

# IOI powers ahead with CR

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OIL palm plantation giant IOI group has diligently undertaken corporate responsibility (CR) activities in an admirable manner for over a decade.

Its CR principle, which is encoded in Vision IOI formulated in 1995, emphasises on achieving commercial success in a balanced, responsible way by addressing the interests of stakeholders.

"This simple guiding principle ensures that CR, as we see it, is part and parcel of how we do business," said group executive director Datuk Lee Yeow Chor.

Its key CR initiatives include good business practices and sustainable cultivation, education, environment and wildlife conservation, community and employee welfare.

Lee told *StarBiz* IOI believes that concern for the environment is an integral part of sustainable oil palm cultivation and this has governed the group's practice for many years.

"We have practised zero burning and biomass preservation in clearing land for new planting or replanting over the past 15 years," he said.

Every year, large volume of biomass such as empty fruit bunches, mesocarp fibre and kernel shells is produced at its palm oil mills as by-products.

Three years ago, IOI installed a biomass steam plant to produce steam to power its refinery in Sandakan utilising empty fruit bunch (EFB) fibre and kernel shell, Lee said.

The group is commissioning a 15MW biomass power plant this year using EFB and shell in the same refinery.

IOI also uses the organic-rich effluent produced at its crude palm oil (CPO) mills as a supplementary fertiliser for the group's estates.

The group has invested in new processing technology for its CPO mills, which will reduce the effluent pollutants level.

According to Lee, the group's efforts towards practising sustainable agriculture and sustainable palm oil production have intensified in the last five years through its participation in the Roundtable on Sustainable Palm Oil (RSPO).

IOI is one of RSPO's founding members and subsequently, became a member of its executive board.

Lee said: "We have undergone a number of sustainability audits by several regional and international bodies and intend to obtain the RSPO certification for some of our estates during the next few months."

## Plantation giant started initiatives over a decade ago



Company officials pose with former Deputy Education Minister Dr Wee Ka Siong at the launch of a student adoption programme initiated by Yayasan Tan Sri Datuk Lee Shin Cheng



Other measures to minimise the impact on environment include integrated pest management, soil management, terracing and restoration of the riparian reserves to reduce soil erosion while barn owl nest boxes are set up for pest control. Buffaloes are also used instead of mini tractors for crop evacuation to reduce the usage of diesel and the subsequent emission of greenhouse gasses.

Lee said the measures resulted in the efficient use of land, which translates into lower fertiliser, pesticide and energy usage, which in turn delivers significant benefits to the environment.

The IOI group's annual palm oil yield is also significantly above the national average despite a dramatic reduction in the land to produce the same amount of palm oil.

Based on the group's planted 150,000ha, Lee said: "This will result in the saving of an astonishing 70,000ha of valuable land."

As a testimony to IOI's good CR initiatives, one of the latest prestigious awards secured by the group include the Malaysian Palm Oil Board's Best Estate CR Award won by its Ulu Estate in Pamol, Sabah last month.

For its employees, Lee said the group strives to ensure its estate workers live in safe and comfortable surroundings.

A complete range of amenities provided ranges from proper housing, schools, nurseries, places of worship, community halls, sundry shops, sports and recreational facilities,

### IOI group's latest corporate responsibility initiatives

IOI group's latest corporate responsibility initiatives	
Projects	
Good business practices and sustainable cultivation	Zero burning and biomass preservation Biomass power plants RSPO certification for oil palm estates Integrated pest and soil management
Education	Yayasan Tan Sri Datuk Lee Shin Cheng Young Achievers' Awards Scholarships Donations to schools School adoption programme Student adoption programme Partnership with HUMANA Borneo Child Aid Society Partnership with World Vision Malaysia
Environment and wildlife conservation	Deer Farm in Nangoh Estate, Sabah Proboscis monkey sanctuary in Bayok Estate, Sabah Cultivation of soft to semi-hard wood jungles for orang utan and other wildlife species
Community	IOI Community Run in Puchong Rakan Cop Programme for Puchong Construction of a police station with hostels in Bandar Puchong Jaya and sponsorship of 10 patrol cars
Employee welfare	Housing, schools, nurseries, places of worship, community halls, sundry shops and buses, police stations, flood relief centres, sports and recreational facilities. Occupational safety and health training and awareness programmes

ties, police stations and flood relief centres.

To enhance employee health and safety, it provides free medical treatment at clinics with X-ray and ambulance facilities.

In environment and wildlife conservation, IOI also plays an active part in caring for the endangered wildlife species.

Initiatives include a deer farm at Nangoh Estate, Proboscis monkey (*Nasalis carvatus*) sanctuary at Bayok Estate and cultivation of soft to semi-hard wood jungle trees in

flood-prone areas to save the orang utan and other wildlife.

