

SUSTAINABILITY REPORT



ECONOMIC DISCLOSURES

Relevant Material Topics:

- Product Quality
- Product Traceability

UN SDG Linkage:



SDG 8: Decent Work and Economic Growth

Promote sustained economic growth and ensure productive employment through ethical business practices



SDG 9: Industry, Innovation, and Infrastructure

Invest in resilient infrastructure and drive innovation to enhance productivity and competitiveness



SDG 12: Responsible Consumption and Production

Support responsible value creation by integrating environmental and social sustainability initiatives throughout core operations

IPB's Aim:

Promoting sustainable agricultural practices to ensure long-term economic viability and growth for stakeholders

Sustainability and continued economic growth are deeply interconnected. By embedding sustainable practices into the IPB's economic strategies, the Group not only enhances its financial performance but also contributes to long-term environmental and social well-being.

Sustainable initiatives drive innovation and operational efficiency. At the same time, these efforts have economic impacts, resulting in cost savings, improved market competitiveness, and strengthened stakeholder relationships. The Group's dedication to sustainability also fosters resilience and adaptability to an ever-changing economic landscape. By proactively identifying and addressing environmental and social challenges, IPB mitigates risks and identifies new growth opportunities.

By integrating sustainability into its core business model, the Group ensures long-term economic success while contributing to national and global efforts towards a more sustainable future. This holistic approach underscores the belief that economic prosperity and sustainability are equally important to IPB's corporate strategy.

Achievements in FY2024:

OVERALL INCREASE
in FFB, CPO, and PK production

100%
local procurement

DIRECT AND INDIRECT ECONOMIC IMPACTS

IPB's daily business operations create direct economic value, consisting of revenues and profits. This revenue generation contributes to the local and national economy by creating more jobs, prioritising local suppliers, and paying taxes to the government. Since most of IPB's operations are located in rural areas, the Group's operations help develop communities located far from economic centres.

The Group also fosters indirect economic value through strategic investments in its stakeholders and partners, promoting ethical and sustainable business practices throughout its supply chain and business relationships.

SUSTAINABILITY REPORT

Economic Value	FY2022 (RM 'million)	FY2023 (RM 'million)	FY2024 (RM 'million)
Revenue	269.20	223.64	276.82
Total Monetary Value/Spend on Procurement	81.12	93.85	70.64
Total Payout in Salaries and Benefits	12.79	12.69	13.99
Taxes Paid to Government	65.43	47.16	56.20
Dividend Returns to Shareholders	105.35	45.49	57.70
Economic Value Retained (Profit After Tax)	82.62*	52.39*	86.55

*FY2022 and FY2023 figures for Economic Value Retained have been restated for a more accurate and comprehensive representation of financial performance

For a more detailed snapshot of the Group's FY2024 financial performance, readers can refer to the Management Discussion and Analysis section of the AR2024.

OPERATIONAL PERFORMANCE

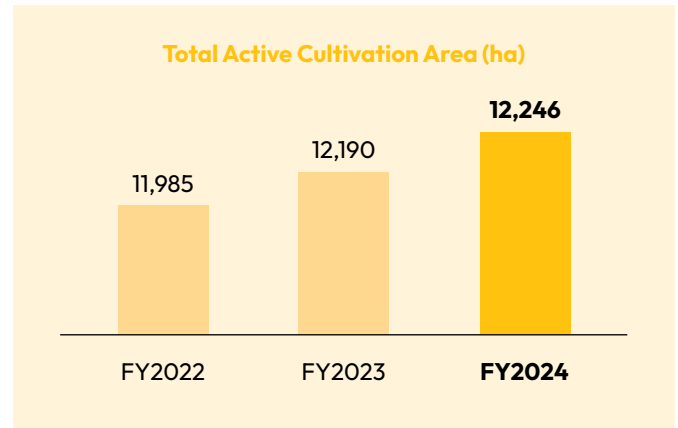
IPB's primary source of revenue is from the production of oil palm products which includes FFB, CPO, and PK.

Operational Performance	FY2022 (MT)	FY2023 (MT)	FY2024 (MT)
Production:			
FFB	245,189	271,493	275,124
CPO	48,196	54,467	58,881
PK	8,126	9,430	10,056

In FY2024, IPB recorded an increase in FFB production, primarily driven by the maturation of oil palm trees into their prime-yielding age. As these trees transition from the young mature stage to peak productivity, they naturally produce a higher volume of FFB. Despite the planted area remaining unchanged at 12,246 hectares, the improved age profile of the plantations has contributed to enhanced overall yield.

This increase in FFB production has directly influenced the growth in crude palm oil ("CPO") and palm kernel ("PK") output. Higher FFB availability, coupled with improved Oil Extraction Rate ("OER") and Kernel Extraction Rate ("KER"), has also resulted in greater efficiency in extracting palm oil and kernel from harvested fruits.

Notably, there has been no reallocation of land resources for alternative agricultural purposes. The increase in production is solely attributed to biological yield improvements and better extraction efficiencies, reinforcing IPB's commitment to sustainable plantation management and operational excellence.



ECONOMIC VALUE VS ENVIRONMENTAL FOOTPRINT

As the Group's primary source of revenue is centred around cultivating oil palm crops and processing CPO, most of the metrics used to calculate and track resource intensity are focused on these products. Water consumption is linked with the total plantation area as most of the Group's water consumption is utilised for irrigation, whereas electricity is mostly sourced from the Group's biomass power plant and biogas generators, converting oil palm waste to energy.

Details of the Group's environmental footprint relative to its economic output are shown below:

Absolute Figures	FY2022	FY2023	FY2024
Total Electricity Generated (kWh)	7,758,710	8,479,000	8,562,350
Total Electricity Intensity (kWh/MT product)	25.73*	25.28*	24.89
Total Water Consumption (Megalitre)	2,284.20	2,386.99	1,995.15
Total Water Intensity (Megalitre/ha)	0.19	0.19	0.16

*Electricity intensity for FY2022 and FY2023 have been restated for more accurate and comprehensive representation of performance.

More information on the Group's absolute environmental performance, strategies, and plans are provided in the Environmental Disclosures section.

SUSTAINABILITY REPORT

LOCAL PROCUREMENT AND SUPPLY CHAINS

In line with IPB’s dedication to generating economic value, the Group’s prioritisation of local suppliers minimises transportation distances, providing the Group with greater oversight and control over its supply chains, reducing transportation expenses and the waste and pollution associated with logistics.

Outside of the Group’s operations, prioritising local procurement supports the local economy and advances the socio-economic development of rural communities. This has a cascading effect that leads to the economic growth of the region, resulting in higher tax contributions to the country.

In IPB’s commitment to local procurement, the Group has maintained a completely local supplier base, totalling 345 suppliers for IPB and its subsidiaries.

PRODUCT QUALITY AND SATISFACTION

To nurture the growing demand for IPB’s products, the Group takes measures to ensure that all goods are produced with the highest quality. IPB enforces strict quality requirements on its CPO to provide customers with the best possible oil palm products available in the market. This quality control process is overseen by a dedicated lab team that operates within the Group’s mill, which is responsible for conducting meticulous quality checks throughout the entire production line to ensure that no sub-standard product will be shipped further downstream.

Despite its best efforts, the Group received four quality-related complaints from customers in FY2024. These complaints were primarily associated with Moisture and Impurity (“M&I”) levels that did not meet the specified compliance thresholds set by the customers. In order to preserve customer trust and ensure compliance with contractual obligations, a quality claim will be initiated for products that fail to meet the specified standards.

