



**IOI GROUP**

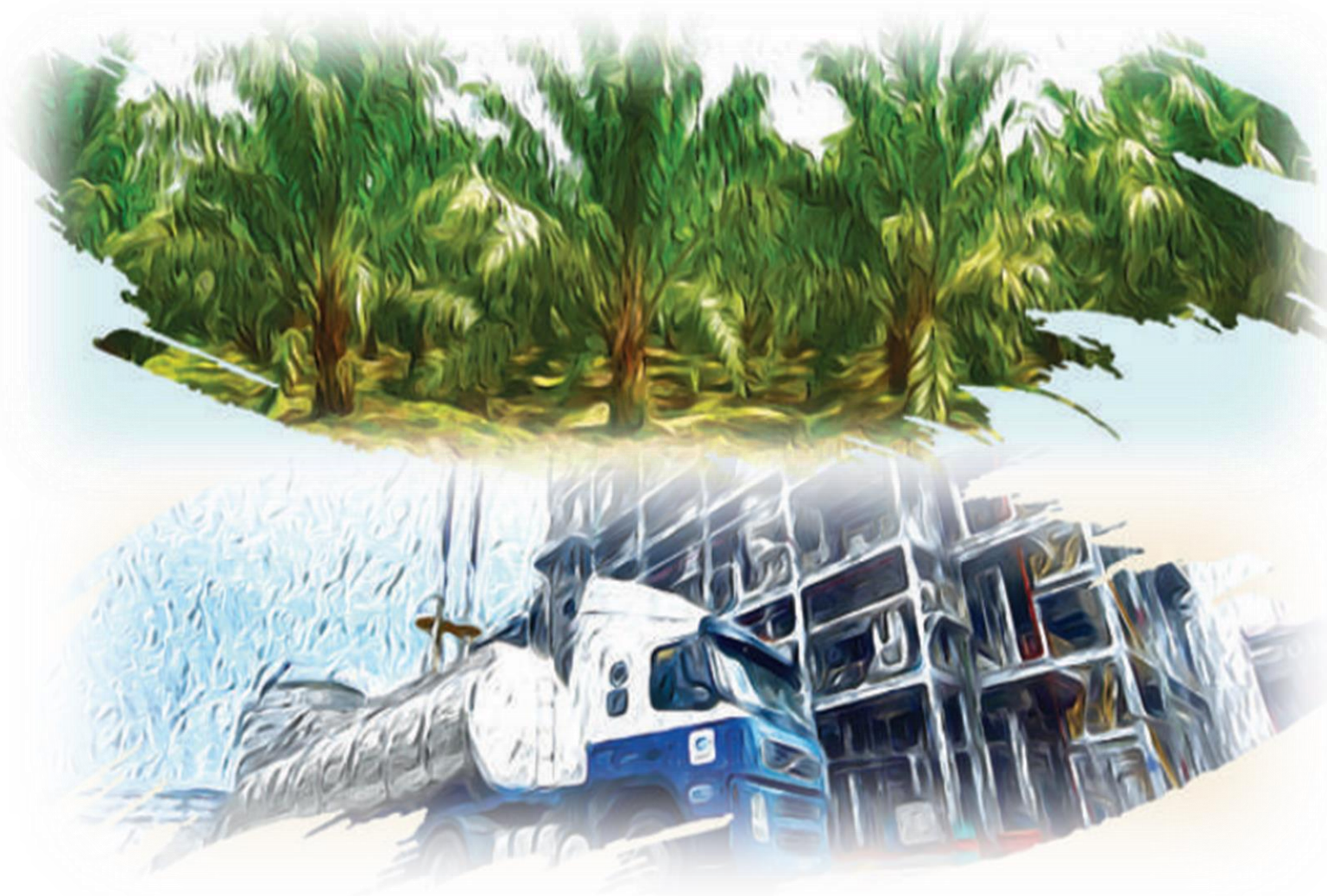


# **IOI CORPORATION BERHAD**

## **FY2025**

# Introduction to IOI

A leading global integrated & sustainable palm oil group with upstream and downstream operations



