



ENVIRONMENTAL DISCLOSURES

Relevant Material Topics:

- Waste and Effluents
- Water Consumption

UN SDG Linkage:



SDG 7: Affordable and Clean Energy

Enhance energy efficiency and drive renewable energy adoption to reduce reliance on fossil fuels



SDG 12: Responsible Consumption and Production

Adopt environmentally sustainable practices that support responsible consumption and production, ensuring a balanced and healthy ecosystem



SDG 13: Climate Action

Implement sustainable agricultural practices and reduce carbon emissions to mitigate climate change impacts



SDG 15: Life on Land

Promote biodiversity conservation and sustainable land management practices to protect natural ecosystems and prevent deforestation

IPB's Aim:

Fostering a holistic approach to environmental stewardship that promotes responsible resource consumption and minimises environmental harm

IPB's commitment to environmental stewardship is a fundamental aspect of its business strategy. The Group recognises that its operations have a significant impact on the natural environment and is committed to minimising this impact through comprehensive and proactive management practices.

Moving beyond compliance, IPB aims to set industry standards by adopting best practices in environmental conservation and management. Through collaboration with key stakeholders, the Group works towards a shared goal of ecological balance and sustainability.

Ultimately, this dedication is driven by a commitment to create lasting value for all stakeholders. As such, by embracing a culture of environmental sustainability, the Group demonstrates its commitment to protecting the environment and promoting sustainable development.

Achievements in FY2024:

95%
renewable energy
consumption

Conducted climate scenario
planning as part of a
**Climate Risk
Assessment Workshop**

More than 80%
of automotive
waste recycled

Approximately 11%
reduction in effluent
discharge

101,462 Trees
planted

654 hectares
of Laran tree planting

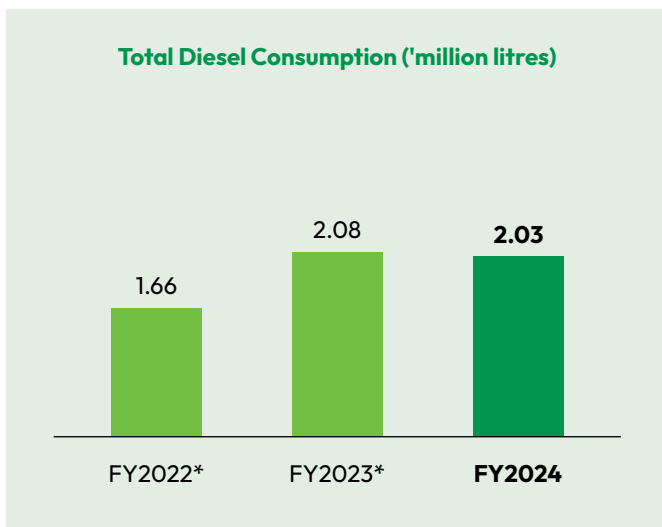
SUSTAINABILITY REPORT

ENERGY CONSUMPTION

IPB recognises the significance of energy consumption in its contribution to climate change. The Group has constantly monitored and made improvements on the energy consumption of its operations, launching initiatives such as continuous renewable energy adoption that have led to IPB becoming one of the most environmentally sustainable oil palm organisations in Malaysia.

DIRECT ENERGY CONSUMPTION

IPB’s direct energy consumption is primarily driven by diesel fuel, which powers the Group’s equipment and vehicles. However, diesel consumption has been reduced since the adoption of the Group’s biogas engines, which provide a more efficient and lower-emission alternative. However, IPB still relies on a backup diesel generator to handle surge power demand during the start-up and shutdown of the milling process as well as for emergency use in case there are issues with the biogas generator. This ensures there is a consistent supply of power that allows the Group to operate normally despite certain circumstances.



*Data from FY2022 and FY2023 have been restated

Diesel consumption figures for FY2022 and FY2023 have been restated to include usage by lorries under the Group’s Central Operation Unit, which was previously not captured. This adjustment allows for a more accurate and comprehensive picture of IPB’s energy consumption.

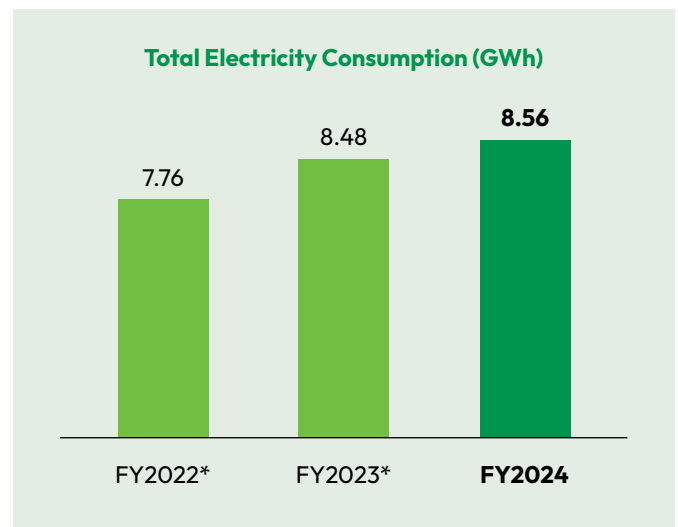
INDIRECT ENERGY CONSUMPTION

Indirect energy consumption is contributed by the Group’s electricity consumption throughout its operations. As IPB operates far from urban centres, the Group has limited access to the national electric grid and relies on renewable energy

generated from its biomass plants, biogas generators, and solar panels to power its operations. This reduces energy losses and additional costs from the development of long transmission lines while simultaneously reducing the Group’s Scope 2 emissions.

