

IOI Corporation Berhad

PUBLIC SUMMARY

4th Sustainability Consultation Forum (SCF), 1 August 2024 “Addressing the Impacts on Biodiversity and Ecosystem”

BACKGROUND

On 1 August 2024, IOI Corporation Berhad hosted its **4th Sustainability Consultation Forum (SCF)** titled “Addressing the Impacts on Biodiversity and Ecosystem” at IOI City Tower 2. The event was conducted in a hybrid format and brought together a diverse group of stakeholders. There were 63 participants, comprising 24 physical attendees and 39 online participants including representatives from: government bodies, civil society organisations (CSOs), IOI suppliers and customers, and IOI’s own operations. This forum marked a significant step in IOI’s ongoing commitment to sustainability and environmental stewardship.

To facilitate this important dialogue and ensure a comprehensive and informed approach, IOI engaged the Global Environment Centre (GEC), a Malaysian non-profit organisation with a 25-year history of successful multi-sectoral partnership in ecosystem protection and restoration projects.

The first objective of this SCF was to analyse the key impacts of IOI’s plantations and external factors on local biodiversity and surrounding ecosystems. Secondly, the forum sought to address the challenges associated with these impacts and to explore practical solutions for the protection and restoration of biodiversity and associated ecosystems. The discussions were intended to generate actionable insights and strategies to enhance conservation efforts and mitigate negative environmental impacts. Prior to the SCF, a series of interviews and surveys were undertaken with key stakeholders to identify key challenges and potential solutions for the management of biodiversity in and around IOI plantations. Based on the feedback, a focussed pre-read document was provided to all forum participants. The SCF was structured in two key sessions designed to secure stakeholder inputs on challenges and solutions for the protection of biodiversity and ecosystems.

Session 1, titled “Understanding the Threats, Impacts, and Challenges for Biodiversity and Ecosystems” focused on exploring and identifying the threats, impacts, and challenges faced by biodiversity in IOI plantations and associated landscapes. This session addressed various factors, including climate change and direct human actions, that negatively impacted biodiversity in IOI’s landscapes and challenged IOI’s long-term goal and targets for conserving biodiversity and ecosystems.

Session 2, on “Solutions for Biodiversity and Ecosystem Management” was aimed to identify possible practical solutions to the issues identified in the first session. This session emphasised the importance of finding and implementing effective solutions to address the impacts and challenges, and sustain biodiversity and ecosystems and associated services in and around IOI’s plantation operations.

KEY DISCUSSION POINTS

Session 1: Understanding the Threats, Impacts, and Challenges for Biodiversity and Ecosystems

Session 1 concentrated on identifying and analysing threats, impacts, challenges and barriers, including climate change, on biodiversity in and around IOI plantations, and associated landscapes, that are negatively impacting IOI's long-term goals and targets to conserve biodiversity and ecosystems.

It was agreed that the biodiversity and ecosystems that occur in and around IOI plantations are vulnerable to a broad range of threats which tend to increase with expanding development of surrounding landscapes by external stakeholders as well as increasing population pressure and climate change. Although IOI has set its own policies such as the IOI Sustainability Policy and the No Deforestation, No New Planting on Peat and No Social Exploitation (NDPE) policy and has recently adopted the Biodiversity and Ecosystem Enhancement Guidelines – it is facing increasing challenges to maintain and restore ecosystems and biodiversity in its plantations and associated landscapes. Loss of biodiversity and natural ecosystems can also increase wildlife-human conflict and reduce access to ecosystem services that benefit IOI's operations. Loss of diversity and fertility in soils is also a major long-term challenge to the productivity of IOI plantations. This loss and degradation of biodiversity and ecosystems also negatively affect IOI's reputation and potentially market access.

Important threats to biodiversity identified by the forum included climate change; deforestation and fragmentation of landscapes; loss of critical habitats; disruption of wildlife corridors; forest and peatland fires; increased vulnerability to extreme weather events; and agrichemical runoff. Concerns were also raised about illegal logging and hunting of wildlife in some locations.

