

Performance on IOI FIVE-YEAR STRATEGIC PRIORITIES



Mechanised Geo Sprayer for pest control

IOI first introduced our Five-Year Strategic Priorities in 2020 to provide a clear direction for the Group to become a high value-added and diversified palm-based products producer with the objective of increasing our resilience while remaining a competitive industry player. When considering each strategic priority, aside from the business targets, IOI has ensured that sustainability continues to be one of the core requirements in the development of these strategic business priorities.

Strategic Priority 1- Increase Yield

The growing global demand for palm oil, pushed mainly by increase in global population, is likely to drive further need for this strategic commodity. The targeting of increased yield per hectare reduces IOI's immediate need for land expansion, which may have environmental impact such as increased GHG emission from land use change ("LUC"). Furthermore, in alignment with the UN SDG 2 - Zero Hunger, IOI is committed to increasing our yields as part of our efforts to contribute to a sustainable global food security. Throughout the past 5 years, our achievements towards this goal include:

Achieving oil extraction rate ("OER") higher than the Malaysian average (19.9%) through planting high-yielding clonal palms and superior third-generation hybrid palm seedlings, which can achieve OER up to 23%-25%.

Utilisation of geographical information system ("GIS") technology and drones as part of IOI's Precision Agriculture practices to assess field performance, track yield and monitor our plantations to increase yield, through the optimisation of resource use.

Electronic plantation monitoring system ("ePMS") assists in monitoring the quality of harvested Fresh Fruit Bunches ("FFB").

Integrating the mechanised mainline FFB evacuation system with the mechanical assisted infield collection to assist estates for efficient crop evacuation and ensure traceability of FFB from every field and origin.

Implementation of mechanisation which reduces harvesting intervals, resulting in improved freshness of FFB, reduced losses, and increased yield by an average of 1 MT FFB/ ha groupwide.

Strategic Priority 2- Optimise Workforce

As highlighted in our IOISP, we are committed to upholding the human rights of our workforce together with ensuring the care and wellbeing of our workers. A key component to achieving this priority is automation and digitalisation for some of our processes as well as to increase mechanisation within our operations. These initiatives can contribute both to improved working conditions with increased productivity, and subsequently, increased income among our workers. In addition, upskilling of our workers generally leads to enhanced performance in their jobs.

Automation in our resource-based manufacturing, including digitalisation and data automation in both the Refinery and Oleochemical divisions, helps our operators monitor the performance of multiple facilities simultaneously, ensuring real-time oversight of critical processes. This approach aligns with the Fourth Industrial Revolution (IR 4.0), which focuses on automation and data exchange in manufacturing technologies and processes.

Mechanisation reduces physical labour while enhancing worker productivity. Overall, it boosts workforce efficiency across IOI plantations, helping to achieve the ideal land-labour ratio with an average of 1:9 ha.

An example of successful mechanisation is the implementation of the Mini Tractor Grabber ("MTG") at our estates, which has achieved a targeted harvester ratio ranging from 1:20 to 1:23 ha compared to conventional harvesting.

Mechanisation will increase workers' productivity and eventually enable them to earn better wages. For example, MTG implementation at some of our estates allowed a harvester to increase his earnings by more than 20%.

Continuous training is provided to our estates' personnel helps to upskill our workers and provide job specialisation, such as training on using mechanisation and digitalisation such as ePMS and the new IOI ESG Digital Sustainability Data Collection Platform to increase efficiency and productivity of our workforce. This in turn, can potentially widen our pool of workers to include locals to work in the plantation, reducing our dependencies on foreign labour.

Strategic Priority 3- Diversify Crops

IOI recognizes the importance of biodiversity and its ecosystem to our agricultural business. For example, the increased variety of plants results in a wider range of insects and microorganisms, creating a more complex and resilient ecosystem. Natural predators that are attracted to the diverse ecosystem can, in turn, be used as a biological control for this ecosystem. Crop diversification is one of our regenerative agriculture practices, through which we seek to enhance biodiversity within our operations.

Intercropping of different cash crops, such as banana (568 ha) and pineapple (49 ha), with coconut (3,131 ha) and durian (87 ha) contribute to improved soil structure and microbial diversity, which are fundamental for supporting diverse plant and animal life.

Enhanced biodiversity and pollinator habitats meant the availability of pollen and nectar throughout the year.

Successfully certified 1,128 ha of organically grown oil palm planting at our Pamol Kluang estates, which contributes towards enriching soil biodiversity and health, disruption of disease cycles, as well as reduce outbreaks and the need for chemical controls.



Signage to indicate organic palm planting

PERFORMANCE ON IOI FIVE-YEAR STRATEGIC PRIORITIES

Strategic Priority 4- Increase the Non-Crude Palm Oil (“CPO”) Segment

IOI embraces a “no-waste” culture throughout our business operations via managing our natural resources and having waste management plans. We adopted the practice of circular economy by implementing the 7Rs (“Rethink, Repurpose, Reduce, Reuse, Recycle, Repair, and Recover”) of Circularity.

Utilisation of oil palm trunks (“OPT”) to produce a higher value-added product like palm wood implements the principle of circularity by deriving revenue from a biomass generally used in burning or composting. IOI Palm Wood’s facilities have the capacity to produce up to 80,000 m³ palm-based wood products per annum.

Throughout the palm wood production process, we also attempt to minimise wastage by repairing lower grade materials into higher grade, and saleable products.

Nextgreen IOI Pulp has the capacity to produce 150,000 MT per annum of paper pulp from EFB using the patented Preconditioning Refiner Chemical-Recycle Bleached Mechanised Pulp (“PRC-RBMP”) technology by converting biomass into sustainable value-added products.

Biogas from methane capture plants at our mills are used as renewable fuel to replace fossil fuels as source of energy contributes to reduction of GHG emissions.

IOI generates revenue by selling biomass such as Palm Kernel Shell (“PKS”) from our Plantation mills that can be used as raw materials in other industries. For example, the PKS sold to some of our third-party buyers have been used as activated carbon in filtration process.

Waste products from our operations such as Spent Bleaching Earth (“SBE”) and Palm Fatty Acid Distillate (“PFAD”) from IOI Refinery are sold to third parties for biodiesel production, while boiler ash is also sold to be used in producing fertilisers.



IOI employees inspecting one of our Oleochemical facilities in Germany

Strategic Priority 5- Grow the Oleochemical Segment

One of the ways to grow our oleochemical segment is by expanding the certified sustainable palm oil products.

In FY2024, 13% of total Oleochemical sales were RSPO-certified products consisting of Mass Balance (“MB”) and Segregated (“SG”) grades such as fatty acids based on customer demand.

Established a new production plant at IOI Acidchem in Prai, able to produce 350 MT/ Day of Fatty Acids and 60 MT/Day of USP Glycerine which are sold as more sustainable alternatives to animal fats and petrochemicals.

Sold our side-stream product such as crude Glycerine gel as material for producing biogas and fertilisers to reduce bio-waste disposal through implementation of circularity.