Founded in 1969

Plantation company on  
Bursa Malaysia with  
market capitalisation of  
RM24 billion as of 31  
December 2024

28,000 employees

Global presence in 8  
countries across 4  
continents

## Key information

Total planted area<sup>(1)</sup>  
**176,202 Ha**

Total FFB production  
**2.80m MT**

Operating Units  
**98 estates & 14 mills**  
**(RSPO)**  
**(Malaysia & Indonesia)**

R&D Capabilities  
**4 R&D centers &**  
**1 Bio-Tech center**



## Key Competitive Strengths

- Strong agronomy capabilities & estate management practices.
- IOI Palm Biotech is a leading tissue culture facility producing high-yielding planting material.
- 100% of Malaysian plantations<sup>(2)</sup> are both **RSPO** and **MSPO** certified.

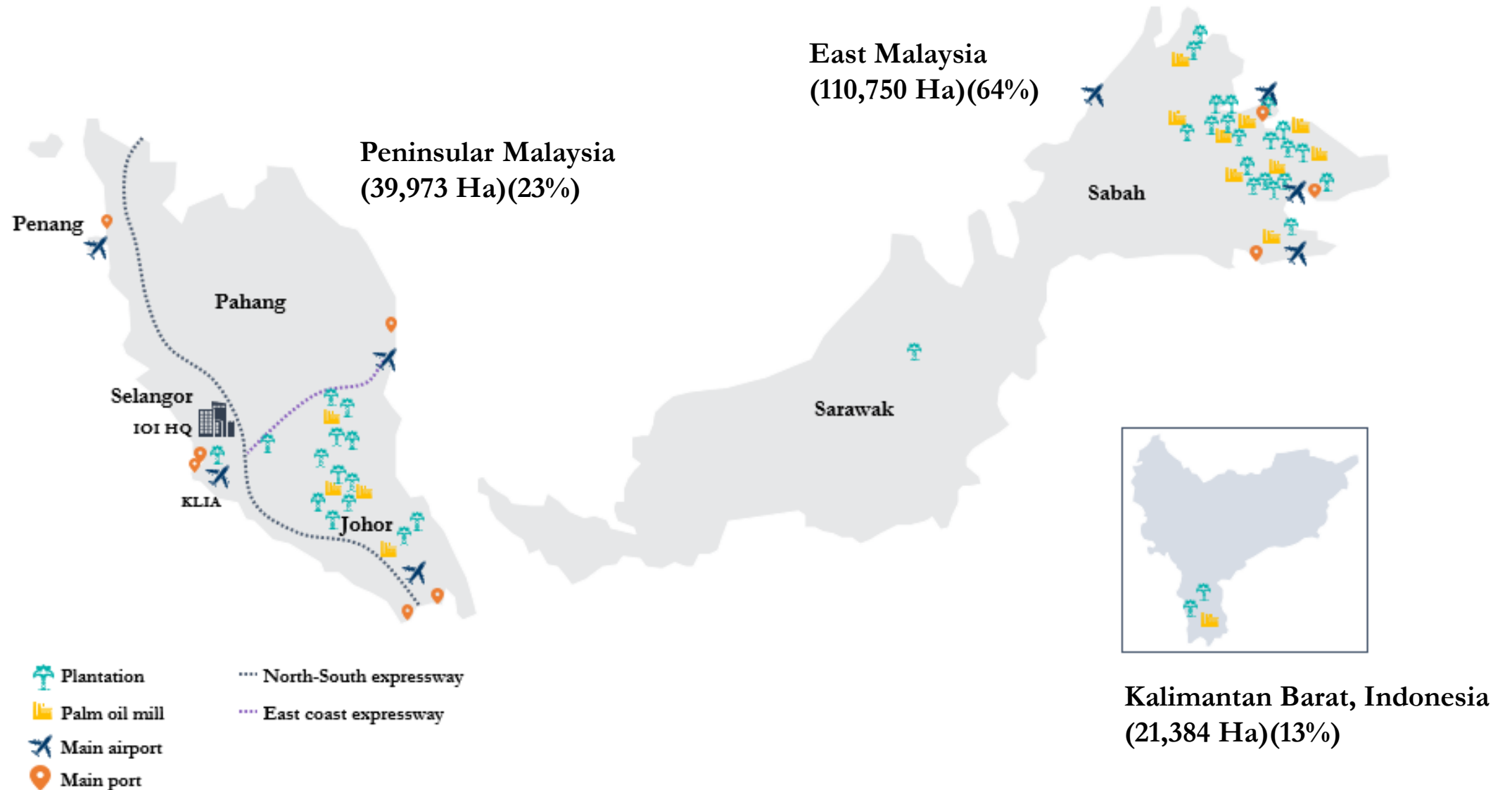


Holds **32.1%** interest in an associate company, Bumitama Agri Ltd, which has a planted nucleus area of 130,567 ha as at 30 June 2023 (effective interest is approx. **41,900** ha).

(1) Excludes those owned by associate companies