The main source of renewable energy in IPB is its 1.8 MW biomass power plant and 850 kW biogas generators that convert biomass and biomethane into usable energy. These are used to power the Group’s mill, as well as generate electricity for three estates, namely Imbak, Gunung Rara, and Labau. In FY2024, IPB’s renewable energy coverage was further increased with energy demands for the Luasong estate also being supplied by this renewable energy source. In addition to reducing transmission costs from sourcing energy from the national grid, the utilisation of bioenergy sources allows the Group to convert its oil palm waste into energy (more information in the Waste Management section).

Additionally, solar energy is also used to supplement the Group’s electricity consumption, primarily for streetlights along the main roads of its estates.

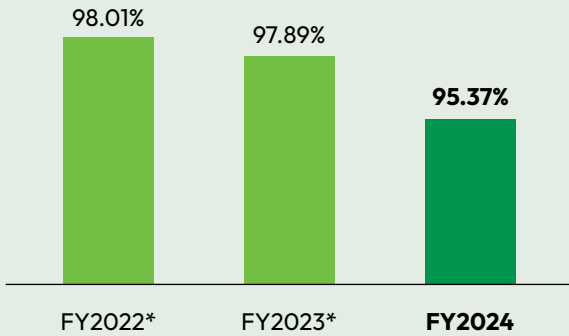


*Data from FY2022 and FY2023 have been restated due to double entry in the previous disclosure

Throughout the past three years, the Group’s renewable energy capacity was consistently above 90%, showing that the large majority of IPB’s electricity consumption comes from renewable sources. However, in FY2024, there was a slight dip to 95.37% following the temporary breakdown of the biogas engine. During this period, the Group had to rely on its backup diesel generators to ensure a consistent electricity supply throughout the mill and estates.

SUSTAINABILITY REPORT

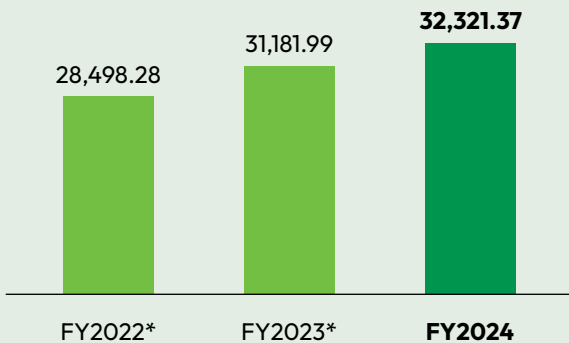
Renewable Energy Capacity



*Data from FY2022 and FY2023 have been recalculated due to double entry in the previous disclosure

The Group’s total energy consumption, consisting of both fuel and electricity throughout FY2024, was measured at 32,321.37 GJ (or 8,978.99 MW). This energy data has been following an upward trend in line with IPB’s growth, with overall energy consumption slightly increasing year-on-year – from 28,498.28 GJ (7,916.18 MW) and 31,181.99 GJ (8,661.43 MW) in FY2022 and FY2023 respectively.

Total Energy Consumption (GJ)



*Data from FY2022 and FY2023 have been recalculated to match the restated fuel and electricity figures

CLIMATE CHANGE AND EMISSIONS

Climate change is a pressing global issue, affecting not only the Group’s operations but the livelihoods of communities, with far-reaching impacts on the ability of flora and fauna to survive.

Thus, IPB is committed to minimising the impacts of climate change while simultaneously building the Group’s climate resilience.

As a player in the oil palm industry, IPB recognises that its operations are commonly perceived by stakeholders as a significant contributor to climate change. To mitigate this, the Group has enlisted numerous initiatives ranging from the utilisation of renewable energy to more sector-specific initiatives that align with the best management practices outlined by regulatory bodies such as the MSPO.

TASK FORCE ON CLIMATE-RELATED DISCLOSURE STATEMENT

In its dedication to improving the Group’s climate resilience, IPB has incorporated the Task Force on Climate-Related Financial Disclosures (“TCFD”) to identify, strategise, and address the climate risks encountered by the Group. The TCFD disclosures, developed during the Climate Risk Assessment (“CRA”) workshop in September 2024, enable IPB to prepare for potential physical and transition risks associated with climate change. This includes damages and disruptions caused by natural disasters, as well as the increasing regulatory compliance and market transition towards sustainable and low-carbon products.



Management-level employees attending a CRA workshop, facilitated by external ESG Consultants

Governance

IPB’s structured organisational framework enables effective governance over climate-related matters, led by the Group’s Sustainability Manager and overseen by the Executive Director, who also serves as the Head of Sustainability. In this leadership capacity, the Executive Director ensures that the Board of Directors (“Board”) is regularly informed of key developments, including climate-related risks, opportunities, and strategic initiatives. This high-level engagement facilitates timely, informed decision-making that aligns with both the Group’s operational needs and its broader sustainability goals.

SUSTAINABILITY REPORT

At the operational level, the Sustainability Manager works closely with departmental representatives to maintain ongoing communication and coordination on climate-related strategies. A key player in this process is the Quality Assurance Department, which acts as a vital link between the management and ground-level operations. This department ensures that strategic directives from the Board are effectively implemented while facilitating upward reporting of climate performance metrics and potential climate risks. This systematic flow of information reinforces accountability and enhances the Group’s ability to respond to emerging climate challenges.

By adopting this robust top-down governance structure, IPB is well-positioned not only to mitigate the potential impacts of climate change but also to capitalise on related opportunities. This approach strengthens both the Group’s operational resilience and its long-term sustainability performance.

For more information on IPB’s sustainability and climate governance structure, please refer to the sustainability governance structure section.

