at our Port Klang and Dengkil operations.



ISF provides all employees with competitive base salaries and allowances. In compliance with Malaysian regulations, we contribute 13% of every employee's gross salary to the Employees Provident Fund (EPF). Our comprehensive benefits include insurance and healthcare coverage, retirement plans, and parental leave.

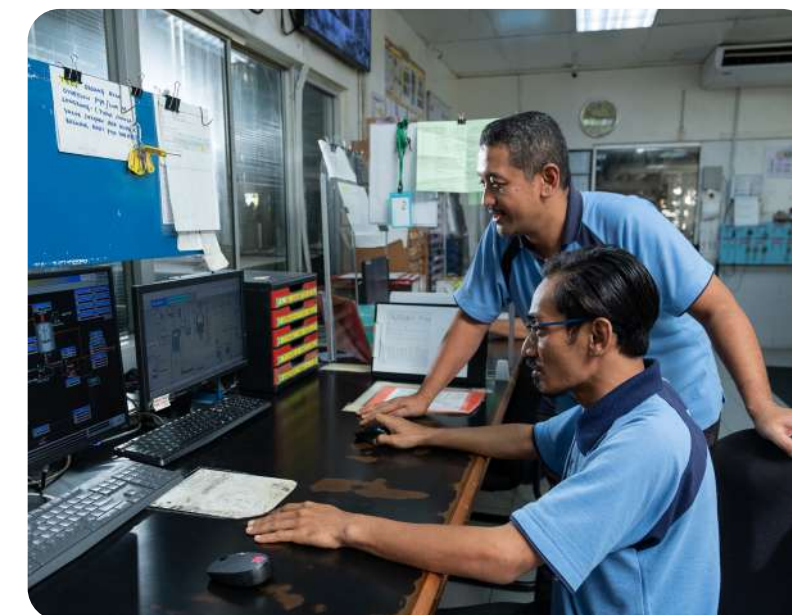
Our employee benefits policy is regularly updated to reflect changes in the Malaysian Employment Act. It was last updated in 2023.

→ See page 52 of [ISF SR2022-2023](#) for detailed updates

Engagement with Sedex

ISF continuously improves our practices to protect and promote the rights and well-being of our workforce. We are a member of Sedex (Supplier Ethical Data Exchange), a globally recognised not-for-profit organisation driving improvements in responsible and ethical business practices in global supply chains.

Following our first Sedex Members Ethical Trade Audit (SMETA) in January 2023, we developed comprehensive action plans to ensure fair and decent working conditions in alignment with the organisation's guidelines. In FY 2024, we changed the working hours of our manufacturing shift workers to comply with Sedex standards, effective June 2023. Previously, these employees worked six-day weeks with one day off. Now, they work four-day rotations with two days off.



Workers' Representatives Election Day

All employees, including migrant workers, are free to join trade unions and engage in collective bargaining if they so choose, to the extent permitted by law. In August 2023, ISF coordinated the independent selection of employee representatives at our two facilities. A total of 12 employee representatives were elected, six each from Port Klang and Dengkil. These employee representatives will be part of the ISF Joint Consultative Panel. They will represent ISF workers during meetings and consultations with company management on matters such as compensation, benefits, and health and safety issues.



Upholding migrant workers' rights

[GRI 2-30, 402-1, 407-1]

ISF proactively implements responsible employment and recruitment practices and continuously reviews our measures to prevent and avoid unethical practices in our supply chain.

We employ a small number of foreign workers, representing less than 1% of our workforce. However, in December 2022, ISF recruited additional workers from Nepal for our Production Division, which was facing a labour shortage due to increased demand for product packing to meet sales orders. As of March 2024, ISF employs 32 migrant workers (4% of our workforce) at our Dengkil operations, four Sri Lankans and 28 Nepalese.

Workers by nationality FY 2024 (no.,%)

Total: 556



In 2022, ISF developed our Migrant Worker Ethical Recruitment Guideline and Procedures in response to the increased number of foreign workers we hired during the year. This document outlines our ethical employment practices and strictly complies with Malaysian regulations and requirements on responsible migrant worker pre-employment, employment, and post-employment procedures. The migrant worker recruitment process is managed by our Human Resource Management (HRM), Risk Management, and Sustainability departments.

Zero-cost recruitment

We have adopted a zero-cost recruitment approach, as outlined in our Labour and Human Rights Policy, to ensure migrant workers are not charged recruitment fees. As a responsible employer, we absorb all relevant costs, including passport and visa fees, airfare and transportation, medical expenses, insurance, work permit renewals, and repatriation costs upon the conclusion of workers' contracts.



Wages and benefits

[GRI 202-1, 202-2, 401-2]

All foreign workers receive fixed-term contracts and compensation that meets or exceeds minimum wage requirements in line with that of our local employees. ISF provides workers with lockers to safeguard their belongings and personal documents. We also provide them with housing in dormitories equipped with essential amenities and facilities to ensure satisfactory living conditions.

Labour Transformation Programme

In 2021, ISF participated in the non-profit Earthworm Foundation's (EF) Labour Transformation Programme (LTP), which promotes better labour management and ethical recruitment practices for more responsible value chains. As part of the programme, ISF facilitated an engagement between our customer, Ferrero International S.A., and our supplier, Johor Plantations Berhad (formerly Kulim (Malaysia) Berhad) – focused on two of their plantations. As part of the post-engagement and monitoring phase of the programme, ISF continues to engage with Kulim to monitor the implementation of action plans at the selected plantations. The program concluded in September 2023, achieving its objective of helping our supplier identify gaps and improve labour and ethical recruitment practices. We will use the positive outcomes from this exercise as a blueprint for implementing similar initiatives and practices at other Kulim plantations.

Following the conclusion of the first LTP with Johor Plantations Berhad, we extended the programme to engage another supplier, DARA-LAM SOON SDN BHD, located in Pahang, Malaysia, in 2024. We will provide updates on our progress in future reports.



Employee development and retention

[GRI 3-3, 401-1, 404-1, 404-2, 404-3]

ISF strives to provide a supportive and rewarding work environment where employees can thrive and feel motivated to build long-term careers. Employee satisfaction is directly correlated to talent retention, so we provide our employees with various opportunities for professional growth.

We offer employees an average of 26 hours of in-house or on-the-job training annually to equip them with the necessary technical and soft skills to adapt to the industry's changing demands. Reported training hours increased in FY 2024 because we revised and standardised the calculation method to reflect individual training hours at Port Klang and Dengkil. Additionally, we introduced new training programmes, including occupational health and safety management system, talent development, and road safety courses.

A December 2022 training needs analysis led us to focus on upskilling senior employees so they can share their knowledge with operational staff. Training covers various topics that can enhance employee performance, including regulatory compliance, quality management, food handling, certification requirements, occupational safety, job-specific vehicle and machinery certifications, and leadership and management skills.

Employees undergo annual performance reviews that facilitate open dialogue and support their continuous improvement. These meetings allow their managers to recognise employees' contributions, provide feedback, and establish collaborative ways to address areas of concern.



26 hours
of in-house or on-the-job training completed by each employee on average



100%
of employees receiving annual performance reviews



Employee engagement

ISF's corporate sustainability initiatives (CSIs) promote employee work-life balance by nurturing a positive work atmosphere, boosting employee morale, and instilling a sense of belonging. They include:

Mental Health Awareness 2024

ISF conducted activities to raise employee mental health awareness. These sessions covered topics that included creating a stress-free workplace, understanding psychosocial hazards, and managing work-related stress. They equipped employees with essential knowledge and strategies for maintaining optimal mental health at work.



ISF Sport Club

The ISF Port Klang Sports Club was reactivated in FY 2024, two years after its last event. A new committee comprising 22 Port Klang employees was formed. Upon its return, the club's first event was a 5 km fun run held on 2 June 2024, with 125 participants, including 105 employees and all 22 committee members. The club plans to host two more events by the end of the year, including badminton and bowling tournaments. Meanwhile in Dengkil, we regularly organise football matches against other companies.

Mangrove Planting

ISF employees volunteered to plant mangrove trees as part of our Mangrove Rehabilitation Programme with partners Global Environmental Centre (GEC) and Sahabat Hutan Bakau Kampung Dato' Hormat (SHBKDH) at Tebuk Mendeleng, Sabak Bernam in Selangor.



17 June 2023

38
ISF employees

15
participants from SMBC

500
trees

17 September 2023

38
ISF employees

18
participants from SMBC, Yamasaki, and Lam Soon

500
trees

4,500
trees planted by surrounding community members



Festival celebrations

7 Nov 2023

We organised Deepavali celebration at our headquarters. The festivities featured traditional activities such as Henna hand drawing and Kolam making.

23 January 2024

To celebrate the 2024 Chinese New Year, we organised several activities, including dragon eye dotting, Chinese calligraphy activities, dragon paper crafts, and craft paper cutting for employees at our Port Klang headquarters.

12 April 2024

We organised a Ketupat weaving session with our employees in conjunction with Hari Raya Aidilfitri.



ISF long-service award

In FY 2024, we rewarded 24 employees for their long-time service. The eligible service period began in 2006 – the year the Nisshin Oillio Group acquired ISF. The award recognises workers for their first and every subsequent decade of service.



Employee Health Events in February 2024

ISF Safety, Health and Environment (SHE) Department organised a 2024 ISF Port Klang Wellness Challenge 2024 with more than 30 employees participating.

ISF Dengkil conducted a Yoga programme attended held on 23 February 2024, attended by 26 employees.

In April 2024, we launched a SharePoint portal to enhance internal communication. It serves as a news hub, allowing departments and divisions to share information, updates, and events directly with all our employees.

Employee wellbeing

ISF prioritises employee welfare. We foster a workplace that supports work-life balance, creating an environment where employees can effectively manage their professional responsibilities and personal lives. All employees are eligible for annual medical coverage, including eye and dental care.

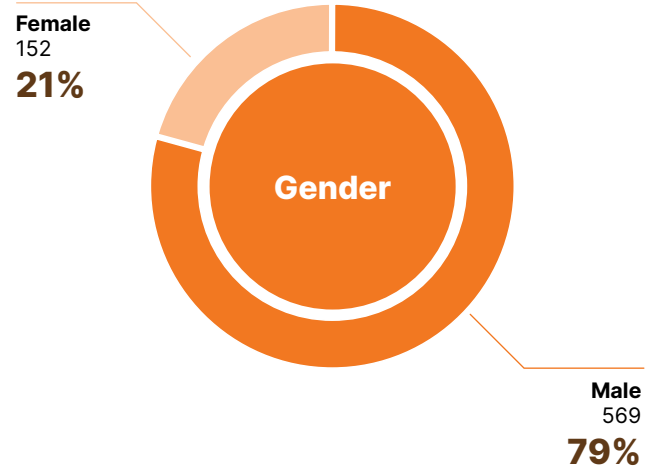
Diversity and inclusion

[GRI 3-3, 405-1, 405-2, 406-1]

