

# CODE OF CONDUCT (COC) ON ETHICAL RECRUITMENT AND RESPONSIBLE EMPLOYMENT



IOI has a Code of Business Conduct and Ethics for our employees which serves as a guidance of how to conduct business ethically and encompasses the core value of integrity at all level of engagements in accordance to the laws and regulations as well as all compliance-based standards.

## INTRODUCTION

IOI, as a member of various certification and compliance schemes which are recognised locally and globally, has always been fully committed to respecting and upholding the rights of all workers as written in IOI Group **Sustainable Palm Oil Policy** ("SPOP"). Additionally, our commitment to prevention of forced labour in all its forms is guided by the International Labour Organisation's ("ILO") forced labour indicators, the United Nations Guiding Principles on Business and Human Rights, United Nations Global Compact on human rights, labour, environment and anti-corruption and the principles of Free and Fair labour in Palm Oil Production.

Elimination of forced labour, along with human trafficking and child labour, are also explicit priorities under United Nation Sustainable Development Goals ("UNSDGs") 8. The elimination of forced labour is both an obligation under international law and a moral imperative as well as important to promote safe and secure working environment for all workers, notably in the context of achieving UNSDG a target 8.8. IOI demonstrates support in UNSDG12 by reporting performance, implementation and grievance progress in our annual report and website as part of our commitment towards transparency in sustainable practices.

As stated in our SPOP, we are committed to preventing forced labour, as detailed under "Human Rights and Workplace". Brief commitments are as shown below;



Laws and regulations related to Ethical Recruitment and Forced Labour;

- Employment Act 1955
- Immigration Act 1959/63
- Private Employment Agencies (Amendment) Act 2017
- Workmen's Compensation Act 1952
- Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990
- Occupational Safety and Health Act 1994
- Industrial Relations Act 1967
- Trade Unions Act 1959
- Sarawak Labour Ordinance (Sarawak Cap 76)
- Sabah Labour Ordinance (Sabah Cap 67)

As a further reiteration of the seriousness in which IOI views the recruitment process of our workers as well as their rights and well-being, we are introducing a **Code of Conduct on Ethical Recruitment and Responsible Employment** which will be disseminated to all supervisory employees dealing with workers as well as our recruitment agents. The framework that forms this Code of Conduct consists of Governance and our Employment Approach.



## ILO Indicators of Forced Labour

The indicators encompass 11 most important elements that point to possible existence of forced labour situation. The indicators are:

- » Abuse of vulnerability
- » Isolation
- » Retention of identity documents
- » Abusive working and living conditions
- » Deception
- » Physical and sexual violence
- » Withholding of wages
- » Excessive overtime
- » Restriction of movement
- » Intimidation and threats
- » Debt bondage

## GOVERNANCE

IOI's Board of Directors ("the Board") assesses the overall direction and strategy of IOI's sustainable business as well as ensures accountability in its commitments towards sustainability. The Board further expanded its role by having an Independent Non-Executive Director with sustainability expertise within the Group's Sustainability Steering Committee ("SSC") to assure that the Group's sustainability agenda, commitments and issues are discussed, reviewed and implemented. In matters related to labour rights and responsible recruitment, the SSC reviews and approves strategic frameworks so that they are in alignment with IOI's sustainability commitments. The development of the employment and recruitment related policies and practices is led by the Group Head of Sustainability while the enforcement of the policies and practices is overseen by the Head of Human Resource, both of whom report directly to the Group Managing Director. The maintenance and updating of the grievance list will be done jointly by the corporate and plantation sustainability departments. Assisted by the regional sustainability team, all operating units are responsible to ensure socialisation, training and implementation of procedures and policies are in place.

