

# Message from Our GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE

*Dear Stakeholders,*

As at end June 2024, global temperatures during the past few months have risen above last year's readings and year 2024 promises to outrank 2023 as the hottest year on record. In fact, climate change has resulted in this year's average global temperature exceeding the 1.5 deg. C limit outlined in the Paris Agreement on climate change. As a responsible and sustainable corporation, IOI aspires to do our part in combating climate change by addressing various societal and environmental issues, and have taken up the challenge of achieving net zero by the year 2040.

**DATO' LEE YEOW CHOR**  
Group Managing Director and Chief Executive



Riparian reserve in Meliau Estate, Sabah



Solar panels installed on the rooftops @ IOI Oleo Prai

Understanding the amount of ESG data that needs to be recorded and analysed to appropriately understand their impacts, we introduced the "IOI ESG" digital platform. This digital platform streamlines the collection, calculation, and consolidation of our sustainability data in a centralised repository with real-time monitoring and analytical capabilities. IOI ESG also supports data auditability and reporting that adheres to both Malaysian and global standards, and frameworks like Bursa Malaysia, GRI, TCFD, etc.

### DECARBONISATION PATHWAY TO NET ZERO (Details in pages 42-53)

When IOI first introduced our CCAi in 2019, we started to develop a decarbonisation pathway. Resource and waste utilisation have been an important component of this decarbonisation pathway.

Besides our palm wood venture which started commercial production early this year, we have recently partnered with Nextgreen Global Berhad to develop a 150,000 tonne/ year paper pulp plant using Empty Fruit Bunch ("EFB") as the raw material. We continue to generate renewable energy using the methane captured from our palm oil mill effluent ("POME") which is one of the largest contributors of GHG emissions in our plantation operations. There are also other initiatives such as replacing diesel-powered agricultural machines with electric-powered machines, rooftop solar power generation and conversion of the effluent in our manufacturing facilities to fertilisers. I am pleased to announce that as at end June 2024, we have already achieved our short-term goal of reducing the GHG emission intensity of our operations by 40% in 2025 when compared to 2015 baseline.

Where our Scope 3 emissions are concerned, the mapping of our supply chain will enable us to understand the impact of our suppliers' GHG emissions on our net zero target. We will introduce policies and guidelines on decarbonisation to help our suppliers navigate the pathway to net zero with us.

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Partnered with Nextgreen Global Berhad to develop a **150,000** tonne/ year paper pulp plant using EFB as the raw material



**Established** and funded the Women Empowerment Committees across the headquarters' office, plantations, and manufacturing facilities within the Group

## MESSAGE FROM OUR GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE

### ON SUSTAINABLE AGRICULTURE, MANAGING NATURAL RESOURCES AND ENHANCING BIODIVERSITY

(Details in pages 56-66)

As an agriculture-based company, managing our natural resources well is at the heart of our operational success. In Malaysia, we are the pioneer in producing organic palm oil on a plantation scale and have recently received certification from RSPO for our organic palm oil. The lessons learnt in managing the organic plantation are invaluable to further improve our best management practices in our plantation operations.

In FY2024, IOI introduced our nature-based solutions approach. Part of this nature-based solutions approach is to establish a carbon sequestration baseline for all forested and non-forested conservation areas within IOI's concessions. This baseline will then allow us to develop our reforestation and rehabilitation programs to increase the biodiversity and carbon sequestration value of these conservation areas.

Our philosophy of valuing natural resources is extended to our resource-based manufacturing division as well. To reduce the consumption of water, we recycle our processed water and harvest rain water for non-critical usage.

We are also cognizant of our operations' dependencies and impacts on biodiversity and the ecosystems. Our various initiatives for reforestation and rehabilitation at forest buffers and riparian zones having been making good progress over the years. Recently, we set aside 284 ha in one of our plantations in Lahad Datu for conservation due to its rich biodiversity. The area has been found to have two near-threatened bird species and two vulnerable mammalia, namely sambar deer and bearded pig.

In Peninsular Malaysia, we are currently working in collaboration with Management and Ecology of Malaysian Elephants ("MEME") in planting an alternative food source for the elephants which is at the boundary of our estates.



Some of the wildlife found within our set-aside areas

“ We are the pioneer in producing organic palm oil on plantation scale. ”

### ENHANCING EMPLOYEE WELLBEING AND RESPECTING EMPLOYEE RIGHTS

(Details in pages 70-81)

At IOI, we have established appropriate policies and taken actions to protect the health and safety of our workers. We noticed that climate change has been causing more frequent and extreme heatwaves which particularly impact our plantation workers. The extensive introduction of mechanisation within our plantation operations has resulted in reduced physical labour and lower exposure to sun and heat for our workers, while increasing their productivity and enabling them to earn higher wages. We have also undertaken an online assessment of a pre-alert grievance system for our workers. This assessment enables clear and actionable monitoring of their working conditions and wellbeing.

We continue in our effort to ensure that our recruitment process does not allow exploitation of our workers by conducting audits based on an adapted version of ILO's Global Business Network Toolkit for Conducting Due Diligence. So far, we have completed one round of third-party audits on our recruitment agents in Indonesia, Nepal, and India. To empower our women employees, we established and funded the Women Empowerment Committees across the headquarter's office, plantations, and manufacturing facilities within the Group.

### Moving Forward

With the completion of our Five-year (2020-2024) Strategic Plan by the end of this year, the new strategic plan to be tabled next year will have sustainability more firmly integrated into our strategy. This is in line with the recently revised and renamed IOI Group Sustainability Policy ("IOISP"), which was previously known as IOI Group Sustainable Palm Oil Policy. The strengthened IOISP incorporates more explicit sustainability requirements such as strong governance, climate change mitigation and adaptation, net zero, etc., and covers business operations beyond palm oil.

Central to all that we have attained in our sustainability journey is the zeal and commitment of the IOI teams from around the world. As we transition towards net zero, we are conscious that we are not just navigating the present, but also actively contributing to shaping the future of our next generations. We look forward to your support in taking this meaningful journey together.



Mayvin Palm Oil Mill - Sandakan Region