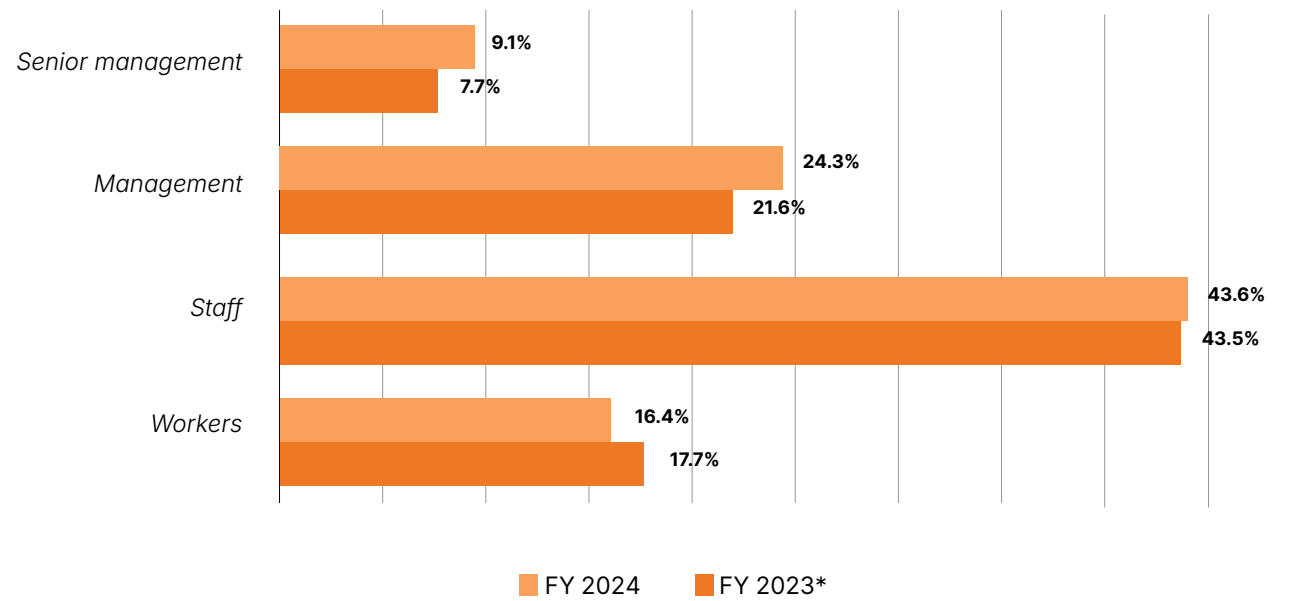
ISF seeks to promote a diverse and inclusive work environment that upholds the principles of equality and provides equal opportunities for all employees. We do not tolerate any form of discrimination based on sexual orientation, gender, religion, race, disability, age, political affiliation, marital status, or national origin. Most of our employees are Malaysian citizens. There are 12 expatriate from Japan from our parent company, The Nisshin OilliO Group, Ltd. (NOG), who are supporting ISF operations in Malaysia.

Due to the physical labour required at our plants, most ISF workers are men, with only 21% of our workforce comprising women. Nevertheless, we recognise merit and promote gender equality, prioritising women for suitable roles throughout our operations. Notably, the number of women workers has increased by six, with women now representing 7% of our total workforce. We offer employees equal pay for equal work, regardless of gender, and we continue to train and empower women to assume various leadership roles at our operations.

Employee by gender FY 2024 (no.,%)



Female representation in workforce FY 2023*-FY 2024



* FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).

Employee health and safety

[GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6,403-9]

Employee safety is critical to the success of our operations. Our Occupational Safety and Health (OSH) unit monitors daily operations and production. It is an independent entity that provides advice on safety, health, and environment (SHE) matters, with a particular focus on the Manufacturing Division due to the nature of its activities. A senior OSH officer oversees employee health, safety, and security at our Dengkil and Port Klang sites. ISF's active OSH Committee comprises employee and management representatives and meets four times a year to discuss and address safety and health issues.

ISF provides regular employee health and safety training to ensure workers remain safe and are prepared to handle critical situations and emergencies. Below is an overview of how we continuously engage with employees on health and safety preparedness:



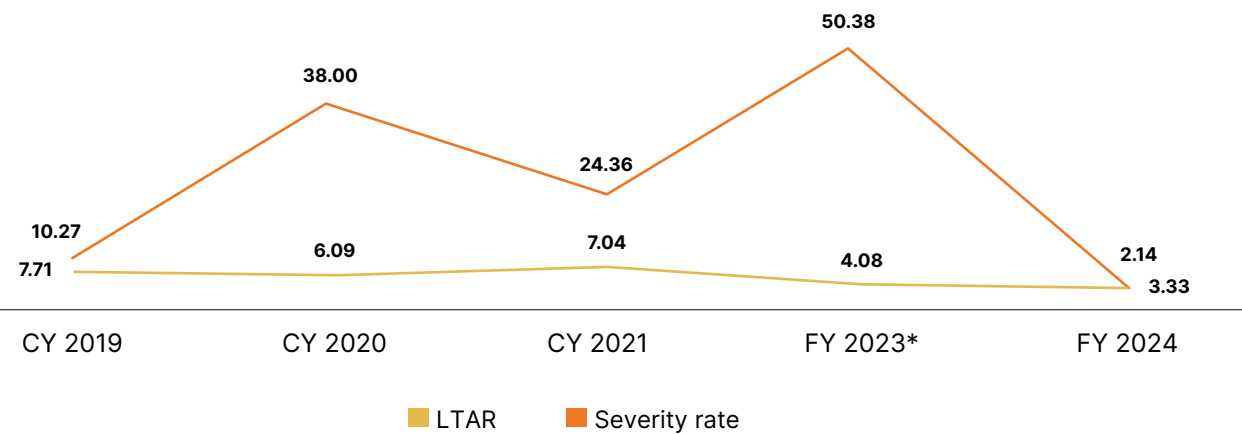
-  **Introductory training and annual refreshers on safety matters for all new employees**
-  **Representative(s) assigned from every department to receive mandatory emergency training.**
-  **Annual Safety Days to educate vendors and contractors on occupational safety and health practices.**
-  **Additional briefings and training when new policies are introduced.**
-  **Keeping employees informed on safety-related matters through regular safety newsletters and campaigns**

Accident reporting

LTAR and severity rate

ISF tracks all accidents at our operations regardless of their severity. There were six accidents (four in Dengkil, two in Port Klang) in FY 2024, a slight decrease from eight accidents reported the previous year. The accident severity rate fell significantly by 96% from 50.38 in FY 2023 to 2.14 in FY 2024, thanks to the success of our August 2021 **One Million Man-Hours with Zero Accidents campaign**. This initiative promoting behavioural change and building a safety culture has shown promising results.

Lost time accident rate and severity rate
CY 2019- FY 2024



Notes:

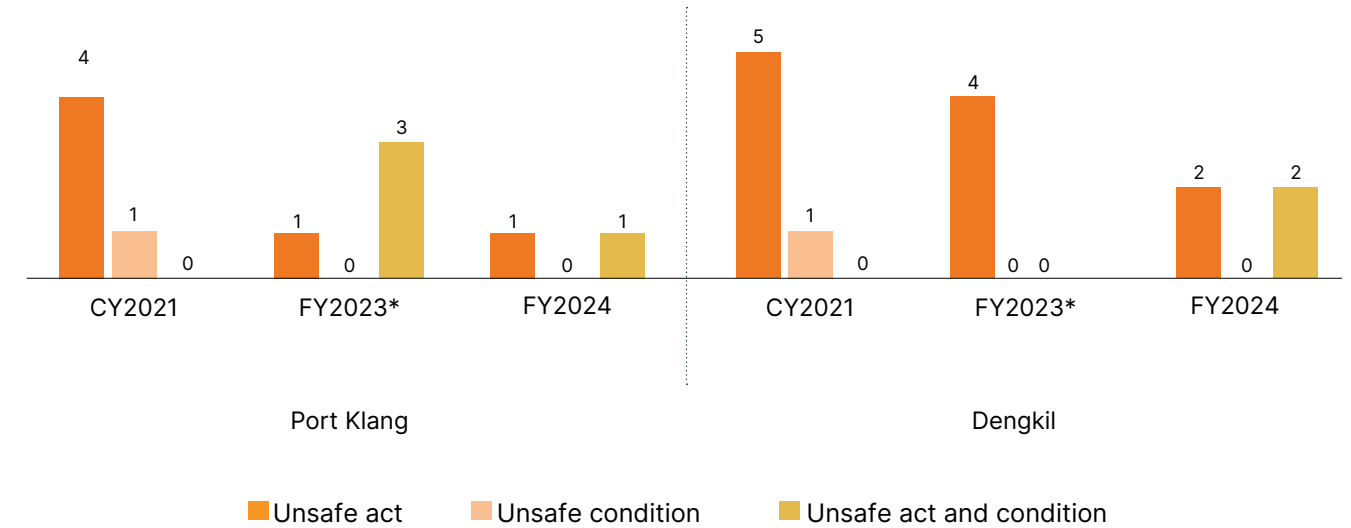
1. Lost time accident rate (LTAR) measures productivity lost due to accidents and is calculated as follows: the number of accidents divided by the total hours worked multiplied by 1,000,000.
2. The severity rate measures the seriousness of accidents and is calculated as follows: the total number of days lost divided by the total number of accidents.

*FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).

Causes of accidents

We classify accidents at our operations into two categories: those caused by unsafe acts and those caused by unsafe conditions⁷. Some result from a combination of both, including three of the six accidents in FY 2024 – one at Port Klang and two at our Dengkil operations. The number of accidents caused by unsafe acts fell from five in the previous reporting year to three in FY 2024 (two at Dengkil and one at Port Klang).

Lost time injuries by cause CY 2021-FY 2024 (no.)



⁷ An unsafe act refers to an act which violates an accepted safety procedure and includes negligent behaviour that could lead to an accident. An unsafe condition refers to a hazardous physical condition or circumstance, such as poor lighting, a slippery floor, or a faulty machine, that could lead to an accident.

*FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).



Achieving one million employee hours with no lost time injuries at ISF Port Klang

We recognise the importance of creating a safety culture for ISF management and employees prioritising safety and accident prevention. Changing towards such a culture requires a company-wide shift in mindset, which is an enormous challenge. ISF is striving to create a safe workplace culture by continuously communicating safety rules and implementing initiatives to reach our target of zero accidents as quickly as possible.

Our ongoing strategies to improve safety and health to achieve one million employee hours with no LTIs include:

Safety Certification

- Obtaining relevant safety certifications and ensuring compliance with the highest safety standards in line with our long-term safety objectives

Continuous OSH Campaigns

- Working at Height (WAH) and Dropped Object Awareness Month
- Injury-Free Awareness Month Safety Week

Updating compliance labels and signs

- Ensuring all labels and signs meet current safety standards.

Scheduled Inspections

- Regular tool, equipment, plant safety, project site and chemical/ environmental safety checks

Recognition and Prevention

- Celebrating safety achievements and recognising employees' contributions to developing predictive trends that prevent safety incidents.

Promoting a culture of wellness

- Quit smoking campaigns
- Heart attack prevention and automated external defibrillator (AED) training on the job
- Mental illness awareness campaigns

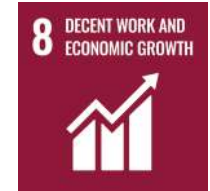
Partnership with Occupational Health and Safety Specialists (DOSH)

- Regular workplace audits by DOSH
- Ongoing dissemination of new OSH/ DOSH information and regulations
- Distribution of newsletters focused on safety, occupational hazards, and mental health



Our commitment to communities

[GRI 3-3, 203-1, 203-2, 411-1, 413-1]



ISF strives to positively impact the communities around us. We work with our suppliers to engage with and consult community members, ensuring that our business activities do not adversely affect their livelihoods and wellbeing.



Mangrove rehabilitation for community livelihoods with GEC

Our Mangrove Rehabilitation Programme is a joint initiative with the Global Environmental Centre (GEC) and *Sahabat Hutan Bakau Kampung Dato' Hormat* (SHBKDH). It is supported by the Sabak Bernam Drainage and Irrigation Department (*Jabatan Pengairan dan Saliran Daerah Sabak Bernam* or JPS) and the Selangor state government. This programme is aligned with national programmes, including the Mangrove and Suitable Tree Species Planting Programme's Treasure the Mangroves Campaign and the Greening Malaysia Programme's 100-Million-Tree Planting Campaign. Comprising 29 community members of every age, SHBKDH was established in February 2012 in response to the rapid degradation of mangrove forests adjacent to the Bernam River and near Kampung Dato' Hormat.