(2) Excluding Serawak concessions, which are 1% of total group planted area

# Plantation Overview: Location of Plantation Operations



The resource-based manufacturing business comprises refining, oleochemical and food ingredients sub-segments

## Key information

Refining capacity  
**1.8m MT/year**

Oleochemical capacity  
**890k MT/year**

**6** Manufacturing facilities (in Malaysia and Germany)

## Key Competitive Strengths

- **Largest** fatty acids producer in Malaysia.
- Refineries are 100% **RSPO, MSPO & ISCC certified**.
- **Pioneer** and **first** in the industry to manufacture palm based oleochemical products.
- Established global partnerships with food, pharmaceutical and cosmetic MNCs with export to over **80** countries worldwide.



Our presence in food ingredients sub-segment is represented by Bunge Loders Croklaan, a 20%-owned associate company

## Key information



Specialty oils and fats capacity  
**1.1m MT/year**

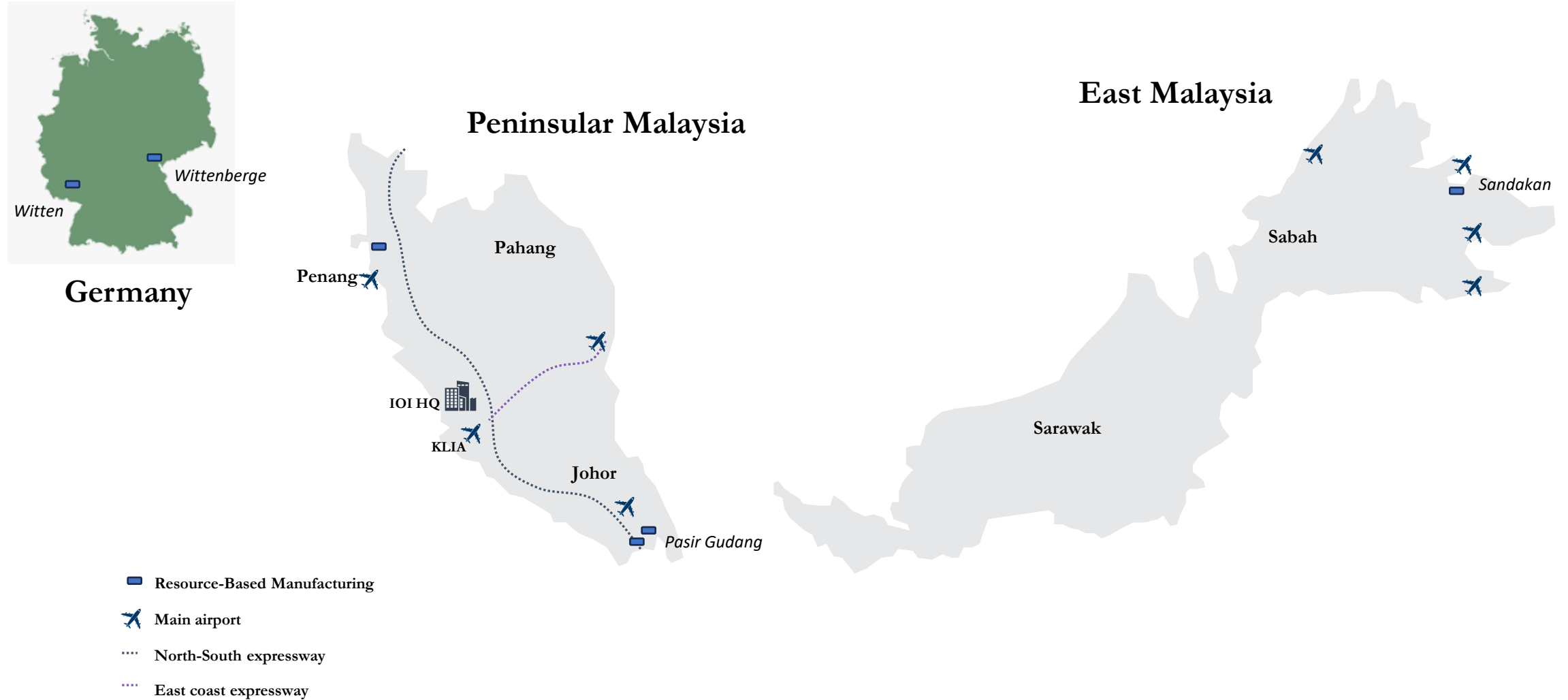
**6** Manufacturing facilities (in Malaysia, Netherlands, USA, Canada, Ghana and China)