Furthermore, the Group Head of Sustainability is supported and advised by the Sustainability Advisory Panel ("SAP") members on important issues such as forced labour, or any other matters raised by key stakeholders. Another avenue where the SAP plays a role is as the core members in IOI's Sustainability Consultation Forum ("SCF"). The SCF is a platform where IOI aims to seek more targeted advice and consultation from relevant stakeholders such as civil society groups, government agencies, industry experts, major brands, etc., to jointly discuss implementation advice and inputs on specific topics which are deemed to be complex such as human rights and forced labour, diversity, equity and inclusion, women's empowerment, inclusive economy, sustainable supply chain, sustainability management, and climate change, among others.

## OUR EMPLOYMENT APPROACH

IOI has established employment guidelines as reference for the plantation management in responsible and fair recruitment practices including not charging any recruitment related fees throughout the recruitment process. The guideline covers the entire employment stage from **pre-employment to employment and post-employment** processes to ensure comprehensiveness of the employment process, in-line with the requirement of ILO.

### Pre-employment

IOI has a guideline to ensure that our recruitment practices are transparent and fair and which outlines a thorough procedure on recruitment from the pre-employment stage until the post-employment stage of our workers. The guideline outlines the process involved during the workers' pre-selection process at the source countries to pre-departure time where the recruitment agents are involved and during arrivals at the host country. Monitoring process during this employment period is done based on compliances with specific labour standards and certifications such as RSPO, MSPO, SMETA, etc.



## ILO's Definitions on Recruitment Fees

Any fees or costs incurred in the recruitment process in order for workers to secure employment or placement, regardless of the manner, timing or location of their imposition or collection as broken down below:

- Recruitment fees** include payments for recruitment services by labour recruiters, employers, etc.
- Related costs** such as medical costs, travel and lodging costs, administrative costs for preparing, obtaining or legalising workers', visas etc.
- Illegitimate, unreasonable and undisclosed costs** are never legitimate, examples bribes, tributes, kickback payments, etc. by any actors in the recruitment chain.

## SOURCE COUNTRY

- Screening all applications.
- Interview potential workers by recruitment agent followed by IOI's representative (virtual or physical) with the presence of a translator.
- Pre-employment declaration and signing contract agreement.
- Briefing on nature of the job and company.
- Due diligence such as medical checkup, immigration and administrative matters etc.
- Travel to host country.

## Recruitment Process from Source Country to Host Country

## HOST COUNTRY

- Arrive at host country and picked up by operating unit.
- Providing accommodation and basic necessities.
- Medical checkup.
- Post arrival interview/Employee Declaration\*.
- Induction training.
- Endorsement process (work pass etc.).

\* Interview conducted in their own language through a translator to ensure full understanding of the employment contract and job functions.

Subject	Related ILO Indicators of Forced Labour	How We Comply
<b>Ethical recruitment process</b> 	<ul style="list-style-type: none"> <li>• Deception.</li> <li>• Abuse of vulnerability.</li> </ul>	IOI protects our future workers from deception and abuse of vulnerability through the following approaches; <ul style="list-style-type: none"> <li>• The workers will be briefed thoroughly on corporate profile, job functions and contract details, as part of the employment process through a video presentation and Powerpoint slideshow.</li> <li>• Orientations, medical check-up, trainings, wages and payment process, and grievances process including reimbursement of the recruitment fee for respective nationalities.</li> <li>• Signing of contract in source country in native language only after they are briefed on the details of the job and contract.</li> </ul>
<b>No recruitment fee</b> 	<ul style="list-style-type: none"> <li>• Debt bondage.</li> </ul>	IOI protects our future workers from debt bondage through the following approaches; <ul style="list-style-type: none"> <li>• Implemented IOI's "No Recruitment Fee" policy. Where recruited foreign workers are concerned, no recruitment fees, or any other form of fees, will be incurred to them at any stage of the recruitment process.</li> <li>• Declaration by each worker on "No Recruitment Fee" at source country.</li> <li>• Recruitment agents involved in recruitment are bound by contract to follow IOI's commitments which includes briefing workers on our "No Recruitment Fee" policy.</li> </ul>
<b>Breach of code of conduct</b> 	<ul style="list-style-type: none"> <li>• Deception.</li> <li>• Intimidation and threats.</li> <li>• Debt bondage.</li> </ul>	IOI protects our future workers from deception, intimidation and threats, and debt bondage through the following approaches; <ul style="list-style-type: none"> <li>• Multiple grievance mechanism channels employed to report on any breach of practices during the recruitment process.</li> <li>• Internal monitoring of recruitment process.</li> <li>• The Group will terminate all contract or partnership with any recruitment agency that is found to be in non-compliance with the Group's policies after the necessary investigations and warnings.</li> </ul>