In FY 2023, we organized two planting activities involving our employees and key partners. The first session, held on 17 June, saw 38 ISF employees and 15 participants from Sumitomo Mitsui Banking Corporation (SMBC) plant 500 mangrove trees. Meanwhile, on 17 September, 38 ISF employees, along with 18 participants from SMBC, Yamasaki, and Lam Soon, planted another 500 mangrove trees, while surrounding community members contributed by planting an additional 4,500 trees.

As of January 2024, we have cultivated 9,000 *Rhizophora apiculata* (oil mangrove) and *Rhizophora mucronata* (ringworm mangrove) seedlings and have planted 5,500 mangrove trees covering 2.25 hectares. We will plant the remaining 2,500 trees through ISF volunteer and community initiatives to meet our target of 8,000 mangrove trees by 2024, with an expected 85% survival rate.



Smallholder support

The palm oil supply chain is complex, involving many stakeholders and multiple layers of intermediaries during production, milling, and refining. We recognise that ISF's sustainable palm oil initiatives must extend beyond our direct supply base. We have established partnerships with relevant organisations and engagement programs with key suppliers to support smallholder inclusion in a sustainable supply chain.

RSPO Smallholder support project

In April 2023, ISF entered into an MoU with Ferrero Trading Lux S.A. and Hap Seng Plantations Holdings Berhad to launch a new smallholder engagement program. This initiative will provide funding and technical support to help smallholders in the Kinabatangan District, Sabah, achieve Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO) certification. Its key objectives include supporting individual smallholder certification leading to group certification, facilitating mutual understanding and best practice sharing through group certification, and making certification accessible by reducing costs and providing administrative support in the Kinabatangan District.

The three-year programme (FY 2023 to FY 2025) will:

- Assist smallholders in forming groups and complying with smallholder group legislation
- Establish internal control systems (ICS) and appoint group managers
- Collect required data and land registration documents
- Educate group members on RSPO certification commitments through smallholder declarations.

Hap Seng Plantations will provide free technical support, which includes training, policy implementation, and the development of standard operating procedures (SOPs). They will also establish training facilities to assist independent local outgrowers and smallholders in achieving their RSPO and MSPO certifications. ISF and Ferrero are co-funding the smallholder support project, ensuring that sufficient funds are available for certification fees, training expenses, and other necessary costs.

Expected outcomes include certifying all identified smallholders and ensuring financial self-sufficiency to cover certification costs within three years. For the duration of the project, we will conduct annual RSPO certification audits and issue detailed reports on implementing and complying with the RSPO Certified Independent Smallholder Standard.



Commentary by Chua Soon Lee
Group Manager, LKM Trading Sdn Bhd

RSPO smallholder support projects aim to improve small-scale farmers' livelihoods and sustainability practices. They typically provide resources, training, and assistance to help smallholders achieve RSPO and MSPO certification.

RSPO certification is crucial for smallholders because it demonstrates their commitment to sustainable palm oil production. Certification benefits include access to premium markets, increased demand for sustainably produced goods, improved environmental stewardship, and social responsibility.

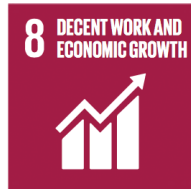
Others can learn from this project by studying its methodologies, best practices, and outcomes to replicate its successful model in similar contexts. Close collaboration between companies like ISF and smallholders is vital to the success of such initiatives. Moving forward, it would benefit companies like ISF to continue supporting smallholder initiatives and investing in sustainable sourcing practices, providing ongoing support and training, ensuring fair pricing and transparent supply chains, and actively engaging with stakeholders to address their challenges and concerns. Greater transparency and accountability within the industry can help build trust and drive positive change towards sustainability goals.

About: Chua Soo Lee is a Group Manager at LKM Trading, a company owned by private smallholders. LKM supplies to the Hap Seng Plantation and participates in an RSPO Smallholder Support project.



Marketplace responsibility

[GRI 3-3, 416-1, 416-2]



ISF is a recognised and respected brand dedicated to promoting a positive image of palm oil, its critical role in various industries, and its importance as an ingredient in household and consumer goods. As a responsible industry player, we strive to communicate accurate, science-backed information on sustainable palm oil production and dispel misconceptions about this valuable commodity.

We consistently produce safe and quality products and stay ahead of regulatory requirements, market trends and consumer demand through ongoing research and development (R&D).



Our extensive list of certifications include:

GMP+ (Feed Safety Assurance) certified since 2018	Kosher KLBD certified since 2002	US Food and Drug Administration (FDA) Food Facility Registration since 2003	FSSC 22000 (Food Safety Management System) certified since 2015
HACCP certified since 2004	Halal JAKIM certified since 2005	ISO 9001:2015 (Quality Management System) certified since 2013	
USDA Organic certified since 2018	EU Organic MY-BIO-149 Non-EU Agriculture certified since 2018	ISO 14001:2015 (Environmental Management System) certified since 2018	

Customer satisfaction

ISF's top priorities are customer satisfaction, customer service, and customer needs. Every year, our Quality Management and Food Safety departments (QMFS) conduct customer satisfaction surveys to establish our customer satisfaction index (CSI) and identify areas for improvement. We consistently achieve 80% or more customer satisfaction rates in all areas, including product quality, delivery performance, and service reliability. We value customer feedback and strive to continuously improve our products, services, and responsiveness to meet evolving demands and expectations while maintaining a stable supply of raw materials.

[→ See Responsible sourcing and supplier engagement](#)



| Product quality and food safety

Our Food Safety Management and Quality Policies guarantee our customers the safest and highest quality products. We take strict preventive measures throughout our operations and supply chain to monitor and eliminate contaminants, chemicals, or compounds that could potentially endanger consumer health. Our suppliers and service providers adhere to the stringent requirements of our production processes. We conduct annual supplier performance assessments to confirm compliance with our standards and identify opportunities for improvement. Additionally, we collaborate closely with our suppliers and service providers to promote awareness and assist them in mitigating contaminants in end consumer products.

→ [See Meeting our commitments](#)



Our approach

We developed internal standards and practices a decade before the first EU regulations on 3-monochloropropane diol (3-MCPD) and glycidyl ester (GE) levels in food oils.

We conduct frequent third-party audits to verify our compliance with pertinent certifications, standards, and regulations, ensuring we fulfil our customers' needs and expectations.

We already adhere to the Malaysian Palm Oil Board (MPOB) regulations on 3-MCPD and GE, which will be put into effect in January 2026.

ISF is building a new Short Path Distillation (SPD) plant at our Port Klang operations. It is expected to be completed by Q4 2024 and will significantly improve the integrity and quality of our products.

| R&D, productivity, and innovation

ISF has been at the forefront of local food technology research and development (R&D) for over four decades. Our advanced R&D facilities in Port Klang are staffed by experienced researchers in five departments: Analysis Development, Product Development, Application Development, Technical Support, and Quality Management & Food Safety. In addition to our internal expertise, we leverage the technical proficiency and capabilities of our parent company, The Nisshin Oillio Group Ltd. Our ability to anticipate industry trends, address food safety concerns, comply with regulations, uphold product quality, and drive innovation is further driven by our strong leadership.

Our robust R&D capabilities are the bedrock of our ongoing efforts to improve product quality and sustainability. We continuously strive to improve our processing workflow to mitigate common process contaminants, including 3-MCPDE, GE, mineral oils in palm oil products, and polyaromatic hydrocarbons (PAH) in coconut oil products. Our internal R&D team collaborates with the production team and experts from the Nisshin Oillio Research Center (NGRC) in Japan.

Additionally, we are addressing our products' carbon footprint by researching ways to streamline and improve our processes, reducing CO₂ emissions and lowering product costs. We will share updates about our progress in future reports.

As a forward-thinking company, we are also investing in digitalisation and automation, including robotics and artificial intelligence. Our goals include enhancing productivity and inter-departmental coordination, reducing operational costs, and minimising reliance on foreign labour. Upon mutual agreement, we offer retraining and upskilling opportunities to employees whose jobs have been replaced by automation.



Appendices

Base data

General disclosures

[GRI 2-7]

Description	Breakdown	UoM	FY 2024	FY 2023*	CY 2021	CY 2020	CY 2019
Total number of operations	Refineries	no.	2	2	2	2	2
	Refinery throughput	MT per annum	750,000	750,000	750,000	750,000	750,000
	Fractionation plants	no.	2	2	2	2	2
	Specialty fats plant	no.	2	2	2	2	2
Volume produced / finished products	Total	MT	583,063	730,960	598,074	543,611	499,732
	Bulk	MT	538,002	683,910	558,279	507,835	458,133
	Packed	MT	45,062	47,050	39,795	35,776	41,599
Volume sold by region	Total	MT	583,063	730,960	598,422	539,760	NA
	Japan	MT	44,408	40,922	33,847	33,134	NA
	America	MT	18,805	26,530	18,847	15,421	NA
	Europe	MT	212,749	299,729	243,783	182,867	NA
	Asia	MT	298,899	351,315	294,043	299,844	NA
	Africa	MT	3,077	5,818	2,969	3,144	NA
Total employees	Total	no.	721	645	580	576	546
	Male	no.	569	501	448	453	428
	Female	no.	152	144	132	123	118
By facility, employment type and gender							
Port Klang	Total	no.	383	332	309	304	275
	Male	no.	301	258	237	240	211
	Female	no.	82	74	72	64	64
	Permanent	no.	383	332	309	304	275
	Male	no.	301	258	237	240	211
	Female	no.	82	74	72	64	64

Description	Breakdown	UoM	FY 2024	FY 2023*	CY 2021	CY 2020	CY 2019
By facility, employment type and gender							
Dengkil	Total	no.	338	313	271	272	271
	Male	no.	268	243	211	213	217
	Female	no.	70	70	60	59	54
	Permanent	no.	338	271	271	272	263
	Male	no.	268	203	211	213	-
	Female	no.	70	68	60	59	-
	Temporary	no.	-	42	-	-	8
	Male	no.	-	40	-	-	-
	Female	no.	-	2	-	-	
By employment category and gender							
Senior management	Total	no.	11	13	14	5	-
	Male	no.	10	12	13	4	NA
	Female	no.	1	1	1	1	NA
Management	Total	no.	37	37	31	116	124
	Male	no.	28	29	24	66	76
	Female	no.	9	8	7	50	48
Staff	Total	no.	117	115	75	277	422
	Male	no.	66	65	35	208	352
	Female	no.	51	50	40	69	70
Workers	Total	no.	556	480	460	178	NA
	Male	no.	465	395	376	175	NA
	Female	no.	91	85	84	3	NA

*FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).