## Key Competitive Strengths

- **Global leader** in sustainable plant-based for the food manufacturing industry.
- Market leader in **infant nutrition**, particularly infant milk formula designed to match mothers' milk fat closely.



# Resource-Based Manufacturing: Location of Manufacturing Facilities



Through our determination to innovate and create value, and with a steadfast focus on operational excellence and sustainability

## New Strategic Priorities

A roadmap towards a competitive and growth oriented strategy, and to move IOI higher in the value chain (more innovative products and offerings).

### Strategic Priority #1 Product Portfolio Expansion



Strengthen our product portfolio in high value end markets

### Strategic Priority #2 Innovation



Focus on innovation to provide differentiated offerings to customers for value added niche applications

### Strategic Priority #3 Productivity & Quality



Increase productivity and quality to be cost efficient and a reliable supplier

### Strategic Priority #4 Sustainability & Climate Initiatives



Enhance our resilience and reputation through sustainability and climate initiatives

## Portfolio Strategy

### Investing in Winners

(Higher value end market & application)

1. Pharmaceutical
2. Personal Care
3. Nutrition  
(functional & nutraceutical)
4. Renewables  
(bio-based & renewable solutions)
5. Agri Science

Invest to fuel growth and in capabilities to reinforce differentiation and leadership positions