Strategy

Through the CRA workshop conducted in FY2024, IPB was able to identify the following climate risks likelihood of occurring over the short- (“S”), medium- (“M”), and long-term (“L”) time horizons, along with planned mitigation measures to prevent or control these issues, as shown below:

Identified Risks	Physical risks			Mitigation Measures
	Likelihood of Occurrence			
	S	M	L	
Extreme Precipitation and Flooding				
Inventory damage			✓	<ul style="list-style-type: none"> • Infrastructure: Conduct regular maintenance of drainage systems to prevent flooding and disease. • Natural Barriers: Creating forests to slow runoff, mitigating flash flood impacts. • Early Warning: Advanced weather monitoring systems to provide timely flood warnings. • Financial Protection: Expanded insurance to cover flood-related losses and damages.
Accommodation (housing) floods			✓	
Supply chain delays and disruptions	✓	✓	✓	
Road blockage (supply chain and workforce)	✓			
Propagation of diseases (e.g., dengue fever)	✓	✓	✓	
Rising Global Temperatures				
Overheating equipment			✓	<ul style="list-style-type: none"> • Soil Management: Mulching and efficient water use to optimise soil regulation. • Worker Management: Reduced work hours during extreme heat and schedule optimisation. • Fire Prevention: Improve monitoring systems and fire watch rotations to minimise fire risk.
Palm tree health deterioration	✓			
Increased occupational safety and health (“OSH”) issues	✓			
Lower productivity from heat exposure	✓	✓	✓	
Increased fire hazard	✓	✓	✓	
Drought and Water Scarcity				
Water unavailability for irrigation		✓		<ul style="list-style-type: none"> • Water Conservation: Tracking consumption, efficient milling, and water recycling to minimise demand. • Effluent Management: POME irrigation to recycle nutrients and reduce waste; Maintain regulatory compliance.
Water stress on crops	✓	✓	✓	
Higher procurement costs for alternative water sourcing	✓	✓	✓	

SUSTAINABILITY REPORT

Identified Risks	Transition			Mitigation Measures
	Likelihood of Occurrence			
	S	M	L	
Evolving Climate Regulations				
Increasing requirement for green-certified suppliers	✓	✓	✓	<ul style="list-style-type: none"> • Industrial Tree Plantations (“ITPs”): Continues expansion of ITPs for carbon sequestration. Planned creation of carbon credit facility. • Deforestation Prevention: Protect the forest and HCV species and targeting 90% vacant land restoration goal for reforestation. • Stakeholder Collaboration: Engagement with government agencies to stay updated with regulatory developments.
Carbon taxation			✓	
Higher interest rates due to climate risks			✓	
Fines for non-compliance			✓	
Delays in regulatory approvals			✓	
Rising Global Temperatures				
Higher capital expenditures for low-carbon equipment	✓	✓	✓	<ul style="list-style-type: none"> • Renewable Energy: Continuous implementation of biofuel from palm waste and solar panels. • Technology Integration: Optimise irrigation schedules with soil moisture sensors and weather stations optimise irrigation.
Increased costs and downtime for training	✓	✓	✓	

Beyond these identified risks and mitigation measures, the Group has created several additional initiatives aiming to remediate and prepare for the impact of climate change:

<p>Aligned practices as recommended by MSPO certification standards in oil palm best practices.</p>	<p>Invested in more research in climate-resilient oil palm cultivars that can withstand climate change and other changes in weather patterns.</p>	<p>Developed Disaster Preparedness Plans and Emergency Response strategies to equip employees with climate-mitigation techniques to better control the impacts of extreme weather events such as wildfires and floods.</p>
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The Group has also estimated the financial and operational impacts of climate change based on the Representative Concentration Pathway (“RCP”) 4.5 introduced by the Intergovernmental Panel on Climate Change (“IPCC”), and the Net Zero 2050 scenario by the Network for Greening the Financial System (“NGFS”) recognised by financial institutions and national banks across the globe. The details of both scenarios are shown below:

<p>RCP 4.5: A moderate emissions scenario with some mitigation efforts by entities across the globe, but not enough to achieve net zero carbon. This pathway projects 2-3°C warming by 2100 and carries moderate to high physical risks.</p>	<p>NGFS Net Zero 2050: A scenario aiming to limit global warming to 1.5°C by achieving net-zero CO2 emissions around 2050 through strict climate policies and technological advancements. This projection presents high transition risks.</p>
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SUSTAINABILITY REPORT

IPB estimated the financial and operational impacts under both scenarios, with various increments in risk severity to better equip the Group’s emergency response plans and build its climate resilience before such incidents occur. These incidents and response plans are shown below:

Scenarios	Severity Level	Impacts and Mitigation
Yield Reduction (Drought/Scarcity)	5%	<p>Negligible impact</p> <ul style="list-style-type: none"> • Lower revenue is within the expected range of productivity decrease. • Basic preventative measures like rainwater harvesting and water conservation pits can improve resilience. • Alternate water sources can be secured.
	10%	<p>Material impact on financial performance</p> <ul style="list-style-type: none"> • This may hamper the ability to fulfil customer demands and lower profit margins. • Crops may experience water stress. • Alternate water sources and more workers are needed.
	15%	<p>Significant impact</p> <ul style="list-style-type: none"> • Drastic measures are needed to ensure operations can resume while minimising financial losses. • Thorough preparation of watering equipment and securing alternate water sources is needed. • Lower overall yield productivity but prevent the death of crops. • May impact customer confidence and reduce mill efficiency. • Expenditures will need to be minimised by reducing staff and fertiliser dosage. • May require communication of the inability to fulfil demands, impacting brand image and trust.
Supply Chain Disruptions	1-5 days delays	<p>Negligible impact</p> <ul style="list-style-type: none"> • Harvested fruit can still be processed without considerable loss in quality. • Fruit spoilage begins, reducing oil quality. • Losses are manageable and have a negligible impact on finances. • Preventative measures like road infrastructure maintenance and contacting suppliers to manage delays are important.
	5-10 days delays	<p>Considerable impact on financial performance</p> <ul style="list-style-type: none"> • Increased FFA generation leads to oil yield losses during processing. • Reduces the quantity of processable fruit, lowering revenue and impacting production targets. • Upstream disruptions may cause shortages in critical supplies. • Material shortages can impact crop growth and yield long term.
	10+ days delays	<p>Significant impact</p> <ul style="list-style-type: none"> • High likelihood of rotting fruits and a potential halt in mill operations due to full storage tanks. • Plantations may halt operations, leading to significant financial and yield losses. • May disrupt the downstream value chain, eroding customer trust. • Immediate measures to alleviate the issue are needed, including fixing road blockages. • Alternate roads may be needed, shifting priority to meeting customer demands at the cost of financial losses. • Sourcing from diverse suppliers becomes an operational necessity.

SUSTAINABILITY REPORT

Scenarios	Severity Level	Impacts and Mitigation
Worker Productivity Reduction	1-10 days/ month	Negligible to Minimal Impact <ul style="list-style-type: none"> • Lost manhours can be covered by other workers. • Shortage of manpower needed to operate the plantation and mills. • Increased temperature will accelerate spoilage. • Reallocating more workers and providing more breaks can resolve this.
	10-15 days/ month	Moderate Impact <ul style="list-style-type: none"> • Losses from unprocessed crops and lower oil production will lower revenue. • Workers may become less vigilant, increasing the risk of accidents and quality issues. • More frequent rotations are needed, decreasing productivity, which increases downtime for transportation and travelling. • Reallocating staff and providing medical equipment to address health issues may be needed. • Adjusting work schedules to less physically demanding tasks and offering incentives may help.
	15+ days/ month	Significant Impact on operations <ul style="list-style-type: none"> • FFB spoilage will occur more frequently. • Mills will operate very inefficiently, causing a loss of revenue. • Higher expenditures to reduce heat-related injuries. • Lower worker morale, reducing productivity further. • Closure of sites, causing long-term yield losses and costs for cleanup. • This may cause difficulty in meeting production targets and impacting customer demand, which will impact the company's brand image.

Risk Management

IPB adopts a structured and pragmatic approach to managing climate-related risks, particularly those that may carry financial or operational implications. Aligned with the Group's governance framework, climate risks are first identified and monitored at the operational level by the Sustainability Manager in close collaboration with representatives from various departments. These assessments are grounded in real-time, on-the-ground insights, allowing for the timely detection of emerging issues.

When a climate risk is assessed to be material in nature, it is escalated to the Executive Director, who functions as the Head of Sustainability. The Executive Director ensures that the matter is deliberated with the same level of scrutiny as other strategic or financial risks. If necessary, the issue is further escalated to the Board for high-level strategic direction and decision-making.

This tiered escalation mechanism enables the Group to proactively address climate risks through targeted, department-led initiatives. These initiatives are designed to mitigate the impact of the risk while preserving operational continuity. Once implemented, each initiative is closely monitored, with progress and effectiveness periodically reported back to management. This feedback loop allows IPB to evaluate whether further intervention is required, ensuring a responsive and adaptive approach to climate risk management across all levels of the organisation.

SUSTAINABILITY REPORT

Metrics and Targets

The Group accounts for Scope One, Two, and Three greenhouse gas (“GHG”) emissions as part of its monitoring and commitment to reducing climate change impacts. The calculated emissions from each GHG scope are defined below:

Scope 1 Emissions

Contributed by fuel consumption and combustion from the Group’s vehicle fleet and fuel reserves. This encapsulates all vehicles, which includes FFB and CPO-carrying vehicles and others used for maintenance and harvesting work.

Scope 2 Emissions

Derived from electricity sourced from the national grid. As IPB’s mill and estates are located in rural areas, the Group has opted for a 100% renewable electricity source, obtaining all its electricity demands from the Group’s in-house bioenergy sources and solar panels. This results in the Group emitting no Scope 2 emissions.

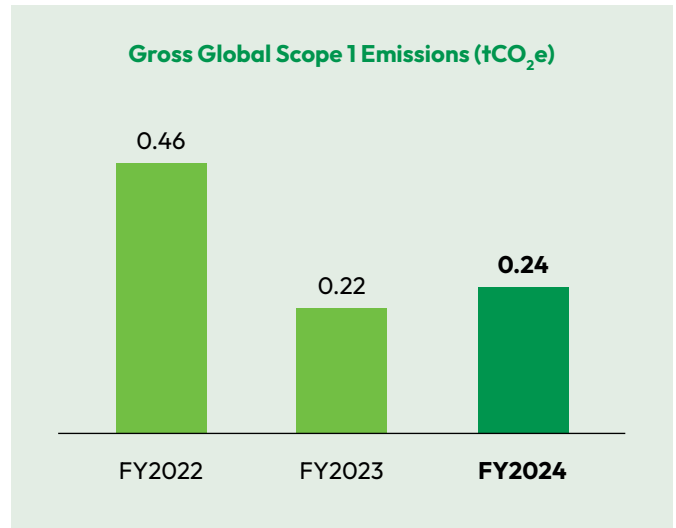
Scope 3 Emissions

Calculated from employee commuting and business travel.

