



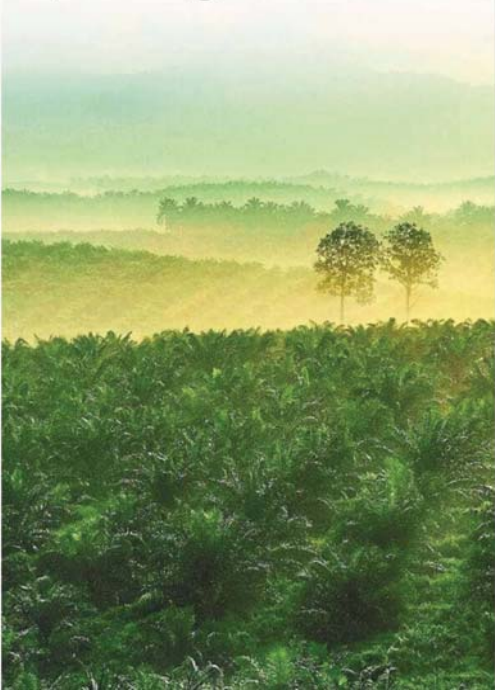
24 MAY, 2025

Plantation giants drive RE and ESG progress

The Star, Malaysia



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MALAYSIA'S plantation companies continue to have environmental, social and governance (ESG) frameworks that align with stakeholder expectations and global trends.

For instance, IOI Corp Bhd's ESG strategic push over the next five years will focus on advancing its Fourth Business Strategic Priority, which centres on climate action.

This includes accelerating its decarbonisation pathway and ensuring a just transition.

"We recognise that addressing climate change is both an environmental necessity and a business imperative, and we are committed to making measurable progress in this area," the company says.

Its peer, SD Guthrie Bhd's ESG focus is anchored on the newly launched "Beyond Zero" Framework, which supports the group's business strategy and long-term value creation.

Built on three pillars – Zero, Restore and Transform – the framework outlines the integrated plantation company's aim to not only mitigate negative environmental and social impacts but also generate meaningful, positive outcomes for people and the planet.

One of its key priorities under the "Beyond Zero" framework is to reduce the group's negative impact on people and nature by achieving a fully traceable and deforestation-free supply chain by 2025 while upholding alignment with relevant international frameworks.

It will include restoring and conserving 100,000ha of land by 2030, building on over 45,000ha already set aside.

Another target SD Guthrie has in 2025 is developing a regenerative agriculture framework for



palm oil with pilot implementation by 2028.

The planter wants to help improve the livelihoods of 50,000 smallholders by 2035 with programmes designed to enhance yields, increase incomes and support certification for access to global markets.

"Beyond Zero underpins SD Guthrie's science-based targets initiative (SBTi)-validated net-zero targets, and we are the first palm oil company in the world to have its net-zero targets validated by the SBTi," the company says.

To appease shareholders who may want to see some monetary returns from the ESG undertakings, plantation companies have found the renewable energy (RE) space an option that matches their ESG goals and, at the same time, receive some economic benefits.

SD Guthrie has moved in a big way into the power generation business, fuelled by its investment in solar energy and biogas projects.

Its RE initiatives are a significant part of the Zero pillar in its "Beyond Zero" framework.

"There are two key pillars of our RE initiatives, one of which is about achieving circularity in our operations, more specifically in our case, biogas plants and the other is solar.

"Our investment in RE, particularly biogas plants, is not new, given our track record of meeting our net-zero targets.

"We are continuing to install biogas plants in our operations to tackle methane emissions from palm oil mill effluent (POME) and our biogas portfolio is a key component in our target to achieve a 42% reduction in Scope 1 and Scope 2 Energy and Industrial carbon emissions by 2030," it says.

As of financial year 2024, SD Guthrie operated 19 biogas plants across Malaysia, Indonesia and Papua New Guinea with a total capacity of 28.57MWe.

It aims to scale this to 46 plants by 2030.

In May last year, the group announced the development of solar farms as one of two new business verticals and a strategy

to create diversified and sustainable revenue streams while leveraging its extensive landbank.

Currently, 38% of aggregated land required for both the Large Scale Solar (LSS) 4 and Corporate Green Power Programme or CGPP is on land leased from SD Guthrie.

The group is in the midst of developing its own 15MW solar asset in Bukit Selarong, Kedah under the CGPP, which is expected to be commissioned by the end of the year.

Since 2021, SD Guthrie has also actively implemented solar photovoltaic systems for its own captive use wherever feasible across its operations, including off-grid solar solutions equipped with battery energy storage systems.

The National Energy Transition Roadmap has opened the door for companies like SD Guthrie to consider the land-intensive solar business, where it has repositioned itself to explore pathways towards a 1GW aspiration for this new business vertical.

"We are currently reviewing various opportunities in this space, seeking potential opportunities and partnerships to expand our involvement in LSS and Corporate Renewable Energy Supply Scheme moving beyond land leasing for solar energy," the planter says.

IOI Corp, meanwhile, said RE is a key pillar of its decarbonisation roadmap towards achieving Net Zero and views the space as a strategic opportunity to reduce greenhouse gas (GHG) emissions, minimise reliance on fossil fuels, and manage energy costs and availability.

"One of our core initiatives involves capturing methane from POME, which significantly reduces methane emissions – a potent GHG.

"The captured methane is then converted into energy, allowing us to operate several mills and estates independently of the national energy grid.

"This not only enhances energy self-sufficiency but also supports our broader circular economy strategy, better known as the "7Rs of Circularity", the company says.

Hence, the RE investments by IOI Corp and SD Guthrie and other plantation groups in the country are fully aligned with their respective ESG commitments, particularly the zero emissions goal to significantly reduce GHG emissions and contribute to a cleaner, low-carbon Malaysian economy.

■ **SD Guthrie to pilot regenerative palm oil by 2028**