#### Employment

IOI has established regular internal monitoring by the Human Resource Department ("HR"), Internal Auditors and Sustainability Team (Group and Regional level). The labour monitorings are conducted as per ILO requirement and sustainability certification standards. Any non-conformance ("NC") will be highlighted to the management and corrective actions will be taken. In addition, a specific personnel called the Social Liaison Officer is to attend to any social or labour matters at the respective operating unit.

To ensure effective socialisation of labour rights, IOI conducts training for all our workforce and translated related policies and guidelines in all the respective native languages of our workers. HR has also established an employee engagement programme which involves regular on-site visits by the Group executives with the operational personnel. Management review meetings are conducted annually to discuss any major issues between the top management and operational management. Any grievances or issues raised will be managed at the operational level before escalating to the Group management.

External monitoring via Audit Certification by RSPO, ISCC, MSPO, etc. are conducted annually. During these audits, all of our labour practices will be verified by independent third-parties based on indicators under the respective certifications.

Misconduct or breaches of any policies found during monitoring or due diligence process, even before it is raised through the Grievance Procedure, is to be dealt with in a systemic and timely manner to ensure that the misconduct, breach or issue is addressed and resolved.

Once a misconduct is reported through a Grievance Procedure, investigations will be conducted thoroughly, including the engagements of the relevant parties, and guided by specific standards customised to each misconduct or issues. IOI has several procedures which specifically outlining the procedure in handling grievances, such as harassments or workers' complaints.

Subject	Related ILO Indicators of Forced Labour	How We Comply
<b>Responsible employment</b> 	<ul style="list-style-type: none"> <li>• Abuse of vulnerability.</li> <li>• Debt bondage.</li> </ul>	IOI protects our workers from abuse of vulnerability and debt bondage through the following approaches; <ul style="list-style-type: none"> <li>• Post-arrival interview and orientation ensures that no abuse of human rights that violates our Group's SPOP is taking place. Orientation and Induction briefing will be conducted by the Estate Manager or Assistant Manager, as well as estate's personnel in charge of Safety, Health, and Sustainability, with assistance of an interpreter, if required.</li> <li>• Detailed explanations on employment contract, wages, medical and annual leaves, voluntary overtime, payslip details, housing and company rules and regulations, safety training, immigration law, Malaysia's culture, and video of the various job functions in estates are given.</li> </ul>