Participants felt that key future trends and risks that may impact biodiversity in and around IOI plantations are: increased rainfall and flooding; rising temperatures and risk of external fires near IOI estates; drought and sea level rise. Concerns were also raised about decreasing soil fertility; increasing pests and diseases and expanding development pressure in the landscapes.

Participants believed that these threats are contributing to serious impacts including: loss of rare, threatened and endangered (RTE) species; increasing human-wildlife conflicts; increasing floods and GHG emissions; and loss of aquatic resources and water supply for local communities. Some stakeholders raised concerns on pollution of rivers and reduced palm oil productivity.

The main challenges and barriers to conserving biodiversity in and around IOI plantations were identified by participants to be:

- Inadequate communication with local stakeholders including other plantations and local communities;
- inadequate understanding by different stakeholders on the importance of biodiversity;
- lack of landscape conservation plans or common framework to work with government agencies.

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Some stakeholders felt that insufficient funding or training for staff, workers and suppliers was also an important barrier especially in some locations.

Session 2: Solutions for Biodiversity and Ecosystem Management

Session 2 concentrated on developing practical solutions to the impacts and challenges identified in Session 1.

Finding and implementing appropriate solutions are important to enable IOI to meet its policy targets, maintain its sustainability certification, and ensure long-term market access for its products. IOI has committed through its Biodiversity and Ecosystem Enhancement Guidelines, to the protection and enhancement of biodiversity and natural ecosystems in and around its estates. Biodiversity is one of the main components that needs to be conserved and protected for a balanced ecosystem with the protection of all rare, threatened, and endangered (RTE) species.

The four top priorities identified to enhance biodiversity were: protecting High Conservation Value Areas (HCVAs); restoring degraded areas; implementing sustainable land management practices; and effectively evaluating and monitoring biodiversity. Other important strategies identified included: establishing wildlife corridors; reducing pesticide and herbicide use; and increasing the use of native plant species.

The landscapes around IOIs plantations can be rehabilitated by restoring or replanting degraded areas and wildlife corridors; helping to create community-conserved areas and undertaking community-based fire prevention programmes. Other ideas included phasing out the planting of oil palm in flood-prone areas and supporting local communities in enhancing sustainable livelihood options.

Participants felt that the specific risks of climate change could be reduced by IOI developing a climate risk reduction plan for key landscapes important for biodiversity; restoring natural habitats in flood-prone areas; enhancing catchment management to respond to extreme rainfall events and droughts; and enhancing agroforestry and circular economy, both within plantations and for adjacent communities. Climate adaptation approaches were briefly explored such as improving ground cover crops, protecting soil health and fertility; enhancing erosion control to prevent soil loss, maintaining water quality, and addressing water scarcity.

The Forum agreed that the most important measure for IOI to enhance its ability to conserve biodiversity was to scale up the implementation of IOI's Biodiversity and Ecosystem Enhancement Guidelines; educate local communities on the benefits of biodiversity and ecosystem conservation; provide additional training for IOI staff on biodiversity conservation; train the local community to minimise wildlife-human conflicts; and enhance the monitoring of results of the biodiversity management measures. Some participants highlighted the need to increase the allocation of funds to estates and landscapes for biodiversity conservation and enhance forest and wildlife monitoring by workers and communities.

One additional important suggestion was to address long-term soil fertility challenges by adopting regenerative agriculture techniques, which also offer significant benefits for

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biodiversity and ecosystem functions. These techniques include enhancing soil health and diversity of soil micro-organisms; increasing carbon sequestration or reducing carbon emission; and promoting biodiversity conservation through methods such as agroforestry, crop rotation, and reduced use of synthetic chemicals.

Support for smallholders to transition to sustainable practices was another key topic. The forum also discussed the provision of resources, education, and training to smallholders to help them adopt more environmentally friendly practices, thereby contributing to biodiversity conservation and the overall sustainability of the industry. Additionally, the forum noted integrated cropping and symbiotic cultivation approaches, such as bee cultivation and mixed-crop planting, which could enhance income and climate resilience for plantations and smallholders. Rehabilitation of buffer zones, steep slopes, flood-prone areas, and peatlands could also contribute to IOI's Net Zero objectives as well as contribute to national emission reduction targets.