### Maximizing the Core

1. Plantation
2. Refinery & Commodity Marketing
3. Oleochemicals

Efficiently manage to maximise performance & invest for growth & competitiveness

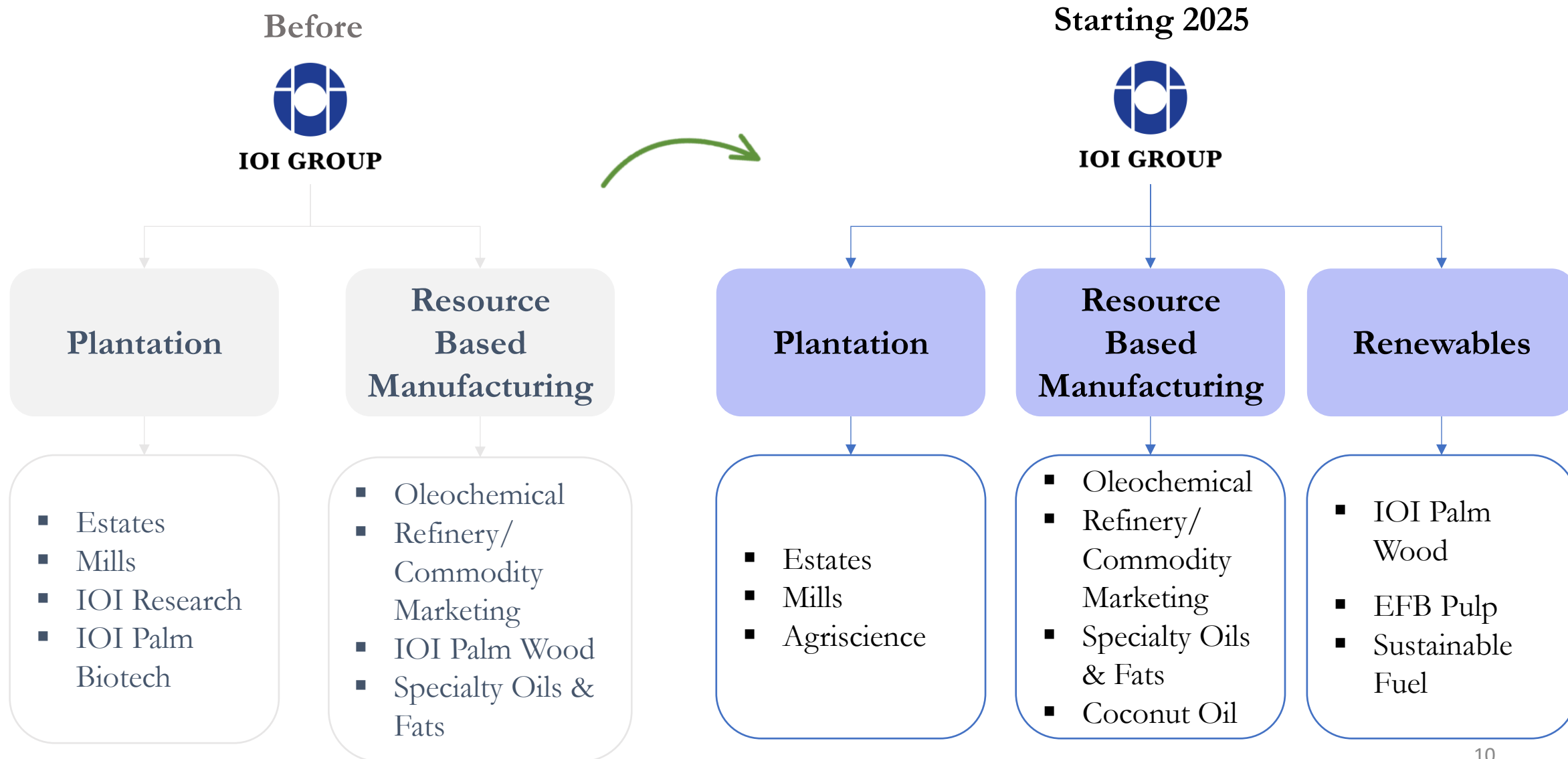
### Extending into Adjacent High-Growth Businesses

1. Invest in new high-growth businesses that have potential to turn into tomorrow's core businesses (eg: Agritech, foodtech, new energy)

Monitor new high-growth investments and step up participation when the investments mature

# Strategic Priority 1 : Product Portfolio Expansion

## Realigning Organisational Structure



# Strategic Priority 1 : Product Portfolio Expansion

## Key Initiatives

Strengthen our product portfolio in high value end markets



### **Venture into production of coconut oil & water**

Up to 200,000 nuts/day production facility



### **Extend organic product offerings**

Palm/lauric and by-products



### **Advance Agri Science development**

- Expand high-yielding seed production by 25%
- Commence commercial production of Ganoderma-tolerant seed



### **Expand pharmaceutical & personal care product portfolio**

through innovation and M&A/partnerships. Strengthen market position through patented ingredients



### **Build Renewables business**

- Build 150,000 mt EFB pulp production facility
- Develop high value OPT (oil palm trunk) products and improve product margins