Responsible sourcing and supplier engagement

[GRI 308-1, 308-2]

Description	Breakdown	UoM	FY 2024	FY 2023*	CY 2021	CY 2020	CY 2019	
Suppliers and volumes sourced	Total direct suppliers	no.	43	51	49	52	35	
	Total volumes sourced	MT	580,347	710,116	582,567	525,914	494,559	
	Crude palm oil							
	Direct suppliers	no.	32	38	35	39	24	
	Sources from their own plantations	no.	18	20	14	16	10	
	Volumes sourced	MT	327,252	355,573	258,794	224,476	226,989	
	Sources from third party plantations	no.	14	18	21	23	14	
	Volume sourced	MT	165,105	229,951	231,924	223,328	197,208	
	Indirect suppliers	no.	NA	NA	NA	NA	NA	
	CPO volumes	MT	492,356	585,524	490,718	447,804	424,197	
	Direct volumes	MT	492,356	585,524	490,718	447,804	424,197	
	Indirect volumes	MT	NA	NA	NA	NA	NA	
	Peninsular	%	90.6%	92.1%	94.3%	94.9%	98.1%	
	East Malaysia	%	9.4%	7.9%	5.7%	5.1%	1.9%	
	Crude palm kernel oil							
	Direct suppliers	no.	11	13	14	13	11	
	Indirect suppliers	no.	143	176	177	261	317	
	CPKO volumes	MT	87,990	124,592	91,849	78,109	70,362	
	Direct volumes	MT	87,990	124,592	91,849	78,109	70,362	
	Peninsular	%	100%	97.7%	100.0%	60.0%	91.0%	
East Malaysia	%	0.0%	0.0%	0.0%	40.0%	9.0%		
International	%	NA	2.3%	NA	NA	NA		
Traceability	% CPO traceable to mill	%	100%	100.0%	100.0%	100.0%	100.0%	
	% CPO traceable to plantation	%	99.5%	98.6%	72.9%	75.6%	81.0%	
	% CPKO traceable to mill	%	100%	100.0%	100.0%	100.0%	100.0%	
	% CPKO traceable to plantation	%	93.1%	71.3%	31.8%	35.0%	21.1%	
Supplier engagement and assessment	Direct suppliers compliant with palm oil sourcing policy	no.	43	51	47	46	NA	
	Indirect suppliers compliant with palm oil sourcing policy	no.	143	176	177	261	NA	
	Have NDPE policy in place OR signed ISF's Supplier code of conduct	no.	43	51	47	46	NA	
	Attended NDPE workshops if they are not RSPO certified	no.	-	-	-	15	NA	
Grievances	Number of grievances filed	no.	2	1	4	12	4	
	Number of grievances closed/resolved	no.	1	2	1	4	2	
	Number of suppliers terminated due to grievances	no.	-	1	-	1	1	

*FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).

Environment

[GRI 302-1, 303-3, 303-4, 303-5, 305-1, 305-2, 305-3, 306-3, 306-4, 306-5]

Description	Breakdown	UoM	FY 2024	FY 2023*	CY 2021	CY 2020	CY 2019
Gross direct (Scope 1) GHG emissions	Total	MT CO₂e	83,998	123,221	94,466	94,337	89,782
	Port Klang	MT CO ₂ e	42,076	62,672	45,052	44,796	39,613
	Natural gas	MT CO ₂ e	42,076	62,672	45,052	44,796	39,613
	Steam	MT CO ₂ e	NA	NA	NA	NA	NA
	Dengkil	MT CO ₂ e	41,922	60,550	49,415	49,541	50,170
	Natural gas	MT CO ₂ e	41,922	60,550	49,415	49,541	50,170
	Steam	MT CO ₂ e	NA	NA	NA	NA	NA
Gross location-based energy indirect (Scope 2) GHG emissions	Total	MT CO₂e	67,407	92,070	71,218	72,877	71,592
	Port Klang	MT CO ₂ e	44,736	59,674	45,025	46,559	45,290
	Dengkil	MT CO ₂ e	22,671	32,396	26,192	26,319	26,302
Gross market-based energy indirect (Scope 2) GHG emissions	Total	MT CO₂e	20,430	79,355	71,218	72,877	71,592
	Port Klang	MT CO ₂ e	14,378	47,816	45,025	46,559	45,290
	Dengkil	MT CO ₂ e	6,052	31,539	26,192	26,319	26,302
Gross other indirect (Scope 3) GHG emissions	Total	MT CO₂e	893,351	1,040,733	892,712	814,981	NA
	Purchased goods and services - CPO & CPKO	MT CO ₂ e	650,959	718,846	658,602	569,647	NA
	Purchased goods and services - Imported raw material	MT CO ₂ e	62,442	107,408	61,483	80,088	NA
	Purchased goods and services - Chemical & utility	MT CO ₂ e	1,150	1,118	953	913	NA
	Purchased goods and services - Packaging material	MT CO ₂ e	2,850	3,150	2,324	2,176	NA
	Fuel- & energy-related activities	MT CO ₂ e	98,021	116,229	89,366	90,379	NA
	Upstream transportation and distribution	MT CO ₂ e	25,022	28,961	21,659	19,085	NA
	Waste generated in operations	MT CO ₂ e	6,996	7,470	7,572	7,007	NA
	Downstream transportation and distribution	MT CO ₂ e	45,912	57,551	50,752	45,687	NA
	Port Klang	MT CO₂e	195,901	260,076	191,935	178,461	NA
	Purchased goods and services - CPO & CPKO	MT CO ₂ e	104,587	147,985	99,646	84,837	NA
	Purchased goods and services - Imported raw material	MT CO ₂ e	18,850	28,893	28,275	29,116	NA
	Purchased goods and services - Chemical & utility	MT CO ₂ e	382	366	315	338	NA
Purchased goods and services - Packaging material	MT CO ₂ e	-	-	-	-	NA	

Description	Breakdown	UoM	FY 2024	FY 2023*	CY 2021	CY 2020	CY 2019
Gross other indirect (Scope 3) GHG emissions	Fuel-& energy-related activities	MT CO2e	61,074	71,461	53,197	54,132	NA
	Upstream transportation and distribution	MT CO2e	4,782	3,340	3,413	2,926	NA
	Waste generated in operations	MT CO2e	1,235	1,892	1,557	1,477	NA
	Downstream transportation and distribution	MT CO2e	4,990	6,138	5,531	5,634	NA
	Dengkil	MT CO2e	697,451	780,657	700,777	636,520	NA
	Purchased goods and services - CPO & CPKO	MT CO2e	546,372	570,862	558,956	484,810	NA
	Purchased goods and services - Imported raw material	MT CO2e	43,592	78,515	33,208	50,972	NA
	Purchased goods and services - Chemical & utility	MT CO2e	768	751	637	575	NA
	Purchased goods and services - Packaging material	MT CO2e	2,850	3,150	2,324	2,176	NA
	Fuel-& energy-related activities	MT CO2e	36,946	44,768	36,169	36,247	NA
	Upstream transportation and distribution	MT CO2e	20,240	25,621	18,245	16,158	NA
	Waste generated in operations	MT CO2e	5,761	5,578	6,015	5,530	NA
	Downstream transportation and distribution	MT CO2e	40,922	51,412	45,222	40,053	NA
	Electricity consumption	Total	GJ	320,141	376,650	291,345	294,785
		kWh	88,928,033	104,625,066	80,929,230	81,884,804	80,440,923
Port Klang		kWh	59,018,703	67,811,456	51,165,296	52,313,080	50,887,958
	Dengkil	kWh	29,909,330	36,813,610	29,763,934	29,571,724	29,552,965
Regular TNB tariff	Total	GJ	97,030	317,967	291,345	294,785	289,587
		kWh	26,952,686	88,324,263	80,929,230	81,884,804	80,440,923
	Port Klang	kWh	18,968,703	52,608,867	51,165,296	52,313,080	50,887,958
	Dengkil	kWh	7,983,983	35,715,396	29,763,934	29,571,724	29,552,965
TNB Green Electricity Tariff (GET)	Total	GJ	223,111	58,683	-	-	-
		kWh	61,975,347	16,300,803	-	-	-
	Port Klang	kWh	40,050,000	15,202,589	-	-	-
	Dengkil	kWh	21,925,347	1,098,214	-	-	-
Natural gas consumption	Total	GJ	1,497,291	1,758,951	1,348,480	1,350,017	1,283,381
		mmBTU	1,419,152	1,667,157	1,278,107	1,279,564	1,216,406
	Port Klang	mmBTU	710,871	847,934	609,538	607,574	537,655
	Dengkil	mmBTU	708,281	819,223	668,569	671,990	678,751

Description	Breakdown	UoM	FY 2024	FY 2023*	CY 2021	CY 2020	CY 2019
Diesel consumption	Total	GJ	276	330	185	178	NA
		Liters	7,524	8,995	5,050	4,852	NA
	Port Klang	Liters	2,974	-	-	-	NA
	Dengkil	Liters	4,550	8,995	5,050	4,852	NA
Electricity generated from solar	Total	GJ	6,765	6,789	3,693	880	NA
		kWh	1,879,220	1,885,767	1,025,808	244,326	NA
	Port Klang	kWh	416,162	170,673	NA	NA	NA
	Dengkil	kWh	1,463,058	1,715,094	1,025,808	244,326	NA
Water withdrawal by sources							
Rain water	Total	m³	252	315	252	252	63
	Port Klang	m³	-	-	-	-	-
	Dengkil	m³	252	315	252	252	63
Ground water	Total	m³	36,124	44,976	35,008	33,061	32,417
	Port Klang	m³	-	-	-	-	-
	Dengkil	m³	36,124	44,976	35,008	33,061	32,417
Municipal water	Total	m³	733,067	806,493	614,322	632,680	569,864
	Port Klang	m³	427,115	490,183	344,465	337,990	296,746
	Dengkil	m³	305,952	316,310	269,857	294,690	273,118
Water discharged to surface water	Total	m³	228,186	252,262	184,508	178,372	177,888
	Port Klang	m³	88,520	104,515	77,709	77,853	73,724
	Dengkil	m³	139,666	147,747	106,799	100,519	104,164
Average BOD of water discharged	Port Klang	mg/L	14	NA	13	NA	NA
	Dengkil	mg/L	25	NA	NA	NA	NA
Waste management	Port Klang						
	Landfilled	MT	138	164	113	166	164
	Bleaching earth repurposed*	MT	3,593	5,483	4,724	4,337	1,604
	Scheduled waste sent to waste disposal facility	MT	118	113	46	67	51
	Dengkil						
	Landfilled	MT	188	265	166	565	154
Bleaching earth repurposed*	MT	17,479	16,975	12,768	12,466	13,069	
Scheduled waste sent to waste disposal facility	MT	250	264	32	28	22	

*FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).