Financing for biodiversity and ecosystem rehabilitation projects was discussed, with suggestions to secure or establish funds, including biodiversity credits and increase sponsorships through Corporate Social Responsibility (CSR) activities.

The major threats, challenges and barriers, as well as prioritised solutions ranked by the forum participants (in descending order of importance) are as listed in the table below.

Major Threats, Challenges and Barriers	Top Solutions
What are the key threats to biodiversity ecosystem in and around IOI plantation? i. Deforestation and fragmentation, ii. Loss of critical habitats, iii. Forest and peatland fires, iv. Increase vulnerability to extreme weather events, v. Agrochemical runoff	How can IOI rehabilitate surrounding landscape? i. Restore or replant degraded areas ii. Restore or enhance wildlife corridors iii. Create community conserved areas iv. Undertake community-based fire prevention programme
What are key future trends and risks that may impact biodiversity in and around IOI plantations? i. Increase rainfall and flooding, ii. Rising temperatures increasing the risk of fires, iii. Drought, iv. Sea level rise	How can IOI reduce the risks of climate change: i. Develop climate risk reduction plan, ii. Ecosystem restoration in flood-prone areas, iii. Enhance catchment management, iv. Encourage agroforestry and circular economy
What are the most serious impacts because of the threats to biodiversity ecosystem in and around IOI plantations? i. Loss of rare, threatened and endangered species, ii. Increasing human-wildlife conflicts, iii. Increasing floods, iv. Increasing greenhouse gas emission, v. Loss of aquatic resources and water supply for communities	How can IOI enhance capacity to conserve biodiversity: i. Scale-up the implementation of IOI Biodiversity and Ecosystem Enhancement Guidelines, ii. Educate local communities on benefits of biodiversity and ecosystems, iii. Training sessions for staff and workers for biodiversity conservation,

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Major Threats, Challenges and Barriers	Top Solutions
	<ul style="list-style-type: none">iv. Enhance tracking and monitoring system for biodiversity,v. Undertake community training to minimise wildlife conflicts
<p>What are the challenges and barriers to conserving biodiversity and ecosystems in and around IOI plantations?</p> <ul style="list-style-type: none">i. Conflicts with local stakeholders,ii. Inadequate understanding of importance of biodiversity,iii. Lack of common framework to work with government agencies,iv. Lack of landscape conservation plan	<p>How can IOI better engage stakeholders in conservation activities:</p> <ul style="list-style-type: none">i. Support nearby communities in sustainable livelihood options,ii. Collaboration with neighbouring land owners,iii. Establish multi-stakeholder landscape partnership,iv. Organise regular stakeholder meetings

RECOMMENDATIONS

Based on the deliberations in the Forum, some key recommendations were made including:

- i. Enhance and scale-up the implementation of the existing IOI Guidelines for Biodiversity and Ecosystem Enhancement through allocation of additional resources and improving internal as well as stakeholder capacity.
- ii. Develop clear plans for biodiversity conservation at landscape level and actively engage local stakeholders in the implementation (e.g. conservation activities at Kinabatangan and South Ketapang landscapes).
- iii. Identify and protect all HCVA's and wildlife corridors in and around the plantations and work with local stakeholders to reduce the risk of human-wildlife conflicts.
- iv. Improve biodiversity conservation within estates through regenerative agriculture practices to enhance soil biodiversity and fertility and reduce the risk of pests and diseases (e.g. implementing organic planting practices).
- v. Enhance the rehabilitation of buffer zones, peatlands, steep-lands, and catchments to provide wildlife habitat and enhance resilience to climate change (e.g. rehabilitation of buffer areas near Kinabatangan area).
- vi. Document and showcase some of the applicable best practices and lessons learned from successful biodiversity conservation activities.

To support these goals effectively, several key strategies were recommended. This includes: providing support to nearby communities through resources, education, and training for sustainable livelihood options to promote local involvement in conservation efforts and improve community well-being; and collaborating with neighbouring landowners to facilitate coordinated conservation initiatives and address shared challenges across landscapes.