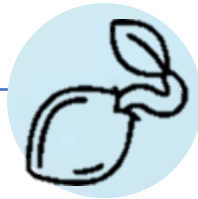
## Key Initiatives

Focus on innovation to provide differentiated offerings to customers for value added niche applications



**Expand organic oil  
palm plantation**

from 1,100ha to 3,500 ha



**Development of  
new generation  
seed materials**

Selection of 4th  
generation mother palm



**Strengthen refining  
processes for  
premium products**



**Enhance  
oleochemicals product  
differentiation**

## Key Initiatives

### Enhance productivity and quality in **Plantation**

#### Achieve high oil yield

Malaysia : 5.0 - 6.0 mt/ha  
Indonesia : 4.5 - 6.0 mt/ha  
(depending on plantation age and terrain)



30% of mature  
area planted with  
elite clonal palms



Maximize crop  
recovery

#### Achieve high land to labor ratio

Peninsular 1:11.5, Sabah 1:10,  
Indonesia 1:8.5



Further reduce  
workforce by  
10 to 20%



Accelerate mechanization in  
estates.

- Malaysia: 80% infield & 70% upkeep
- Indonesia: 60% mainline

#### Produce good quality and low contaminant **CPO**



- FFA below 3.5%
- DOBI above 2.5
- Chloride below 1.0 ppm
- MOSH below 10.0 ppm
- MOAH below 2.0 ppm

## Key Initiatives (cont'd)

Enhance productivity and quality in **Resource-based Manufacturing**

### Increase plant utilisation & improve operational efficiency



Increase  
oleochemical plant  
utilisation to 90%  
(fatty acid, soap  
noodle)



Implement  
automation &  
digitalisation for  
greater efficiency

### Produce good quality end products



- Low contaminants (MOSH, MOAH) refined palm products
- Compliance with quality standards such as HACCP, GMP and API

### Customer intimacy, value selling & applications support



- Rationalise and digitalise key account management
- Build technical expertise in commercial teams

## Key Initiatives

Enhance our differentiation & resilience through climate initiatives

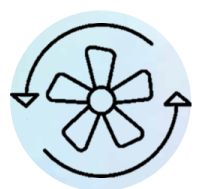
### Increase usage of renewable energy & improve energy efficiency



Solar panel installation  
in remote estates & all  
manufacturing plants



- Biogas power plants in 80% of the mills
- Maximise usage of biogas for power generation & steam production



Improve energy efficiency in  
manufacturing plants (heat  
recovery, reduction in natural  
gas, high efficiency motors)



Install biomass power plants  
using EFB pellets & wood  
chips as fuel

### Towards Achieving Net Zero by 2040

- Carbon reduction and water recycling investments
- Carbon sequestration through rehabilitation and reforestation in conservation areas
- Achieve industry-leading ratings from governmental bodies and rating agencies

## *Sustainability as a Strategic Enabler*

### SUSTAINABILITY Business

Requires a longer-term focus and systems perspective on how its operations and businesses actions can impact the environment and society.



### Approach to Sustainability

### Adopted 6 UNSDGs most relevant to our business



IOI's Corporate Sustainability and 3 Pillars of Sustainability: A business strategy (economic pillar) for the **PROSPERITY** of the company (long-term growth) that works in harmony with **PEOPLE** & **PLANET** (3Ps).



## *Update on Policies, Regulations and Digitalization at IOI*



### POLICIES

- IOI Group Water Policy
- IOI Group Occupational Safety and Health (OSH) Policy
  - Continuous improvement of OSH management system
  - Setting up prioritisation and action plans
  - Programme(s) to address global health issues
  - Targets set to improve H&S performance



### REGULATIONS

- IOI's own plantations are RSPO IP/SG certified and fully compliant with EUDR requirements
- RSPO SG products are able to provide full assurance of compliance with EUDR requirements



### DIGITALIZATION

- Expanding IOI Mesra
- IOI ESG Platform
  - Configuration completed for key reporting frameworks (eg. Bursa, GRI, CDP), to assist in our disclosures
  - Track & monitor data (eg. GHG, energy, water, etc.)
  - Integration with IOI current SAP system