Our people

[GRI 202-2, 401-1, 401-3, 403-8, 403-9, 405-1]

Description	Breakdown	UoM	FY 2024	FY 2023*	CY 2021	CY 2020	CY 2019
New hires by age group	< 30 years old	no.	123	81	43	NA	NA
	30–50 years old	no.	32	60	17	NA	NA
	> 50 years old	no.	4	4	1	NA	NA
Employees who left by age group	< 30 years old	no.	41	41	32	NA	NA
	30–50 years old	no.	17	34	25	NA	NA
	> 50 years old	no.	7	13	8	NA	NA
Employee turnover by age group	< 30 years old	%	9.3%	22.3%	23.4%	NA	NA
	30–50 years old	%	2.1%	9.3%	6.9%	NA	NA
	> 50 years old	%	3.9%	15.1%	10.1%	NA	NA
New hires by gender	Male	no.	132	112	17	NA	NA
	Female	no.	27	33	8	NA	NA
Employees who left by gender	Male	no.	56	64	20	NA	NA
	Female	no.	9	22	10	NA	NA
Employee turnover by gender	Male	%	5.0%	12.9%	80.0%	NA	NA
	Female	%	2.9%	15.5%	33.3%	NA	NA
New hires by site	Port Klang	no.	112	57	36	NA	NA
	Dengkil	no.	47	45	25	NA	NA
Employees who left by site	Port Klang	no.	44	42	35	NA	NA
	Dengkil	no.	21	44	30	NA	NA
Employee turnover by site	Port Klang	%	5.8%	12.7%	11.3%	NA	NA
	Dengkil	%	3.2%	14.4%	11.1%	NA	NA
Employees entitled to parental leave	Male	no.	344	327	448	348	329
	Female	no.	111	121	132	66	68
Employees took parental leave	Male	no.	33	42	5	29	20
	Female	no.	6	11	2	7	9
Employees returned to work after parental leave ended	Male	no.	33	42	5	29	20
	Female	no.	6	11	2	7	8
Employees still employed 12 months after their return to work from parental leave	Male	no.	33	-	2	29	19
	Female	no.	6	-	1	7	8
Employee diversity by category							
Board of directors	Male	no.	9	9	9	9	9
	Female	no.	-	-	-	-	-
	< 30 years old	no.	-	-	-	-	-
	30–50 years old	no.	-	-	-	-	-
	> 50 years old	no.	9	9	9	9	9
	Malaysians	no.	-	-	-	-	-
Non-Malaysian	no.	9	9	9	9	9	

Description	Breakdown	UoM	FY 2024	FY 2023*	CY 2021	CY 2020	CY 2019
Senior management	Male	no.	10	12	13	4	NA
	Female	no.	1	1	1	1	NA
	< 30 years old	no.	-	-	-	NA	NA
	30–50 years old	no.	5	6	5	NA	NA
	> 50 years old	no.	6	7	9	NA	NA
	Malaysian	no.	11	4	5	NA	NA
	Japanese	no.	0	9	9	NA	NA
Management	Male	no.	28	29	24	66	76
	Female	no.	9	8	7	50	48
	< 30 years old	no.	7	-	-	NA	NA
	30–50 years old	no.	15	24	23	NA	NA
	> 50 years old	no.	15	13	8	NA	NA
	Malaysian	no.	26	28	22	NA	NA
	Japanese	no.	11	9	9	NA	NA
Staff	Male	no.	66	65	35	208	352
	Female	no.	51	50	40	69	70
	< 30 years old	no.	22	20	14	NA	NA
	30–50 years old	no.	42	70	51	NA	NA
	> 50 years old	no.	53	25	10	NA	NA
	Malaysian	no.	116	111	71	NA	NA
	Japanese	no.	1	2	4	NA	NA
Workers	Male	no.	465	395	376	175	NA
	Female	no.	91	85	84	3	NA
	< 30 years old	no.	122	160	141	NA	NA
	30–50 years old	no.	153	263	260	NA	NA
	> 50 years old	no.	281	57	59	NA	NA
	Malaysian	no.	524	448	455	NA	NA
	Nepalese	no.	28	28	1	NA	NA
Sri Lankan	no.	4	4	4	NA	NA	
Malaysian employees ethnicity							
Port Klang	Indigenous (orang asli)	no.	-	-	-	-	-
	Chinese-Malaysian	no.	70	60	62	58	51
	Malay	no.	267	230	189	193	172
	Indian-Malaysian	no.	31	20	35	32	34
Dengkil	Indigenous (orang asli)	no.	5	5	2	3	3
	Chinese-Malaysian	no.	32	33	32	33	33
	Malay	no.	239	233	204	199	198
	Indian-Malaysian	no.	33	35	28	32	29

Description	Breakdown	UoM	FY 2024	FY 2023*	CY 2021	CY 2020	CY 2019
Wages	ISF starting wage	MYR per month	1,500	1,500	1,200	1,200	1,100
	Legal minimum wage	MYR per month	1,500	1,500	1,200	1,200	1,100
Occupational health and safety							
Workers covered by an occupational health and safety management system	Employees	no.	721	645	580	576	546
	Non-employees	no.	51	250	267	233	312
Lost time injuries	Port Klang	no.	2	4	5	3	4
	Dengkil	no.	4	4	6	6	7
Total days lost due to work related injury	Port Klang	days	6	272	92	89	44
	Dengkil	days	126	131	176	253	69
Total hours worked	Port Klang	hours	1,065,804	1,120,512	887,680	852,640	803,000
	Dengkil	hours	774,464	842,400	673,920	624,000	624,000

*FY 2023 encompasses 15 months of data (January 2022 to March 2023). This one-time occurrence is due to our move from calendar year (CY) reporting to financial year (FY) reporting (1 April to 31 March).

ISF material topics

Material topic	Description (focus areas)
Climate adaptation and mitigation	Minimising our carbon footprint across operations to reduce overall greenhouse gas (GHG) emissions intensity through technology, facilities and other measures aligned with the Science Based Targets initiative (SBTi) and other international frameworks; assessing and adapting to climate-related risks.
Legal and regulatory compliance	Complying with local and international regulations, including EU standards and customer requirements.
Stakeholder engagement	Ensuring transparency and openly communicating with stakeholders through dialogue and reporting; Engaging stakeholders through multi-stakeholder initiatives and collaborations.
Food safety and quality	Guaranteeing the highest product quality and safety to customers; addressing their concerns on food safety, and complying with industrial food safety regulations, i.e., by adhering to relevant food safety certifications, standards, and labels.
Raw material supply	Ensuring a stable supply of raw materials to meet customer demand, especially in unforeseen circumstances (e.g., the COVID-19 pandemic, floods, and drought).
Policy and management system	Enacting internal controls to meet policy commitments (e.g., compliance with sustainability certifications).
Ethics and anti-corruption	Implementing processes and systems to ensure ISF operates responsibly, adopting high ethical standards in line with national laws; strengthening anti-bribery and corruption policies through our Supplier Code of Conduct.
Occupational safety & health	Continuously improving workplace safety standards to prevent injuries and minimise accidents; implementing an OSH management programme.
Operational productivity	Continuously improving worker productivity through efficient coordination between different departments; ensuring continued viability, financial health, and the economic growth of the company by investing in automation and digitalisation to improve productivity; developing production technology and facilities; reducing reliance on labour to increase company-wide productivity; upgrading IT systems for Big Data and analytics.
Profits and cost saving	Improving our financial health and allocating resources for new and existing initiatives (e.g., reducing energy consumption, improving operational efficiencies, and R&D); ensuring fair dividends to shareholders.

Material topic	Description (focus areas)
Corporate communications	Strengthening stakeholder perceptions of ISF's corporate identity through internal and external corporate communication strategies to promote ISF's brand and values; communicating with external parties and our supply chain on news and issues related to anti-palm oil campaigns while emphasising food safety and quality; supporting Malaysia's 'Love MY Palm Oil' campaign.
Traceability	Mapping and identifying suppliers' facilities to trace palm oil to mill and plantation, thus addressing environmental and social risks within our supply chain.
Labour rights	Upholding employees' and contractors' human and labour rights; adopting responsible recruitment practices for migrant workers; ensuring no illegal forced, bonded, or child labour.
Water management	Implementing best water management practices across our operations to ensure the optimum use of this precious resource.
Smallholder inclusion	Supporting smallholder inclusion in sustainable supply chains through partnerships with relevant organisations and engagement programmes with key suppliers.
Supplier management and engagement	Implementing robust sourcing management and supplier engagement policies; engaging with suppliers to meet NDPE requirements through awareness and capacity building programmes; implementing monitoring systems to track their progress.
R&D and innovation	Actively engaging in advanced research and development (R&D) programmes in raw material research and selection, process engineering and quality improvement, and new product development to meet the growing demand for specialty fats in the global market.
Energy management and renewable energy	Minimising the environmental footprint of our operations through the efficient consumption and management of energy, including adopting renewable energy alternatives like solar panels.
Waste management	Managing waste, from its creation to disposal, in line with applicable regulations and standards; implementing waste reduction strategies; reusing and recycling waste.
Corporate social responsibility	Implementing Corporate Sustainability Initiatives (CSIs); making financial and in-kind contributions to support and uplift local communities (e.g. environmental and community activities).
Globalisation/business expansion	Exploring expansion plans in global markets; growing ISF's international presence to meet increasing market demand.
Continuous improvement	Establishing and regularly updating business continuity plans that include protocols and procedures to minimise the impact of disruptive events on the organisation, our employees, customers, and stakeholders; continuously improving management/operational systems to ensure business sustainability in the face of evolving risks and threats.
Talent retention	Developing employee skills and knowledge through training and upskilling.
Employee welfare	Prioritising employee welfare and ensuring a workplace conducive to a work-life balance; implementing policies and procedures that improve employees' physical and mental wellbeing; ensuring employees perform their duties while respecting the need for personal and family time, leisure activities, and other responsibilities.
Diversity and inclusion	Building a corporate culture that fosters a feeling of belonging among employees; promoting gender diversity and equal opportunity by empowering women employees; creating a workplace that fosters open communication between management and employees; implementing a two-way engagement process to ensure worker feedback is heard and acted upon.
Carbon tax	Investing in carbon tax initiatives for financial and environmental benefits.

Stakeholder Engagement Table

Stakeholder group	Focus	Engagement method	Engagement frequency
Employees	Training and development	In house and external training programmes	When required
	<ul style="list-style-type: none"> Employee performance Employee satisfaction Employee engagement (salary and benefits, career progression, etc.) 	Employee survey	Annually
		Performance reviews	Annually
		Grievance mechanism	When required
		Company policies	When required
		Employee awards and recognition (long service award)	Annually
	Employee engagement activities (fun run, mangrove planting, festival celebration,	Annually	
Employee welfare and well-being	<ul style="list-style-type: none"> Medical check-up Health awareness talks 	Annually	
Certification bodies	Compliance with certification standards	<ul style="list-style-type: none"> Roundtable meetings Site and data audits (i.e. GHG verification, safety audits, etc.) 	Annually
Non-governmental organisations (NGOs)	Policy updates and improvements	<ul style="list-style-type: none"> Multi-stakeholder forums and meetings One-on-one consultations 	When required
	Programmes and initiatives	Partnerships/sponsorships and joint projects (Mangrove tree planting with GEC, Labour Transformation Programme)	When required
Parent company	Strategy and business planning	<ul style="list-style-type: none"> Meetings Report submissions (i.e. update on targets and progress, financial and sustainability performance, etc.) 	<ul style="list-style-type: none"> Monthly When required
	Research and development	Joint research programmes	When required
Industry peers	Industry best practices	Collaboration workshops	When required
		Multistakeholder forums and events (POCG, Consumer Goods Forum)	Annually
Communities	Community contributions	Disaster relief efforts, community outreach programmes	Annually
Customers	Meeting customer requirements (Sustainability, food safety and quality etc)	Joint ventures	When required
		Meetings and engagements (surveys, email, phone calls, events)	When required
		Site visits	When required
	Customer satisfaction	Customer satisfaction surveys	Annually
Governments and regulators	Compliance	Regular engagement and communication	When required
Suppliers	Traceability and compliance	Contract supplier interview and negotiation	When required
		Audits and site visits, data collection	
		Supplier screening and assessments	
		Strategic partnership and engagement meetings	
	Multi-stakeholder collaborations and programmes	Smallholder support project	When required
Grievances	Regular engagement and communication	When required	

GRI Content Index

The Global Reporting Initiative (GRI) is a multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators. GRI is the most widely adopted global standard for sustainability reporting. It has been designed to enhance the comparability and quality of global information on environmental and social impacts, thereby enabling greater transparency and accountability of organisations. This report has been prepared in alignment with the 2021 GRI Standards. Our GRI Content Index references our 2024 Sustainability Report and the [ISF website](#).