Lee said the CR initiatives undertaken by IOI group and sister organisation Yayasan Tan Sri Datuk Lee Shin Cheng were constantly evolving according to prevailing time and circumstances.

He said: "We realise that our efforts alone are not sufficient and we welcome opportunities to work with other like-minded organisations to advance the agenda of human capital development and environmental preservation further."

## Education an integral part of group's CR initiatives

EDUCATION forms an integral part of IOI group's CR initiatives, said group executive director Datuk Lee Yeow Chor.

In 1998, the group set up Yayasan Tan Sri Datuk Lee Shin Cheng (Yayasan TSDLSC), a charitable foundation which has become a major benefactor to many schools and underprivileged students nationwide.

Lee said scholarships and bursaries are awarded to outstanding students pursuing degree courses in local institutions of higher learning in disciplines related to agriculture and the oil palm manufacturing industry.

Programme under the Education Ministry, he said Yayasan TSDLSC had adopted 262 students from 58 primary and 20 secondary schools in Peninsular Malaysia and Sabah.

In addition, 1,789 children from Borneo Child Aid Society, Sabah (Humana) kindergartens located in IOI's oil palm estates in Sabah have received school bags and stationery from the foundation.

The Yayasan has adopted five secondary schools in or near its oil palm estates in Sabah to which it provides financial assistance to upgrade facilities.

It has also given donations to more than 20 schools over the years for various purposes.

The latest initiative was the fully sponsored construction of the new SJK (C) Ladang Harcroft in Bandar Puchong Jaya.

The group also has the Young Achievers' Awards (YAA), which are given out annually to students who excel academically and in extra-curricular activities.

Meanwhile, IOI group has formed a partnership with Humana, a non-profit organisation, which provides primary education and care for children of plantation workers (mainly foreigners) who are unable to enrol in national schools.

IOI sponsors 20 Humana kinder-

gartens in Sabah.

Another CR initiative is the Lawas Project, whereby IOI group has in partnership with World Vision Malaysia (WVM) embarked on an educational development programme in Sarawak for natives.

Lee said: "We pledge RM40,000 a year to fund the curriculum infrastructure development of the ethnic Lunbawang community in Sarawak."

He said the short-term aim was to raise a group of competent native speaking teachers while in the long-term, IOI plans to build a training and research centre for ethnic pre-school training in Sarawak.

## Transmile unit defaults on RM30.3mil loan

PETALING JAYA: Transmile Group Bhd unit Transmile Air (SPV) Ltd (TASL) has defaulted on the principal payment for its syndicated unsecured term loan amounting to US\$9.6mil (RM30.3mil).

Transmile told Bursa Malaysia yesterday the group was unable to generate enough cashflow from its operation to repay the amount due to the under-utilisation of the MD-11 aircraft.

"Transmile is currently negotiating with the lenders (comprising the syndicate term loan lenders and the holders of convertible bonds and medium-term notes) to defer the outstanding repayment by 18 months from their respective due dates," it said.

The company said it had also sought indulgence from the lenders to waive the cross default event under the respective agreements.

"At the same time, Transmile is pursuing the disposal of its four MD-11 aircraft to raise cash for the repayment of its outstanding borrowings which were raised to purchase the said aircraft," it said.

It said none of the lenders had called for an event of default. However, if the default was called upon by the syndicate term loan lenders and the waiver on the cross default event was not granted by the lenders, the group's total borrowings of RM530mil would become due and immediately payable by the company.

Transmile said TASL was not considered a major subsidiary as the latter's total assets was RM289.1mil (substantially made up of an inter-company loan to Transmile, which was eliminated upon consolidation).

However, Transmile said it would be able to pay all the debts that were becoming due and payable in the next 12 months and it declared that it was still solvent.

## Maybank signals acquisition

KUALA LUMPUR: Malayan Banking Bhd (Maybank) plans to announce a major acquisition on Monday amid speculation it wants to buy a strategic stake in Pakistan's MCB Bank.

Maybank suspended dealing in its shares until the close of trading on Monday.

The announcement was due on Monday, a banking source added.

MCB is Pakistan's largest bank in terms of market value and is worth around US\$4bil. Pakistan's strong-performing banking sector ranks among the world's most profitable after five years of financial reform, economic growth and rising incomes.

One dealer at a Malaysian brokerage said Maybank was set to make an acquisition in Pakistan, despite facing criticism over paying too much for a stake in an Indonesian bank in March.

The Karachi market was buzzing with speculation that Maybank could bid up to around 510 rupees per share for an MCB stake of between 10% and 20%. That would amount to almost six times book value, according to Reuters data. — Reuters