## *Metrics to measure IOI's sustainability practices*

### OUR SUSTAINABILITY GOVERNANCE STRUCTURE



## Key new commitments of the IOI Sustainability Policy *that incorporates evolving ESG conditions*

### Governance

- Additional statement on the board's direct involvement in overseeing the Group's sustainability matters through the BSC and the GSSC

### Compliance to Policies and Regulations

- Commitment towards compliance to RSPO, MSPO, ISCC, and ISPO as well as the Supply Chain certification standards for our Resource-Based Divisions and work to strengthen these standards

### Environment

- Implement decarbonisation programme to progressively reduce GHG emissions in line with IOI's Pathway to Net-Zero by 2040
- Protection of natural ecosystem and promote circularity
- Adopt environmentally friendly and energy efficient processes to ensure efficient use of natural resources and reduce environmental impact
- Practice responsible water stewardship in accordance with the IOI Group Water Policy

### Social

- Promote children's rights to ensure they are safe from harm and any form of exploitation

## *Specifically Strategic Priority #4*



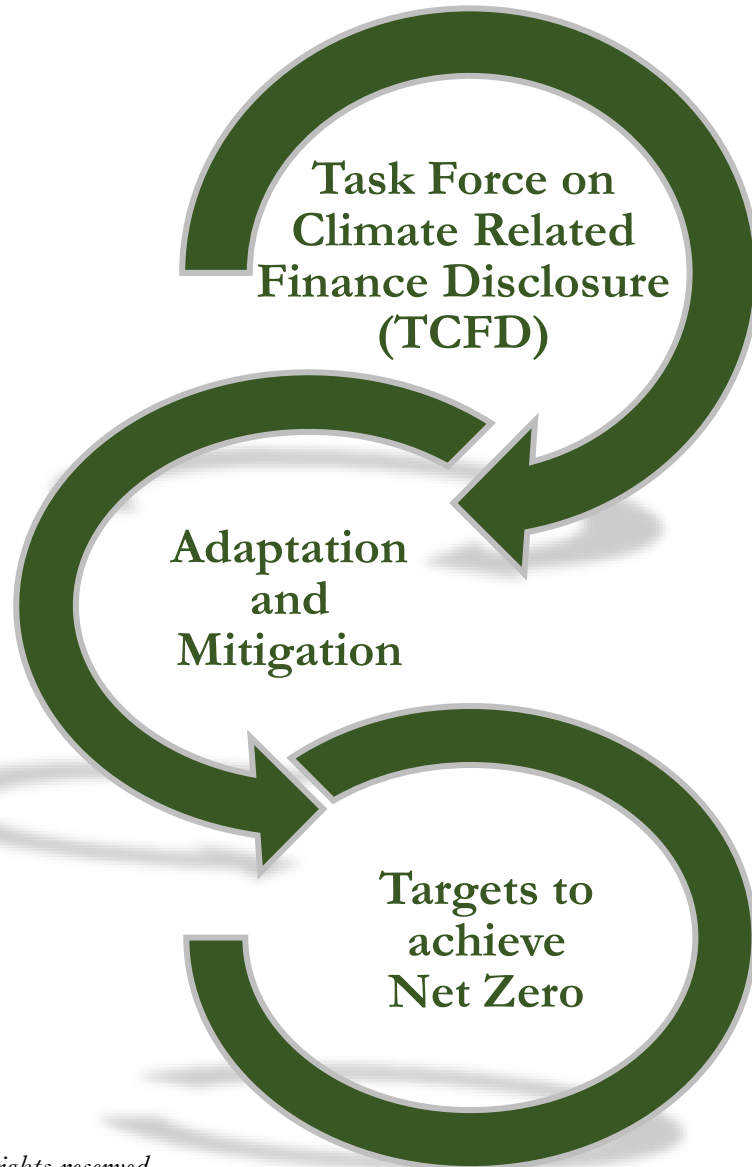
### SUSTAINABILITY & CLIMATE INITIATIVE

Lower our operational cost from Climate Transition Risk (Policy & Legal, Technology, Market and Reputation) and Physical Risks (Heat, Floods, Sea level, etc.)

