

MESSAGE FROM OUR GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE

Dear Stakeholders,

AGAINST A BACKDROP WHERE GLOBAL TRADE HAS BEEN IMPACTED BY GEOPOLITICAL SHIFTS, PROTECTIONISM AND NATURE'S CATASTROPHES, UNCERTAINTIES CONTINUE TO GROW. TOGETHER WITH RAPID TECHNOLOGICAL ADVANCEMENTS, DISRUPTIONS IN SUPPLY CHAINS AND POLITICAL UNRESTS, BUSINESSES MUST BE RESILIENT TO SURVIVE THESE CONSTANT CHALLENGES.



Dato' Lee Yeow Chor
Group Managing Director and Chief Executive ("GMD")



We have collaborated with a major telecommunication company to enhance internet connectivity for them by installing

81 communication towers

across our Malaysian plantations.



Established an IOI ESG Digitalisation platform

which provide real-time tracking and analysis of our sustainability-related data that is integrated with our SAP ERP platform for transparency, improved accuracy, and auditability.

DIGITALISATION AS AN ENABLING TOOL FOR SUSTAINABILITY (details in pages 16 - 17).

At IOI, our business resilience, with sustainability strategies firmly embedded within, is predicated by our agility to adapt to changes wrought by these challenges and evolving regulations in our export markets.

Our newly launched 5-year Strategic Roadmap (2025-2029) with a notable specific inclusion of **Sustainability and Climate Initiative** (Priority #4) is part of how IOI plans to address these uncertainties and stay ahead of the challenges faced. While sustainability itself has been firmly integrated within our businesses through our 3 pillars of sustainability People, Planet & Prosperity ("3Ps") for some time, the emphasis in our 5-year strategic roadmap helps to galvanise everybody in the Group towards this direction and shared goal.

Together with sustainability, digitalisation is considered another mega-trend in the 21st century. At IOI, we recognise that the convergence between digitalisation and sustainability has created exciting opportunities in laying the groundwork for achieving our sustainable development goals especially our net zero target.

IOI believe that the advent of the digitalisation era, particularly AI as an integral part of digitalisation requires us to adjust to yet another new normal. We started our journey as far back as 2018 by initiating a Group-wide SAP Enterprise Resource Planning ("ERP") system to enhance overall operational efficiency and to incorporate sustainability-related data. Fast forward to 2025, we have established an IOI ESG platform which provide real-time tracking and analysis of our sustainability-related data that is integrated with our SAP ERP platform for transparency, improved accuracy, and auditability.



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TOGETHER, MOVING TOWARDS CLIMATE POSITIVE (details in pages 48 - 59).

With our pledge of moving towards net zero by year 2040 firmly established since 2022, we have been ramping up our climate initiatives to reduce the GHG emissions from our business operations. We are happy to report that we have exceeded our short-term target of reducing our GHG emissions intensity from 2015 base year by 40% in FY2025 in recording an actual reduction of 46% in FY2025.

This year, we noted that the absolute Scope 2 GHG emissions for our Plantation Division has reduced from 5,430 MT CO₂e in FY2019 to only 68.5 MT CO₂e, which is about 1% of FY2019 level. This reduction is due in great part to the installation of 10 methane capture plants in our mills coupled with the installation of gas engines, together with the installation of solar panels for electricity at our remote estates.

For our downstream manufacturing segment, we have implemented various heat recovery and energy saving projects across our refineries and oleochemical plants to reduce GHG emissions as well.

TOGETHER, DRIVING NATURE POSITIVE IMPACTS (details in pages 62 - 71).

Understanding nature's importance means we need to advance practical solutions that can sustain a future where nature and humanity thrive together. In pursuing regenerative agriculture, we are targeting to expand our organic oil palm plantation from 1,100 hectares presently to 3,500 hectares in the year 2028.

We are actively involved in reversing nature loss where currently, 446 hectares of the conservation areas within our plantations is undergoing reforestation and rehabilitation. At the same time, we have undertaken a carbon sequestration baseline study for 10,700 hectares across our plantations which will help us to determine the carbon sequestration amount from our future reforestation and rehabilitation activities.

In our Sandakan refinery, the usage of palm biomass to replace fossil fuel for steam and power generation had reduced about 2,080 MT CO₂e of GHG emissions in FY2025. Approximately 85,300 m³ of effluent water has been treated and recycled for non-critical use in the refinery.

We have conducted Life-cycle Analysis ("LCA") for our refined palm oil and found that the global warming potential ("GWP") of our refined palm oil, after accounting for indirect land use change, is 2.21kg CO₂e/kg, lower than the industry average of 3.68kg CO₂e/kg. This is a strong indication that IOI's sustainability practices have reduced agricultural GHG emissions, leading to a reduction in climate impact.

TOGETHER, EMPOWERING PROGRESS WITH PURPOSE (details in pages 74 - 86).

We have always valued our workforce and the communities where we operate. IOI Plantation's partnership with Tetra Pak Malaysia in the used beverage carton recycling project has recently expanded to our plantations in Sabah and several schools there.

We continued our Child Education Initiative which has now reached 4,364 of our plantation workers' children in Sabah with a total investment of RM3.1 million in FY2025, covering school fees, meals, uniforms and other expenses in the HUMANA schools and Community Learning Centres. In another initiative to improve our workers' wellbeing in remote areas, we have collaborated with a major telecommunication company to enhance internet connectivity for them by installing 81 communication towers across our Malaysian plantations. The project started in July 2024 with completion targeted for Q3 2025.

To ensure compliance with local health and safety regulations and maintaining a safe and responsible work environment, all of our oleochemical plants underwent Sedex Members Ethical Trade Audit ("SMETA") audit by an independent third party. Finally, the IOI Group Safety and Health Policy ("IOISHP") was launched in December 2024. This policy extends protection to all employees, contractors, and visitors across our plantations, manufacturing facilities, and other company-managed operations.



MOVING FORWARD

The World Economic Forum Global Perception Survey 2024-2025 found that six out of ten global short-term risks are either environmental or social related. Therefore, it is imperative that we continue to stay true to our sustainability commitments of balancing the 3Ps and work collaboratively with other stakeholders through smart partnerships. With our new strategic priorities in place, we strongly believe that this will enable us to weather the constant change while allowing us to create opportunities and shape our future over the next five years. Grounded on our core values of integrity, commitment, team spirit, cost efficiency, innovation and excellence in execution, we will strive to become stronger and ever resilient

Together We Sustain