In FY2024, IPB’s Scope One carbon emissions were calculated by the Roundtable for Sustainable Palm Oil (“RSPO”) GHG Calculator. Scope Three emissions were calculated based on the Intergovernmental Panel on Climate Change (“IPCC”) Sixth Assessment Report (“AR6”) and the GHG Protocol.

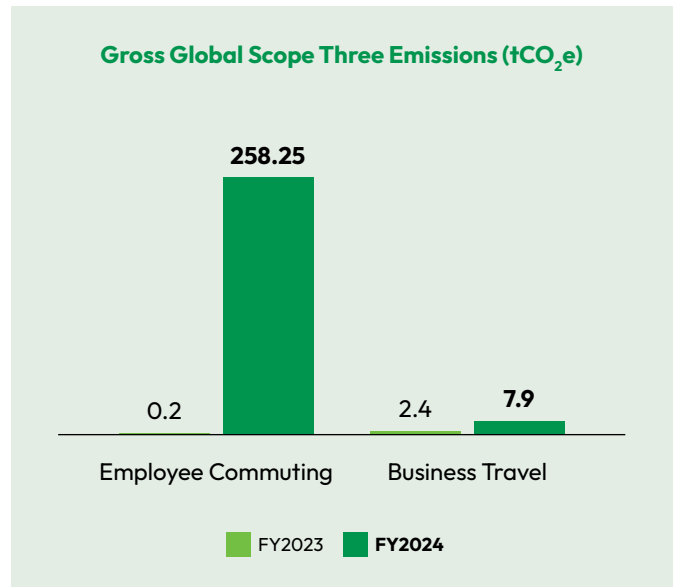
EMISSIONS PERFORMANCE

IPB’s emissions have mostly remained unchanged compared to the previous year. The Group’s fleet of vehicles and equipment are mostly unchanged, resulting in minor changes in Scope One emissions. Meanwhile, Scope Two emissions remain non-existent as the Group sources all of its electricity needs from renewable energy sources.



Note: Emissions calculations were from the RSPO Palm GHG Calculator

In FY2024, IPB expanded the scope of its carbon reporting to further enhance the comprehensiveness of its GHG emissions accounting. This included the incorporation of additional Scope Three emission sources, specifically focusing on fuel consumption from employees travelling between the Group’s headquarters in Tawau and its various estate locations. As a result of this expanded coverage, there was a notable increase in reported Scope Three emissions, particularly in the Employee Commuting category.



SUSTAINABILITY REPORT

EMISSIONS MANAGEMENT

IPB has continued to engage in initiatives that address climate change, aligning its efforts with the commitments made by the Malaysian government. This is evident through the Group's allocation of resources towards minimising emissions and enhancing operational efficiency. A key outcome of these financial investments is the development of a biogas generator that captures methane emissions from palm oil mill effluent ("POME") and converts them into electricity. This move has enabled the Group to fully offset its Scope Two emissions by eliminating its dependence on the national electricity grid.

Additionally, the biogas system has significantly reduced Scope One emissions as well by displacing the use of diesel-powered generators, which are now only used during emergency scenarios such as scheduled maintenance or temporary outages. This shift underscores IPB's proactive approach to integrating low-carbon technologies into core operations and reducing its overall emissions footprint.



● The Group's biogas generator

Human capital development also plays a vital role in IPB's emission management strategy. The Group actively provides training and capacity-building programmes to ensure that employees across all levels understand and support the Group's sustainability objectives. This creates a workforce that is both aware and capable of driving emissions reduction and environmental compliance.

Beyond reducing emissions, IPB is also committed to enhancing carbon sequestration through reforestation efforts. Under this initiative, *Laran* trees (*Neolamarckia cadamba*) are systematically planted in suitable vacant areas throughout its estates, with the long-term goal of planting 1 million trees by FY2026. These trees not only absorb atmospheric carbon but also contribute to soil regeneration and ecosystem restoration.

To address non-carbon airborne emissions, IPB has also implemented Vortex Separation ("VORSEP") technology in its boilers. This advanced system utilises multiple vertical cyclone cones to capture fine particulate matter from boiler flue gases. With this technology, the Group effectively keeps particulate emissions below the Department of Environment's ("DOE") threshold of 150 mg/m³, ensuring full compliance with national air quality regulations while enhancing operational performance.

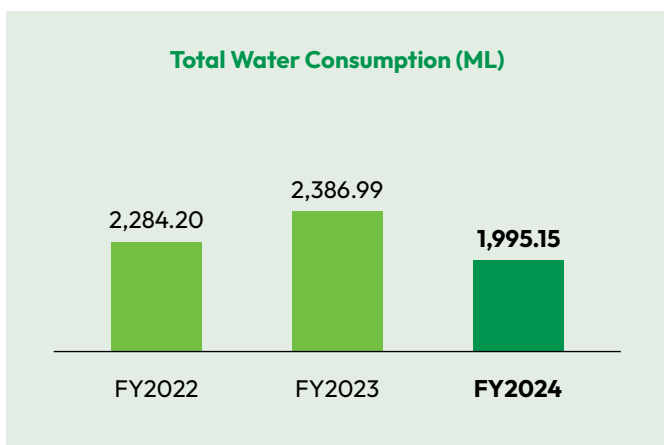
Overall, the Group continues to prioritise the adoption of energy-efficient equipment, responsible land and waste management, and consistent environmental monitoring and reporting. These efforts are embedded within a broader emissions management framework that emphasises both reduction and mitigation. Through these multifaceted efforts, IPB continues to strengthen its emissions management capabilities, contributing meaningfully to both climate resilience and national sustainability targets.