Statement of use	Intercontinental Specialty Fats Sdn Bhd has reported in accordance with the GRI Standards for the period of 1 April 2023 to 31 March 2024.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	About ISF, p 11
	2-2 Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> About this report, p 01 Scope and boundaries, p 02 About ISF, p 11
	2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> About this report, p 01 Contact, p 99
	2-4 Restatements of information	Stated throughout where relevant
	2-5 External assurance	Assurance, p 02
	2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> About ISF, p 11 Responsible sourcing and supplier engagement, p 23
	2-7 Employees	<ul style="list-style-type: none"> Workforce overview, p 48 Base data, p 69
	2-8 Workers who are not employees	We do not employ workers who are not employees.
	2-9 Governance structure and composition	Corporate and sustainability governance, p 16
	2-11 Chair of the highest governance body	Corporate and sustainability governance, p 16
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate and sustainability governance, p 16
	2-13 Delegation of responsibility for managing impacts	Corporate and sustainability governance, p 16
	2-14 Role of the highest governance body in sustainability reporting	Corporate and sustainability governance, p 16
	2-16 Communication of critical concerns	<ul style="list-style-type: none"> About this report, p 01 Corporate and sustainability governance, p 16 Grievance management, p 32
	2-17 Collective knowledge of the highest governance body	Corporate and sustainability governance, p 16
	2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> CEO message, p 03 Director/Executive Advisor message, p 05

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-23 Policy commitments	<ul style="list-style-type: none"> ▶ Corporate and sustainability governance, p 16 ▶ Sustainable Palm Oil Policy ▶ Supplier Code of Conduct ▶ Anti-Bribery and Corruption Policy
	2-24 Embedding policy commitments	<ul style="list-style-type: none"> ▶ Corporate and sustainability governance, p 16 ▶ Sustainable Palm Oil Policy ▶ Supplier Code of Conduct ▶ Anti-Bribery and Corruption Policy ▶ Corporate governance
	2-25 Processes to remediate negative impacts	<ul style="list-style-type: none"> ▶ Ethics and conduct, p 18 ▶ Grievance management, p 32 ▶ Supplier Code of Conduct ▶ Grievances
	2-26 Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> ▶ Ethics and conduct, p 18 ▶ Grievance management, p 32 ▶ Whistleblowing policy ▶ Grievances ▶ Corporate governance
	2-27 Compliance with laws and regulations	<ul style="list-style-type: none"> ▶ Environment, p 33 ▶ Water, p 43 ▶ Waste management, p 45
	2-28 Membership associations	<ul style="list-style-type: none"> ▶ Stakeholder engagement and transparency, p 21 ▶ Partnerships and collaboration
	2-29 Approach to stakeholder engagement	<ul style="list-style-type: none"> ▶ Stakeholder engagement and transparency, p 21 ▶ Partnerships and collaboration
	2-30 Collective bargaining agreements	<ul style="list-style-type: none"> ▶ Our people, p 47 ▶ Upholding migrant workers' rights, p 49
	GRI 3: Material Topics 2021	3-1 Process to determine material topics
3-2 List of material topics		Materiality, p 15
3-3 Management of material topics		Referenced throughout report where relevant
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Our people, p 47
	202-2 Proportion of senior management hired from the local community	<ul style="list-style-type: none"> ▶ Our people, p 47 ▶ Base data, p 69
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Our commitment to communities, p 60
	203-2 Significant indirect economic impacts	<ul style="list-style-type: none"> ▶ Responsible sourcing and supplier engagement, p 23 ▶ Our commitment to communities, p 60
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	<ul style="list-style-type: none"> ▶ About ISF, p 11 ▶ Responsible sourcing and supplier engagement, p 23
GRI 302: Energy 2016	302-1 Energy consumption within the organization	<ul style="list-style-type: none"> ▶ Energy, p 40 ▶ Base data, p 69
	302-3 Energy intensity	<ul style="list-style-type: none"> ▶ Energy, p 40 ▶ Base data, p 69
	302-4 Reduction of energy consumption	<ul style="list-style-type: none"> ▶ Energy, p 40 ▶ Base data, p 69

GRI STANDARD	DISCLOSURE	LOCATION
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	<ul style="list-style-type: none"> ▶ Water, p 43 ▶ Base data, p 69
	303-2 Management of water discharge-related impacts	<ul style="list-style-type: none"> ▶ Water, p 43 ▶ Base data, p 69
	303-3 Water withdrawal	<ul style="list-style-type: none"> ▶ Water, p 43 ▶ Base data, p 69
	303-4 Water discharge	<ul style="list-style-type: none"> ▶ Water, p 43 ▶ Base data, p 69
	303-5 Water consumption	<ul style="list-style-type: none"> ▶ Water, p 43 ▶ Base data, p 69
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> ▶ Carbon footprint, p 37 ▶ Base data, p 69
	305-2 Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> ▶ Carbon footprint, p 37 ▶ Base data, p 69
	305-3 Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> ▶ Carbon footprint, p 37 ▶ Base data, p 69
	305-4 GHG emissions intensity	<ul style="list-style-type: none"> ▶ Carbon footprint, p 37 ▶ Base data, p 69
	305-5 Reduction of GHG emissions	<ul style="list-style-type: none"> ▶ Carbon footprint, p 37 ▶ Base data, p 69
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	<ul style="list-style-type: none"> ▶ Waste management, p 45 ▶ Base data, p 69
	306-2 Management of significant waste-related impacts	<ul style="list-style-type: none"> ▶ Waste management, p 45 ▶ Base data, p 69
	306-3 Waste generated	<ul style="list-style-type: none"> ▶ Waste management, p 45 ▶ Base data, p 69
	306-4 Waste diverted from disposal	<ul style="list-style-type: none"> ▶ Waste management, p 45 ▶ Base data, p 69
	306-5 Waste directed to disposal	<ul style="list-style-type: none"> ▶ Waste management, p 45 ▶ Base data, p 69
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	There were no incidences of non-compliance with environmental laws and regulations during the reporting period.
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Responsible sourcing and supplier engagement, p 23
	308-2 Negative environmental impacts in the supply chain and actions taken	<ul style="list-style-type: none"> ▶ Responsible sourcing and supplier engagement, p 23 ▶ Grievances
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	<ul style="list-style-type: none"> ▶ Our people, p 47 ▶ Employee development and retention, p 51 ▶ Base data, p 69
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<ul style="list-style-type: none"> ▶ Our people, p 47 ▶ Base data, p 69
	401-3 Parental leave	<ul style="list-style-type: none"> ▶ Base data, p 69
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	<ul style="list-style-type: none"> ▶ Our people, p 47 ▶ Upholding migrant workers' rights, p 49

GRI STANDARD	DISCLOSURE	LOCATION
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employee health and safety, p 56
	403-2 Hazard identification, risk assessment, and incident investigation	Employee health and safety, p 56
	403-3 Occupational health services	Employee health and safety, p 56
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee health and safety, p 56
	403-5 Worker training on occupational health and safety	Employee health and safety, p 56
	403-6 Promotion of worker health	Employee health and safety, p 56
	403-8 Workers covered by an occupational health and safety management system	Base data, p 69
	403-9 Work-related injuries	<ul style="list-style-type: none"> Employee health and safety, p 56 Base data, p 69
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee development and retention, p 51
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee development and retention, p 51
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee development and retention, p 51
GRI 405: Diversity of governance bodies and employees	405-1 Diversity of governance bodies and employees	<ul style="list-style-type: none"> Diversity and inclusion, p 55 Base data, p 69
	405-2 Ratio of basic salary and remuneration of women to men	Diversity and inclusion, p 55
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No incidents of discrimination were reported.
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<ul style="list-style-type: none"> Our people, p 47 Upholding migrant workers' rights, p 49
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Our people, p 47
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Our people, p 47
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Our commitment to communities, p 60
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible sourcing and supplier engagement, p 23
	414-2 Negative social impacts in the supply chain and actions taken	<ul style="list-style-type: none"> Responsible sourcing and supplier engagement, p 23 Grievance management, p 32
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	<ul style="list-style-type: none"> Marketplace responsibility, p 65 Product quality and food safety, p 67
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	<ul style="list-style-type: none"> Marketplace responsibility, p 65 Product quality and food safety, p 67 No incidents of non-compliance concerning health and safety of products were reported.

GRI STANDARD	DISCLOSURE	LOCATION
Customer service and responsiveness		<ul style="list-style-type: none"> Marketplace responsibility, p 65 Product quality and food safety, p 67 Customer satisfaction, p 66 Enriching lives together
R&D and innovation		R&D, productivity, and innovation, p 68
Operational productivity (see GRI 204-1)		Responsible sourcing and supplier engagement, p 23
Traceability		<ul style="list-style-type: none"> Responsible sourcing and supplier engagement, p 23 Traceability
Globalisation/ business improvement		Marketplace responsibility, p 65
Continuous improvement		R&D, productivity, and innovation, p 68
Corporate communications		Stakeholder engagement and transparency, p 21

Strengthening our alignment with TCFD recommendations

ISF welcomes the TCFD recommendations and seeks to align our disclosures accordingly in order to build resilience against climate change. In 2023, we developed our Climate Action Roadmap after reviewing current climate practices and a comprehensive scenario analysis. It follows the four thematic pillars of the TCFD Recommendations and will guide and influence ISF's business objectives and long-term strategic direction. This section describes how we manage our climate related risks and opportunities, with reference to the four key pillars recommended by the TCFD.

Responsible governance

ISF's ESG Committee is the governing body responsible for sustainability at the company. It is overseen by the Chief Executive Officer (CEO), who reports to the Board of Directors. The committee's efforts to develop and drive sustainability strategies, policies, and targets are supported by different departments.



Board-level governance

As part of its sustainability agenda, the Board of Directors oversees and organises ISF's climate-related affairs and strategies, monitoring progress against our climate change goals and targets.

Management-level governance

ISF's ESG Committee is a cross-functional management committee that reports to the CEO on sustainability matters. It oversees the Group's climate-related implementation strategies and policy reviews as part of its sustainability agenda.



→ See also [Corporate and sustainability governance](#)

Strategy

ISF conducted a climate-related scenario analysis in 2022 to develop our [Climate Action Roadmap](#). We built qualitative and quantitative climate models to assess our product portfolio's sustainability and evaluate the financial implications of external conditions like extreme weather. This model helped us understand and anticipate transition risks we may face in the coming years, and we have included the climate risks and opportunities identified in our risk management framework, processes, and reporting. Our Climate Action Plan outlines our commitment to addressing these challenges. Our approach, underlying assumptions, and the qualitative and quantitative outcomes of these comprehensive simulations are summarised below.



Mapping our carbon footprint

- We have established baselines for our Scope 1 and 2 emissions and continue to implement measures to reduce them.
- We mapped our Group-level Scope 3 emissions for the baseline year 2022. This comprehensive assessment led to a better understanding of the indirect emissions associated with our value chain.



Driving operational Efficiencies and reducing GHG emissions

- The use of rooftop solar installations at our facilities is crucial for our efforts to reduce our dependence on the electrical grid and non-renewable energy sources.
- To date, we have installed 1.49 MWp of rooftop solar panels at our two plants in Malaysia.



Green Electricity Tariff

- ISF purchases energy from the Green Electricity Tariff (GET) to offset our energy usage where electricity requirements exceed our renewable energy generation potential.
- Our plants have achieved 72% renewable electricity across operations using GET since mid-2021.



Investments in climate innovations and technology

- We prioritise investments in energy-efficient machinery and equipment to reduce energy consumption and greenhouse gas emissions.
- We focus on identifying and adopting technologies that use advanced controls, automation, and energy-saving features to optimise resource usage.



Sustainability-linked financing

- Continue to explore to explore potential sustainability linked loans (SLL) and green financing solutions to propel our sustainability ambitions across our value chain
- We aim to convert all existing financial facilities into sustainability-linked financing in the coming years. In FY 2023, we secured two new SLLs.