Enhance our differentiation through climate initiatives

Transition to Net Zero

## *Decarbonization Pathway to Net Zero by 2040*



### ■ GOVERNANCE

- Climate related matter discussed at BSC
- Formation of Climate related Financial Disclosure Committee (CFDC)

### ■ STRATEGY

- Technology & Innovation
- Renewable Energy
- 7Rs of Circularity

### ■ IOI'S HOLISTIC CLIMATE TRANSITION ACTION PLAN:

Innovation & Technology; Improved efficiency & support actions throughout our operations; Nature-based Solution

- In 2024, **ACHIEVED 42% GHG REDUCTION** ahead of short-term target i.e. 40% GHG reduction by 2025

### ■ Some examples of how target was achieved:

- ✓ Methane captured from POME - used to run mills
- ✓ Use of Solar energy instead of fossil fuel in our operations
- ✓ Repurpose of OPT and EFB for eco-friendly products
- ✓ Recycling of effluent waste water for non-critical use
- ✓ Carbon Baseline on conservation areas to provide measurement of carbon sequestration



## *Enhanced Biodiversity and Ecosystem*



### **REGENERATIVE & PRECISION AGRICULTURE**

- Organic Palm Oil – 1,128 Ha certified
- Use of beneficial plants & animals in our estates
- Increased OER – ex. 25.2 % for Baturong Mill

### **SAFEGUARDING NATURAL ECOSYSTEMS**

- Circularity approach helping to manage non-hazardous waste:
  - ✓ 98% recycling rate in plantations: largely biomass in nature – OPT, EFB, PKS, etc.
  - ✓ For Oleochemical – increased recycling rate from 39% to 56% (FY2024) through the use of advanced process technologies to reduce chemical waste generation
- Collaboration with Tetra Pak to collect & recycle used beverage cartons

## *Enhanced Biodiversity and Ecosystem*



### ENHANCING BIODIVERSITY AND ECOSYSTEM

- Fire and Peat Management
- Bukit Leelau Mini Landscape Project – zero fires for the past 5 years
- ReLeaf Project - Reforest buffer zones within our estates for both environmental and enhance carbon sequestration
- Laran Tree Planting – setting aside 84 Ha of rehabilitated flood prone area at Syarimo estate that support biodiversity & increased carbon sequestration helping to achieve our climate goals

## *Enhancing our Wellbeing and Transitioning Together*

### PROTECTING OUR WORKFORCE

- **Preventing Forced Labor**
- **Harassment Free & Grievance Mechanism**
  - ✓ Increased housing inspection from 36% to 52% resulting in reduced complaints from workers from 64% to 48%
- **Ethical Recruitment & Responsible Employment**
  - ✓ Conducting 3<sup>rd</sup> party audit on recruitment agencies
- **Occupational Safety & Health**
  - ✓ All our refineries & oleochemical facilities plus 6 of our operating units in plantations are ISO45001:2018 certified

### UPLIFTING OUR PEOPLE

- **Women & Empowerment**
  - ✓ Launched IOI Group WEC
- **IOI Urban Garden**
  - ✓ Part of “Plant your own food” project
- **Just Transition**
  - ✓ Engaging employees on risks posed by climate change example on heat waves

## *Enhancing our Wellbeing and Transitioning Together*

### EXPANDING OUR IMPACT

- **FPIC**
  - Entered final phase of IOI Pelita resolution process
- **Eradicating child labour through education**
  - ✓ Benefitting 4,311 our workers children in Sabah

### SHARING PROSPERITY THROUGH IOI FOUNDATION

- **Community Development;**
  - ✓ IOI Leadership Youth Camp
  - ✓ Bargain Basement – contributed ~ RM1mil since 2016
- **Health & Education**
  - ✓ 348 scholarships
  - ✓ 1570 Students adopted via the student adoption program



**Thank You**