WATER MANAGEMENT

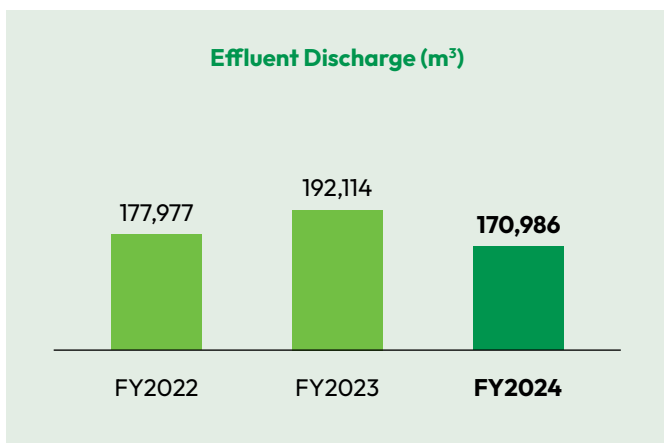
As oil palm cultivation is water-intensive, IPB acknowledges that effective water management is essential not only for optimising crop yields and reducing costs but also for safeguarding local ecosystems. Oil palm trees require a consistent water supply to maximise productivity, directly influencing the Group's revenue. At the same time, proper water management mitigates environmental risks such as pollution, habitat degradation, and water scarcity that could impact both biodiversity and nearby communities. To ensure compliance and avoid regulatory penalties, IPB aligns all practices with environmental regulations, particularly the MSPO standards, integrating water stewardship into daily operations.

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Operating in remote areas, IPB relies entirely on surface water sources like Sungai Imbok and surrounding water conservation zones, all located in non-water-stressed areas, reducing drought-related risks. The Group conducts daily monitoring of water use and continuously enhances efficiency through initiatives such as upgrading milling systems to minimise water use, recycling treated POME, using recycled water in CPO extraction, and harvesting rainwater for non-potable purposes. On the estates, moisture retention is improved using cover crops and mulching. These integrated strategies, aligned with MSPO best practices, underscore IPB's ongoing commitment to sustainable water resource management.



In addition to managing water consumption efficiently, the Group has several initiatives targeting effluent management. The effluents generated from IPB's operations are mostly derived from the milling process for CPO production. These mill effluents are systematically redirected to designated land for irrigation, facilitating nutrient recycling and establishing a closed-loop system. This strategy not only enhances waste and resource reduction but also allows the Group to utilise effluent waste as fertiliser. IPB is vigilant in maintaining compliance with the regulatory standards to ensure that the physical and chemical contents inside the Group's effluents remain within the established limits. Furthermore, IPB conducts its mill desludging activities with careful planning on an annual basis, highlighting the Group's dedication to responsible effluent management.



WASTE MANAGEMENT

In IPB's dedication to establishing a circular economy, the Group has developed numerous waste initiatives that aim to minimise waste disposal and utilise byproducts in other areas of the Group's operations. Not only does this safeguard the environment, but proper waste management also safeguards the health of employees and the health of nearby flora and fauna preventing pollution and reducing the odds of disease propagation from unmanaged waste.

The Group further affirms this commitment through its comprehensive waste management policies that promote principles of circular economy to employees and act as a guideline to reduce IPB's waste-related environmental impacts, simultaneously maintaining compliance with the relevant regulatory bodies. This is disseminated to employees through the Group's training programmes, regularly communicated to keep all staff updated with ongoing waste management developments. Employees are also encouraged to participate in waste reduction and efficiency initiatives, cultivating a culture of sustainability. In line with initiatives that promote sustainable behaviour, IPB provides incentives and creates recycling programmes while setting recycling rates that aim to maximise employee participation in sustainable waste management practices.

To ensure a better assessment of the Group's waste performance, IPB has developed a waste identification data sheet outlining the source, disposal method, and other relevant information for each waste type. Waste is constantly monitored through checklists and real-time metrics in addition to the datasheet to ensure that all operations have proper waste management implementations in place.

Particular attention is given to scheduled waste due to its hazardous nature. This includes the proper handling and disposal of potentially toxic materials such as used lubricants, agrochemicals, and other by-products that could pose risks to both the environment and the health and safety of IPB's workforce. All scheduled waste is stored in clearly designated containment areas at each site, with safety protocols in place to prevent leakage, contamination, or accidental exposure. IPB engages DOE-registered contractors for the periodic collection and disposal of such waste, ensuring that it is disposed of according to regulatory guidelines. Additionally, IPB actively explores opportunities to reduce waste generation and promote reuse wherever feasible. For example, in FY2024, the Group successfully recycled over 80% of its automotive waste, demonstrating its commitment to circular economy principles and resource efficiency.

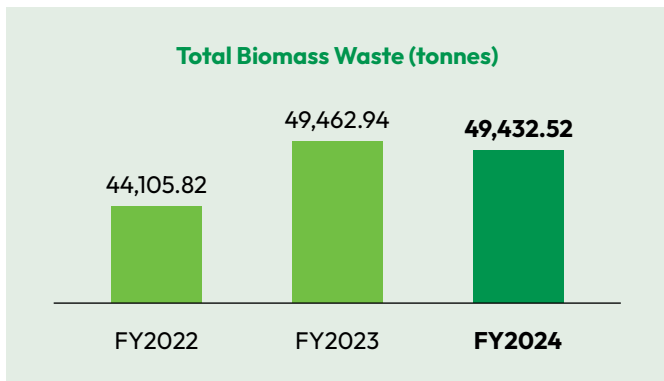
SUSTAINABILITY REPORT

As of FY2024, the Group has established a three-year benchmark on its waste performance, shown below:



Despite an increase in waste due to population growth and the upgrade of workers' housing quarters to permanent structures, IPB's waste management performance reflects its commitment to ongoing improvement. In FY2023, IPB initiated its waste recycling initiatives as a strategy to minimise disposal. As a result, 360kg or close to 10% of the total solid waste has been recycled.