→ For more details on our targets and progress, see [Carbon footprint](#), [Securing sustainable financing](#), and [Flood preparedness and response plan](#)

Risk management

ISF's Enterprise Risk Management (ERM) framework identifies and evaluates climate change risks using a five-level matrix of likelihoods and consequences against the TCFD recommendations. This robust review process ensures we proactively address these risks in alignment with our Sustainability Policy. Our Sustainability Department then works with the relevant teams to develop, implement, and monitor mitigation and adaptation measures for the affected business units and departments.

Our climate-change scenario analysis models 2°C and 4°C average global temperature increases since the Industrial Revolution, identifying the risks and opportunities in both cases and calculating the financial impact of the mitigation measures that would have the most substantial effect on our business operations.

→ See [Risk mitigation and governance and ISF Climate Action Roadmap 2023](#) for more details.

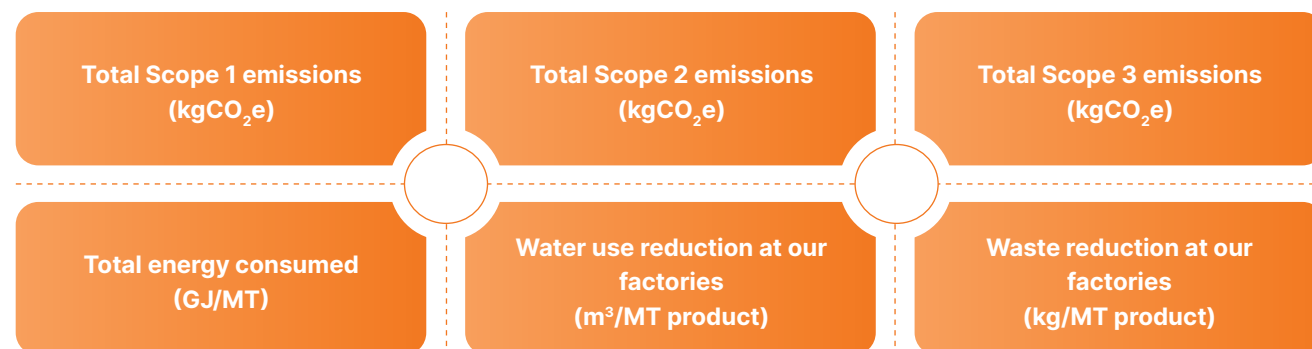
Targets and Metrics

We track key metrics and report against climate-related targets regularly, and disclose the following climate-related metrics in alignment with the 2021 TCFD Guidance on Metrics, Targets, and Transition Plans:

- Scope 1 and 2 greenhouse gas (GHG) emissions
- Scope 3 GHG emissions
- Climate-related opportunities

Our GHG accounting adheres to the globally recognised Greenhouse Gas Protocol.

Material metrics assessed annually :



* Targets under development.

→ Please refer to [Target list and progress](#) and [Environment](#) for more details.

TCFD Index

The following table provides an index of our disclosures against the [Taskforce on Climate-Related Financial Disclosure \(TCFD\)](#) recommendations developed by the Financial Stability Board to guide, improve and increase reporting of climate-related financial information.

TCFD RECOMMENDATIONS	SECTION REFERENCE
Governance <ul style="list-style-type: none"> • Board oversight • Management's role 	<ul style="list-style-type: none"> ▶ Corporate and sustainability governance ▶ Stakeholder engagement and transparency ▶ Strengthening our alignment with the TCFD recommendations ▶ ISF Climate Action Roadmap 2023
Strategy <ul style="list-style-type: none"> • Climate-related risks and opportunities over the short-, medium- and long-term • Impact on business, strategy, and financial planning • Resilient strategy and scenario analysis 	<ul style="list-style-type: none"> ▶ Our approach to sustainability ▶ Materiality ▶ Responsible sourcing and supplier engagement ▶ Traceability ▶ Environment ▶ Addressing climate change ▶ Carbon footprint ▶ Strengthening our alignment with the TCFD recommendations ▶ ISF Climate Action Roadmap 2023
Risk management <ul style="list-style-type: none"> • Process for identifying and assessing risks • Process for managing risks • Integration into overall risk management 	<ul style="list-style-type: none"> ▶ Risk mitigation and governance ▶ Responsible sourcing and supplier engagement ▶ Strengthening our alignment with the TCFD recommendations ▶ ISF Climate Action Roadmap 2023
Metrics and targets <ul style="list-style-type: none"> • Metrics • Scope 1, 2 and 3 emissions and related risks • Targets 	<ul style="list-style-type: none"> ▶ Highlights and targets ▶ Carbon footprint ▶ Energy ▶ Water ▶ Base data ▶ Strengthening our alignment with the TCFD recommendations ▶ ISF Climate Action Roadmap 2023



INDEPENDENT ASSURANCE STATEMENT

Control Union (Malaysia) Sdn. Bhd. (hereinafter referred to as "Control Union") was appointed by Intercontinental Specialty Fats Sdn Bhd (hereinafter referred to as "ISF") to undertake an independent assurance of ISF's GHG Protocol Inventory emission verification (hereinafter referred to as "verification") for the reporting period of April 2023 to March 2024. This verification was conducted in accordance with the GHG Protocol: Scope 1 & Scope 2 and GHG Inventory Guidance, Corporate Value Chain (Scope 3) Accounting and Reporting Standard, and Technical Guidance for Calculating Scope 3 Emissions (version 1.0). The verification process included GHG emissions calculation, data inventory review, and on-site assessments at ISF's two refining facilities in Dengkil and Port Klang.

Control Union was not involved in the preparation of any material included in the report, except for the issuance of this Independent Assurance Statement. The responsibility of the Control Union is to verify the GHG emissions information and data inventory concerning the verification process of ISF's verification for GHG Protocol Inventory emission for the reporting period of April 2023 until March 2024. The verification encompasses the establishment of GHG emission boundaries, materiality of emission scoping, data inventory verification and accuracy of the GHG emission calculations for each scope (Scope 1, Scope 2 and Scope 3) and final total GHG emissions according to the GHG Protocol methodology within the assurance scope, with the purpose to inform all the Interested Parties of ISF. Control Union's assurance engagement assumes that all data and information provided is reliable and in good faith.

Assurance Scope

The assurance engagement has been planned and performed in accordance with AA1000AS V3. Control Union multi-disciplinary verification team performed the assurance process that involves verification of the following aspects:

Inclusivity

The inclusion and exclusion of the emissions sources related to the ISF nature of business and operation.

The ISF's GHG emissions calculation declaration for the reporting period from April 2023 to March 2024 has been prepared in accordance with recognized GHG Protocol methodologies for developing ISF's GHG inventory. ISF has declared GHG emissions based on an operational boundary that encompasses scope of gate-to-gate operation. This operational boundary includes two facility sites: ISF Dengkil and ISF Port Klang.



The GHG emission sources has been determined by ISF according to each GHG scope as following:

Scope 1: ISF has calculated GHG emissions for Scope 1 from consumption of natural gas and diesel. Natural gas is utilized for fuel combustion in the refining equipment and pressing machine, whereas diesel is consumed for vehicle operations, specifically for forklifts only. As diesel consumption contributes less than 5% to the total emissions and is not material to the GHG emission quantification, ISF has excluded it in the Scope 1 total GHG emissions declaration.

Scope 2: The Scope 2 emissions sourced from purchased electricity originates from the national grid, Tenaga Nasional Berhad. ISF has been awarded Renewable Energy Certificates (REC) by TNBX Sdn Bhd for its Green Electricity Tariff (GET) of solar power generation installation. The GET value is used to offset the purchased electricity and make declaration of market-based scope 2 emission.

Scope 3: In the Scope 3 GHG inventory, ISF has identified emission source categories that are relevant and applicable to the organization. Among these, only five categories emission are significant to operations and have been calculated in the GHG emission inventory.

Inclusion categories of Scope 3 emission sources:

Scope 3 - Inclusion Categories	Description
Category 1: Purchased goods and services	Material and calculated
Category 2: Capital goods	Not material and not calculated
Category 3: Fuel and energy related activities	Material and calculated
Category 4: Upstream transportation and distribution	Material and calculated
Category 5: Waste generated in operation	Material and calculated
Category 6: Business travel	Not material and estimated
Category 7: Employee commuting	Not material and estimated
Category 9: Downstream transportation and distribution	Material and calculated
Category 12: End-of-life treatment of sold products	Not material and estimated
Category 13: Downstream leased asset	Not material and estimated

Exclusion categories of Scope 3 emission sources:

Scope 3 - Exclusion Categories	Justification
Category 8: Upstream leased assets	Not relevant as ISF does not operate own upstream leased assets for which it has operational control



Scope 3 - Exclusion Categories	Justification
Category 10: Processing of sold products	Excluded due to diverse application and customer structure
Category 11: Use of sold products	Excluded due to diverse application and customer structure
Category 14: Franchises	Not relevant to ISF's nature of business
Category 15: Investment	Not relevant to ISF's nature of business

Materiality

Identification of issues in the report that are relevant and significant to the organization's stakeholders, the presence of and the extent to which these material issues are disclosed in the report.

This verification of GHG inventory covers material topics related to ISF-owned facilities, specifically the refinery operations in Port Klang and Dengkil in Malaysia. It does not include the China-based sales office and Italy-based refinery, which represent less than 5% of ISF's business.

ISF demonstrates its commitment to transparency in monitoring, reporting, and communicating its GHG emissions to all stakeholders by establishing and implementing a GHG Inventory in accordance with the recognized GHG Protocol methodology. The verification assessment confirmed that there were no significant omissions, misrepresentations, or errors in ISF's GHG emission calculations for the reporting period of April 2023 to March 2024.

The GHG data inventory and monthly data collection primarily rely on the Finance team's documentation, such as invoices, purchase orders, and contracts, for activity data input. The Operations team cross-checks this with on-the-ground data, including consumption of natural gas, diesel, electricity, raw materials processed, and chemical inputs. In case of discrepancies between Finance and Operations data, the Finance data will be considered the primary source, as ISF considers any purchased or sell items as fully utilized upon acquisition. Specifically, any discrepancies identified were less than 5% of the total emissions reported.

Moreover, the assessment verified that there were no intangible issues affecting the accuracy of the GHG emissions calculations. This includes well-managed documentation, easy access to requested information, and full compliance with regulations indirectly related to ISF's GHG emission calculations and declarations for the reporting period.



Responsiveness

Acting on stakeholder issues and provision of feedback through decisions, actions, performance and communication.

ISF identified its key stakeholders based on their influence and relevance to the organization. Committed to transparency, ISF kept stakeholders informed on sustainability matters through various engagement initiatives. ISF also clearly defined the sources of its GHG emissions and included these stakeholders within the declared operational boundary.

In reducing GHG emissions, ISF collaborated with their suppliers and stakeholders to implement various emission reduction initiatives. Additionally, to uphold ethical standards, ISF includes their stakeholders in its Ethical Policy, Anti-Bribery and Corruption Policy, Whistleblowing Policy, and Grievance Procedure. Other engagement initiatives include the following:

- 1) Quarterly snapshots of sustainability progress on ISF's Sustainability Dashboard.
- 2) RSPO Annual Communication of Progress
- 3) Sustainability rating assessment via EcoVadis, which evaluates how well a company has integrated sustainability principles into its business and management systems.
- 4) ISF's Annual Sustainability Report
- 5) CDP questionnaires on forests and climate
- 6) Online grievance procedure

Impact

Monitoring, measurement and providing accountability for how the actions of the organization affect the economy, the environment, society, stakeholders or the organization itself.

