

Our Environmental Stewardship



GHG Emissions

Why It Matters

Climate change presents material risks to ecosystems, economies and communities worldwide, underscoring the need for collective and decisive action.

As part of this global challenge, we recognise our responsibility to contribute meaningfully to climate mitigation efforts.

As a player in the oil palm sector – an industry subject to heightened regulatory and public scrutiny – we take a proactive approach to managing climate-related risks and impacts.

OUR APPROACH

Managing Our Carbon Footprint

With FY2024 established as our baseline year for Scope 1, 2 and 3 emissions, FY2025 enables us to track performance trends and assess the effectiveness of our mitigation measures. The AL-Falah 22/22 framework continues to guide our climate actions and long-term decarbonisation objectives.

GHG Emissions Data

In FY2025, average total emissions increased slightly by 0.21%, due to a rise in Scope 3 emissions driven by a larger workforce and more frequent business air travel.

Total GHG Emissions Data

Item	2023	2024	2025
Scope 1 emissions (tCO ₂ e)	N/A	156,907	157,454
Scope 2 emissions (tCO ₂ e)	N/A	2,063	1,838
Scope 3 emissions (tCO ₂ e)	N/A	628	1,637
Total GHG emissions (tCO ₂ e)	N/A	160,598	160,929

Note:
Scope 3 emissions relate to business travel and employee commuting only.

Navigating Climate Change

In addressing climate change and reducing our GHG emissions, we are guided by our Environmental Policy and Climate Transition Strategy, which is embedded within the AL-Falah 22/22 Strategic Framework.

Our Climate Transition Strategy is underpinned by three strategic pillars that shape and support our decarbonisation journey:

Pillar 1: Managing Our Emissions

Efforts: Carbon Footprint Management

- Self-calculation of the Group’s carbon footprint to support systematic monitoring and the development of GHG mitigation strategies.

Efforts: Improving Energy Efficiency in Operations

- Bukit Lawiang and Kota Bahagia Mills were awarded contracts for the replacement of boilers and turbines, enhancing energy efficiency and reducing emissions intensity.

Our Environmental Stewardship

Pillar 2: Investing in Low-Emission & Green Technologies

- Installing biogas plants to capture methane emissions and generate renewable energy.
- Deploying rooftop solar photovoltaic systems across operational facilities, including office buildings, guardhouses, nurseries, loading ramps, stores and street lighting.
- The Rooftop Solar Panel on-grid project in Peninsular Malaysia has been awarded. Implementation will commence under the Solar Accelerated Transition Action Programme (“Solar ATAP”) in January 2026 to tackle Scope 2 emissions.
- Progressively adopting EVs to reduce reliance on fossil fuels and lower operational emissions.

Pillar 3: Utilising Biomass

- Utilising fibre and PK shells as renewable fuel for energy generation.
- Applying EFBs as a substitute for chemical fertilisers to enhance soil health and reduce environmental impact.

Pillar 4: Leveraging Partnerships & Collaborations

- Collaborating with a local NGO on a seven-year project (2022–2029) to restore approximately 4,300 ha of degraded GAFR land in Johor, focusing on biodiversity conservation and ecosystem restoration through nature-based solutions.

Cenergi Lawiang 1.2MW Biogas Power Plant

Biogas development forms an integral part of our emissions reduction strategy. By capturing methane generated during milling operations and converting it into energy, our biogas facility significantly reduces our GHG footprint while supporting more efficient operations. Given the scale of capital investment required, implementation is being pursued progressively over the long term.

In June 2024, we entered into a strategic partnership with Cenergi SEA Berhad (“Cenergi”), a subsidiary of UEM Lestra Berhad, to develop, construct and operate our first 1.2 MW Biogas Power Plant in Kluang, Johor. The plant was commissioned on 26 December 2025 and launched on 15 January 2026.

The project is designed to capture methane emissions from Palm Oil Mill Effluent (“POME”) and convert them into renewable energy. It is expected to help avoid approximately 20,000 tonnes of CO₂e (“tCO₂e”) annually, equivalent to the emissions generated by around 4,760 passenger vehicles in a year.



Our Environmental Stewardship



The Cenergi Lawiang 1.2MW Biogas Power Plant in Kluang, Johor.

Biogas Carbon Credits Project

A stakeholder consultation meeting was held on 7 October 2025 at the THP Kluang Complex Hall to fulfil project requirements. The session was attended by representatives from local communities, relevant government agencies and THP teams from our headquarters, estates and mills.

The meeting included a briefing by the Cenergi team, followed by an open dialogue session. Key topics discussed included project processes, approval requirements, safety considerations, local employment opportunities and grievance and communication mechanisms. The session concluded with positive stakeholder support for the project's implementation.

As at the reporting date, the biogas carbon credit project is undergoing a validation audit, a prerequisite for future carbon credit issuance.

Energy Consumption Data

In FY2025, total energy consumption increased by 6.60%, mainly due to higher biodiesel purchases, following a reduction in FFB processing volumes during the year.

Total Energy Consumption Data

Item	2024 (GJ)	2025 (GJ)
Non-Renewable Energy Fuel (Purchased & Consumed)	2,564.75	4,364.41
Non-Renewable Energy Electricity (Purchased)	6,371.73	9,211.77
Renewable Energy Fuel (Purchased/Acquired & Consumed)	157,752.56	175,731.10
Total Renewable Energy (Generated)	31,201.06	21,650.26
Total Energy	197,890.10	210,957.53

Our Environmental Stewardship



Effluent & Water Discharge

Why It Matters

Proper management of effluent and water discharge is critical to safeguarding shared natural resources, protecting surrounding communities and ensuring full compliance with environmental regulations.

OUR APPROACH

Treating POME is a critical part of FFB processing, as untreated effluent can have significant environmental impacts. To protect water quality and minimise environmental risks, we implement stringent internal controls and advanced monitoring to manage the biochemical oxygen demand (“BOD”) of effluent.

Our approach integrates natural and technological solutions. Several of our mills have installed advanced Tertiary Effluent Treatment Plants (“TETPs”), which treat effluents to the highest standards before discharge, while other mills are upgrading their systems in preparation for anticipated stricter regulations from Malaysia’s DOE. Ponding systems complement these technologies by harnessing biological processes to naturally break down pollutants over time.

Rigorous testing underpins our approach, ensuring all mills consistently comply with regulatory limits – <100 milligrams (“mg”) per litre (“ℓ”) BOD in West Malaysia and <20 mg/ℓ BOD in Sarawak and Sabah – with actual measurements consistently well below these thresholds.

During the year, the Cenergi Lawiang 1.2 MW Biogas Power Plant in Bukit Lawiang, Kluang, Johor was commissioned. Developed in partnership with Cenergi RE, this facility captures methane from POME, reducing GHG emissions while further improving effluent BOD before discharge into the flatbed system.

Our Environmental Stewardship

OUR PERFORMANCE

BOD Measurement Data (mg/l)

Over the past three years, our mills have consistently maintained BOD levels within regulatory limits in both East and West Malaysia.