As IPB processes FFB, the Group generates a considerable amount of biomass waste in the form of shell, fibre, and other wastes from its milling activities. In line with the Group's commitment to achieving circularity, the Group has repurposed 100% of this waste to serve as feedstock for energy production in boiler operations.



Looking ahead, the Group has already established internal targets to improve recycling rates. To support these targets, the Group plans to enhance awareness and participation in FY2025 by conducting training sessions on recyclable items and implementing a Recycling Collection Day programme across all operational units. These initiatives aim to strengthen waste segregation practices and embed a culture of responsible waste management throughout the organisation by ensuring that almost all employees actively participate in the Group's waste reduction efforts.

RESOURCE MANAGEMENT

IPB's commitment to environmental stewardship extends to effective resource management. This not only reduces environmental impacts associated with the production and use of materials but also maximises profits by reducing material expenditures. Some of IPB's products that have the most substantial environmental impacts include agrochemicals such as fertilisers, pesticides, and herbicides. While they significantly boost crop growth and yield, eliminating the need for plantation expansion to remain competitive, they are known to contribute to pollution, nutrient leaching, and greenhouse gas emissions from the release of nitrous oxide into the atmosphere.

The Group's efforts to proper resource management align with standards such as the MSPO certification. This is done through its integrated pest management ("IPM") which reduces IPB's reliance on agrochemicals. IPB also actively invests in research that advances the Group's sustainability in areas such as agricultural management, infrastructure, and other eco-friendly approaches. Among these research initiatives, IPB is exploring the applicability of sustainable agrochemical substitutes such as biopesticides and biofertilisers. Employees and stakeholders are also updated on sustainable resource management through communication and training programmes.



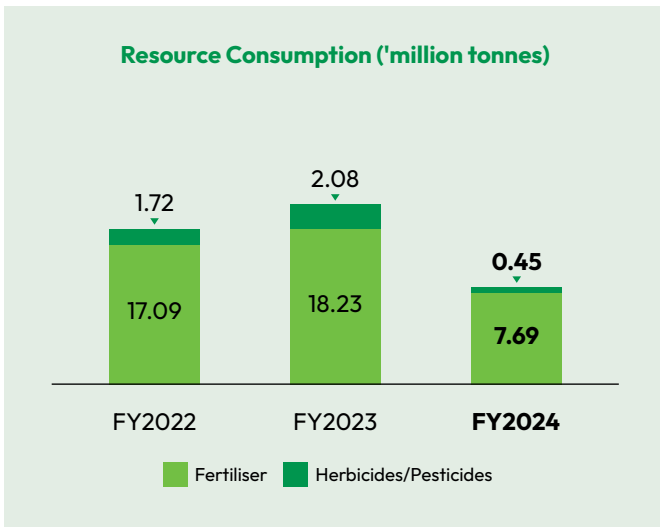
● Beneficial plants play a vital role in sustainable plantations by enhancing soil health, supporting biodiversity, and promoting natural pest control.

The sustainability team at IPB is essential in formulating and executing strategies aimed at reducing the environmental footprint of agricultural practices, particularly concerning the use of agrochemicals. Thorough monitoring during the production cycle ensures compliance with sustainability standards, including the implementation of soil and nutrient management practices that align with circular economy principles. IPB's operations produce considerable amounts of biomass waste, including POME from processing facilities and EFB from plantations which are repurposed to enhance organic matter in plantations, acting as an alternative to chemical fertilisers.

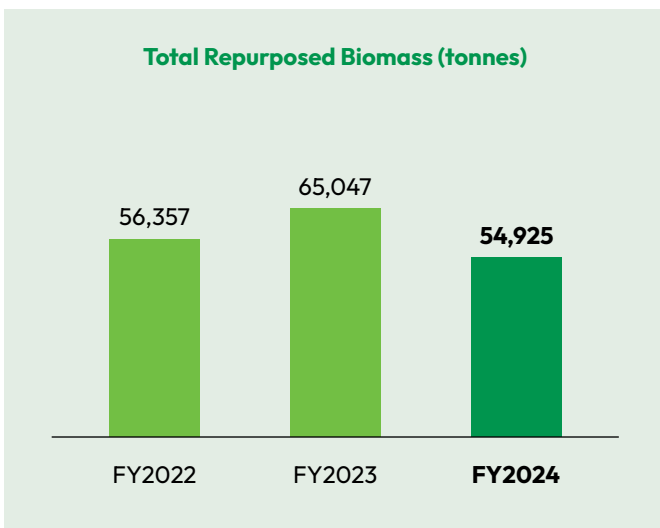
SUSTAINABILITY REPORT

To further enhance IPB’s resource efficiency, the Group has set various targets that include reducing agrochemical use intensity and pesticide use, improving nutrient use efficiency, adopting IPM, ensuring constant compliance with MSPO, and further nurturing the Group’s research division.

Key materials used throughout the Group’s operations throughout FY2024, and the previous three years are shown below:



Furthermore, the Group’s commitment to establishing a circular economy has led to the repurposing of biomass waste shown below.