Based on the independent verification of ISF's data inventory, quantification, methodologies, and procedures, the GHG emission calculations declaration for the reporting period from April 2023 to March 2024, within the declared operational boundary (gate-to-gate), is found to be materially accurate with a fair representation of the final GHG emission calculations for ISF. The assessment was conducted in accordance with the requirements and guidance of the GHG Protocol methodology.

Based on the on-site assessment that held on 21st May and 23rd May 2024, no new facilities have been implemented that significantly impact the GHG inventory compared to the previous year. All facilities and operations declared in the GHG inventory and quantification of period April 2023 until March 2024 remains consistent with the previous



year's operations. ISF maintained its business-as-usual operations from 2022, keeping the same scope, boundaries, and sources of emissions.

Therefore, for the reporting period from April 2023 to March 2024, the verification assessment has assured the total GHG emission inventory declared by ISF for both operation sites, ISF Dengkil and ISF Port Klang, as follows:

GHG Emission Scope	Verified Activity Data (April 2023 – March 2024)	GHG Emission (tonnesCO2 eq)		Total GHG Emission (ISF Dengkil + ISF Port Klang)
		ISF Dengkil	ISF Port Klang	
Scope 1	Natural Gas	41,922.35	42,075.65	83,998.00
Scope 2	Electricity (Location-based)	22,671.27	44,736.18	67,407.45
	Electricity (Market-based)	6,051.86	14,378.28	20,430.14
TOTAL – Location-based (Scope 1 and Scope 2)		64,593.62	86,811.83	151,405.45
TOTAL – Market-based (Scope 1 and Scope 2)		47,974.21	56,453.93	104,428.14
Scope 3	Category 1: Purchased goods and services	593,581.67	123,819.12	717,400.80
	Category 3: Fuel and energy related activities	36,945.81	61,074.27	98,020.08
	Category 4: Upstream transportation and distribution	20,239.77	4,782.22	25,022.02
	Category 5: Waste generated in operation	5,761.34	1,234.61	6,995.94
	Category 9: Downstream transportation and distribution	40,921.88	4,990.39	45,912.26
TOTAL (Scope 3)		697,450.48	195,900.63	893,351.11

ISF's GHG emission inventory for the reporting period of April 2023 to March 2024 has been verified as materially correct, with a total GHG emission declared of **1,044,756.55 tonneCO2eq for location-based** and **997,779.24 tonneCO2eq for market-based** emissions.



Level of Assurance

The level of Assurance is used to determine the depth of detail that an assurance provider uses to identify if there are material errors, omissions, or misstatements. The level of assurance for this report is moderate.

Methodology

- **Review of Documentation:** Control Union reviewed internal and external documentation evidence submitted by ISF through desk reviews and on-site assessments.
- **On-Site Verification:** Control Union conducted on-site assessments at ISF's refining facilities in Dengkil and Port Klang, verifying related documents and data inventory information. This included cross-checking the GHG emission calculation file, data inventory, and ensuring the inclusion and exclusion of emission categories as per the requirements of the GHG Protocol.
- **Interviews for Accuracy:** Verification was also performed through interviews with relevant staff, personnel, and persons in charge during the site visits to ensure the accuracy of the data inventory information.
- **GHG Emission Calculation:** The equation formula for GHG emissions calculation follows the GHG Protocol methodology, which is:

$$\text{GHG Emission Output} = \text{Activity Data of Emission Source} \times \text{Emission Factor}$$

Independence and Quality Control

Control Union Certifications is accredited according to ISO 17021-1:2015/ISO 17065:2012 covering our global scope and operations. This includes the need to maintain a comprehensive system of quality control including documented policies and procedures on compliance to ethical and legal requirements as well as objectivity throughout our operations. It is affirmed that Control Union and the auditors are free from bias and conflict of interests with the Organization. The auditors performing the data check were selected appropriately based on our internal qualifications, training, and experience. It is also reviewed by management to ensure that the applied approach and assurance are strictly followed and operated transparently.

Conclusions

Based on our moderate process, nothing has come to our attention that causes us to believe that the scope (subject matter) as detailed above and presented in the report is not presented fairly in accordance with the criteria.



Hence, our work confirms that the information included in the GHG emission calculation, data inventory, facilities assessment, and related verification documentation for the GHG Protocol inventory of Intercontinental Specialty Fats Sdn Bhd is reliable, objective, and presented in a clear and understandable manner.

Zulkarnain Ishak
 Manager Sustainability Assurance
 9th July, 2024



ISF's SDG contributions



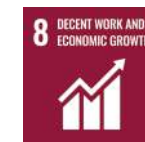
SDG 7: AFFORDABLE AND CLEAN ENERGY

Relevant SDG targets

- 7.2** By 2030, increase substantially the share of renewable energy in the global energy mix
- 7.3** By 2030, double the global rate of improvement in energy efficiency

Material topic

Energy management and renewable energy: Minimising the environmental footprint of our operations through the efficient consumption and management of energy, including adopting renewable energy alternatives like solar panels.



SDG 8: DECENT WORK AND ECONOMIC GROWTH

Relevant SDG targets

- 8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Material topic

Diversity and inclusion: Building a corporate culture that fosters a feeling of belonging among employees; promoting gender diversity and equal opportunity by empowering women employees; creating a workplace that fosters open communications between management and employees; implementing a two-way engagement process to ensure worker feedback is heard and acted upon

- 8.8** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

Labour rights: Upholding labour and human rights for employees and contractors; adhering to responsible recruitment practices for migrant workers; ensuring no illegal forced, bonded, or child labour.

Employee welfare: Prioritising employee welfare and ensuring a workplace conducive to a work-life balance; implementing policies and procedures that improve employees' physical and mental wellbeing; ensuring employees perform their duties while respecting the need for personal and family time, leisure activities, and other responsibilities.

Occupational safety & health: Continuously improving workplace safety standards to prevent injuries and minimise accidents; implementing an OSH management programme.

ISF target:

Zero fatalities and zero accidents

ISF's SDG contributions



SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Relevant SDG targets

12.2 By 2030, achieve the sustainable management and efficient use of natural resources

Material topic

Water management: Implementing best water management practices across our operations to ensure the optimum use of this precious resource.

ISF target:

Reduce water consumption intensity by 10% against 2019 baseline by 2030

Energy management and renewable energy: Minimising the environmental footprint of our operations through the efficient consumption and management of energy, including adopting renewable energy alternatives like solar panels.

ISF target:

Reduce energy consumption intensity by 10% against 2019 baseline by 2030

12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

Waste management: Managing waste from its inception to disposal in line with regulations; implementing waste reduction strategies; reusing and recycling waste.

ISF target:

Reduce waste intensity by 10% against 2019 baseline by 2030

12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities

Supplier management and engagement: Implementing robust sourcing management and supplier engagement policies; engaging with suppliers to meet NDPE requirements through awareness and capacity building programmes; implementing monitoring systems to track their progress.

ISF target:

Achieve 100% traceability to plantation for CPO and CPKO by 2025



SDG 13: CLIMATE ACTION

Relevant SDG targets

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Material topic

Climate adaptation and mitigation: Minimising our carbon footprint across operations to reduce overall greenhouse gas (GHG) emissions intensity through technology, facilities and other measures aligned with the Science Based Targets initiative (SBTi) and other international frameworks; assessing and adapting to climate-related risks.

ISF target:

- **Reduce GHG emissions (Scope 1 and 2) by 50% against 2019 baseline by 2030**
- **Reduce Scope 3 GHG emissions by 25% against 2019 baseline by 2030**



SDG 14: LIFE BELOW WATER

Relevant SDG targets

14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

Material topic

Water management: Implementing best water management practices and relevant international frameworks across our operations to ensure the optimum use of this precious resource; assessing and adapting to climate-related risks.

Glossary

3-monochloropropane diol (3-MCPD) – A chemical compound found in some processed foods and vegetable oils, mainly in palm oil.

Annual Communication of Progress (ACOP) – A mandatory report submitted by Ordinary and Affiliate RSPO members to gauge progress towards 100% RSPO-certified sustainable palm oil.

B40 – The group of households comprising the bottom 40% of Malaysian income earners.

Carbon dioxide equivalents (CO₂e) – A standard measure of global warming potential expressed in metric tonnes and used to evaluate and compare the impact of releasing or avoiding the release of different greenhouse gases.

CDP – Formerly the Carbon Disclosure Project, a non-profit organisation that operates a global disclosure system allowing companies and governments to report their environmental performance.

Crude palm kernel oil (CPKO) – An edible plant oil derived from the kernel of the oil palm.

Crude palm oil (CPO) – An edible plant oil extracted from the pulp of oil palm fruit.

Enterprise Risk Management (ERM) – An integrated approach to managing risk across an organisation and its extended networks.

Foreign Workers' Medical Examination Monitoring Agency (FOMEMA) – The agency responsible for the medical examinations migrant workers must undergo before being allowed to work in Malaysia, in compliance with the country's health and safety regulations.

Fresh fruit bunch (FFB) – The raw material for palm oil mills, harvested from oil palms.

Global Reporting Initiative (GRI) – A multi-stakeholder standard for sustainability reporting that guides and

determines report content and indicators.

Glycidyl fatty acid ester (GE) – Chemical compound formed by refining edible oil at high temperatures.

Greenhouse gas (GHG) – Atmospheric gas that absorbs and emits radiation within the thermal infrared range. The primary GHGs in the Earth's atmosphere are water vapour, carbon dioxide, methane, nitrous oxide, and ozone.

International Standards Organization (ISO) – An independent, non-governmental organisation that develops voluntary, consensus-based international standards. ISO certification helps organisations demonstrate that they meet customer and stakeholder needs.

International Sustainability & Carbon Certification (ISCC) – a globally recognised standard for sustainable biomass and bioenergy production that applies to companies selling products in European markets.

Malaysian Sustainable Palm Oil (MSPO) – Nationally mandated certification system for oil palm plantations, independent and organised smallholders, and palm oil processing plants.

Mass balance (MB) – An RSPO supply chain model that allows mixing RSPO-certified and non-certified palm oil at any stage in the supply chain, as long as companies' total quantities of both types are managed.

Nature-based solutions (NBS) – A concept pioneered by the International Union for Conservation of Nature (IUCN) that promotes the use nature and ecosystem services to address significant challenges like climate change, disaster risk reduction, food and water security, biodiversity loss and human health in the quest towards sustainable development.

Palm oil refinery effluent (PORE) – A by-product of refined CPO.

Riparian buffer zone – an area next to a stream, lake, or other body of water that protects water quality from the impact of adjacent land use.

Roundtable on Sustainable Palm Oil (RSPO) – A globally-recognised sustainable palm oil certification scheme.

Segregated and Identity Preserved (SG/IP) – An RSPO supply chain model that ensures RSPO-certified palm oil and its derivatives delivered to the end-user originate only from RSPO-certified sources.

Spent bleaching earth – Solid waste generated by degumming and bleaching crude palm oil (CPO) during the pre-treatment phase of the refining process.

Sustainability – A long-term balance between social, economic, and environmental objectives. It is often associated with sustainable development, defined as 'development that meets the needs of current generations without compromising the needs of future generations.'

Traceability – The ability to chronologically interrelate uniquely identifiable entities in a verifiable way. Traceability in palm oil helps establish a link between producers of sustainable products and end users of these products.

Universal Mill List (UML) – A global database of palm oil mill locations using data from processors, traders, consumer goods manufacturers, and the RSPO.

Unsafe act – A hazardous physical condition or circumstance, such as poor lighting, slippery floors, or faulty machines, that can lead to an accident.

Unsafe condition – A violation of an accepted safety procedure, including negligent behaviour, that can lead to an accident





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