BIODIVERSITY

As a player in the oil palm industry, IPB’s operations revolve around the cultivation of palm crops over large areas of land in rural regions. If not managed properly, oil palm operations could lead to environmental degradation, subsequently leading to loss of biodiversity in these regions. Thus, the Group takes matters of biodiversity to utmost concern, aligning all its

operations with MSPO certification requirements and the Sabah Forestry Department. The Group also employs policies that outline the monitoring and management of biodiversity-related affairs, ensuring flora and fauna are not threatened by agricultural activities.

To further reinforce IPB’s commitment to safeguarding biodiversity, the Group employs various schemes including the High Conservation Value (“HCV”) assessment. This assessment identifies and conserves key habitats within and in the surrounding areas of the Group’s operations. To date, the Group has taken measures to protect the natural habitats within Gunung Rara Forest Reserves and regions of Gunung Magdalena that are in close proximity to IPB. The Group further safeguards the livelihoods of flora and fauna through the creation of buffer zones around sensitive areas and water bodies to protect locations of HCV and life further downstream. An added benefit of these buffers is their purpose as a natural corridor, allowing wildlife to pass through undisturbed and ensuring that IPB’s operations do not cut off migration patterns or animal access to key areas.

As part of IPB’s active biodiversity procedure, the Group conducts annual biodiversity audits by third-party specialists. This audit provides details of the region, including their conservation value status and list of endangered species inhabiting the area to act as input for the Group’s biodiversity management approach. In cases where cultivation areas are planned for expansion, biodiversity audits are used to fulfil EIA requirements. This ensures that the biodiversity of the regions where IPB operates remains intact, preventing habitat collapse and cultivating a harmonious relationship between the Group with the surrounding flora and fauna. The latest biodiversity audit reported a total of 102 protected mammal, bird, and reptile species inside conservation areas and outside of the Group’s operational areas.



● A young Changeable Hawk-Eagle (*Nisaetus cirrhatus*) observed within the Group’s operational area. This is an uncommon species that is Totally Protected under Malaysian law

SUSTAINABILITY REPORT



● Lar Gibbons (*Hylobates lar*) are an Endangered species of ape that has been sighted



● Reptiles observed within IPB's estate

● Tree bark mimicking insect

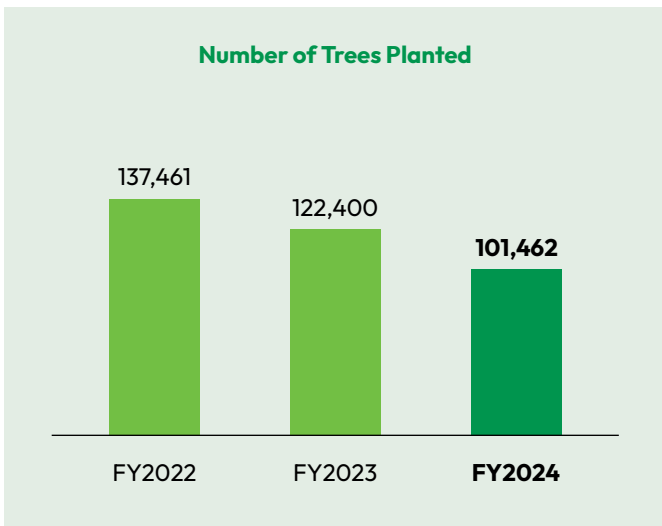
HABITAT RESTORATION

IPB's dedication to maintaining the ecosystems surrounding the Group's operations has led to habitat restoration initiatives. One such initiative is the reforestation of *Laran* trees, done on uncultivated or steep areas that are marked as biodiversity buffer zones. This allows for degraded habitats to be restored, while simultaneously providing wildlife corridors for animal migration. *Laran* trees are chosen in particular due to their adaptable and fast-growing nature, allowing for ecosystems to be established faster, subsequently attracting a wider array of flora and fauna species. The ecosystem then balances itself through nutrient cycling and biological pest control, which also benefits the Group's operations. Furthermore, these restoration efforts contribute towards carbon sequestration, reducing the impacts of climate, in line with the Group's commitment to eradicating climate change impacts.

SUSTAINABILITY REPORT



As of FY2024, IPB has planted a combined total of 3,389 ha of suitable vacant land with Laran trees. This represents a 75% coverage of land allocated for tree planting. The Group aims to expand this coverage to 89% in the coming year.



HUMAN-WILDLIFE INTERACTIONS

While habitat restoration efforts are underway, the Group understands that human interference may disrupt the natural behaviour of flora and fauna. Interactions between IPB’s workforce and wildlife also pose safety risks as they might feel threatened by the presence of humans, leading to attacks and subsequent safety incidents.

To prevent such occurrences, the Group deploys electric fences around its operational boundaries, especially in buffer zones and forested regions near operational zones. While this may prevent smaller animals from disrupting IPB’s operational activities, larger species such as elephants can breach these areas and cause significant damage to the Group’s crops. Thus, IPB has established the annual Human-Elephant Conflict programme where the Group cooperates with other plantations in the area in sharing and strategising biodiversity monitoring and management initiatives. While the main topics discussed in this programme revolve around elephants, all participants are free to discuss any other biodiversity-related matters. This programme enlists the participation of the Sabah state government, relevant non-governmental organisations (“NGOs”) and wildlife researchers, ensuring all strategies for human-wildlife interaction management stay relevant.

The commitment to safeguarding biodiversity extends within the Group’s operational boundaries. Plantation workers are regularly trained and communicated on human-wildlife and biodiversity management procedures, building awareness on the importance of maintaining buffer areas, wildlife conflict methods, and prevention of illegal hunting. Through this initiative, the Group creates a culture of coexistence, allowing operations to continue without harming the local ecosystem.



● Herd of wild elephants crossing the road leading into IPB’s estates