Subject	Related ILO Indicators of Forced Labour	How We Comply
<b>Upholding worker's rights</b> 	<ul style="list-style-type: none"> <li>• Restriction of movement.</li> <li>• Physical and sexual violence.</li> <li>• Intimidation and threats.</li> <li>• Retention of identity documents.</li> <li>• Withholding of wages.</li> <li>• Abusive working and living conditions.</li> <li>• Excessive overtime.</li> <li>• Abuse of vulnerability.</li> </ul>	IOI protects our workers from restriction of movement, physical and sexual violence, intimidation and threats, retention of identity documents, withholding of wages, abusive working and living conditions, excessive overtime, and abuse of vulnerability through the following approaches; <ul style="list-style-type: none"> <li>• Implement all commitments in the SPOP.</li> <li>• Implementation of social guidelines as below:               <ul style="list-style-type: none"> <li>- Guidelines for Minimum Wage and Leave Pay.</li> <li>- Foreign Workers' Passport Handling Guidelines.</li> <li>- Guidelines for Providing Basic Amenities to Workers.</li> <li>- Guidelines for Handling Harassment at Workplace.</li> <li>- Worker's Work Verification Guideline.</li> </ul> </li> <li>• Regular training on company's policies and guidelines. Most of the training conducted in languages that the workers understand. Translator will be made available when necessary.</li> </ul>
<b>Collective Bargaining and freedom of association</b> 	<ul style="list-style-type: none"> <li>• Abuse of vulnerability.</li> </ul>	IOI protects our workers from abuse of vulnerability through the following approach; <ul style="list-style-type: none"> <li>• Equal Opportunity Employment &amp; Freedom of Association Policies.</li> <li>• Establishment of Employee Consultative Committee ("ECC") in each operating unit and workers union to allow workers to have collective bargaining. ECC and Joint Consultative Committee ("JCC") make sure all nationalities, religions, and genders are represented in the committees.</li> </ul>
<b>Safe and healthy working environment</b> 	<ul style="list-style-type: none"> <li>• Physical and sexual violence.</li> <li>• Intimidation and threat.</li> <li>• Abusive working and living conditions.</li> </ul>	IOI protects our workers from physical and sexual violence, intimidation and threats, through the following approach; <ul style="list-style-type: none"> <li>• Reporting procedure on harassment and regular awareness training.</li> <li>• IOI protects our workers from abusive working and living conditions through the following approaches;               <ul style="list-style-type: none"> <li>• Implement Occupational Safety, Health and Hygiene Policy.</li> <li>• Regular inspection on working area and housing area.</li> <li>• Compliance with Employees Minimum Standard of Housing, Accommodation and Amenities Act 1990.</li> </ul> </li> </ul>
<b>Breach of code of conduct</b> 	<ul style="list-style-type: none"> <li>• All forced labour indicators.</li> </ul>	IOI protects our workers from all indicators of forced labour through the following approach; <ul style="list-style-type: none"> <li>• Audit and monitoring of all labour and social related policies and procedures. Disciplinary action will be taken on respective staff or management personnel for any breach of code of conduct.</li> </ul>
<b>Grievance, complaint and request mechanism</b> 	<ul style="list-style-type: none"> <li>• Isolation.</li> <li>• Abusive working and living conditions.</li> <li>• Restriction of movement.</li> </ul>	IOI protects our workers from isolation and abusive working and living conditions through the following approaches; <ul style="list-style-type: none"> <li>• Grievances, complaints and requests are available in various channels such as Hotlines, emails, Green Book, ECC or JCC meetings and internal meetings.</li> <li>• IOI protects our workers from restriction of movement through the following approach;               <ul style="list-style-type: none"> <li>• Workers' passports and visas are kept by the workers except when the documents are required by the company for renewal of work permits.</li> <li>• Workers are permitted to leave the operating units on non-working days and the company sometimes provides transportation for remote locations.</li> </ul> </li> </ul>

#### Post-employment

Towards the end of employment, i.e., the Post-Employment process, our recruitment guideline outlines the repatriation process which includes the worker's respective embassies, exit interviews, and involvement of agents, if any.

Subject	Related ILO Indicator	How We Comply
<b>Repatriation and termination of employment</b> 	<ul style="list-style-type: none"> <li>• Intimidation and threats.</li> <li>• Restriction of movement.</li> </ul>	IOI protects our workers from intimidation and threats, and restriction of movement through the following approach; <ul style="list-style-type: none"> <li>• Workers are free to resign at any time as per terms and conditions in the contract agreement.</li> <li>• Air fare to home countries are borne by the company for workers who have completed full service contract.</li> <li>• Implementation of repatriation SOP by providing transport from operating units to airports or sea ports.</li> </ul>

#### Third Party Suppliers and Recruitment Agents

We expect our third-party suppliers and recruitment agents to adhere to the sustainability practices including to prevent any forms of forced labour practices as stated in our SPOP and further guided by the Responsible Sourcing Guideline. The Responsible Sourcing unit is responsible to monitor, promote, engage, and assist our third-party suppliers to close the gaps on sustainability best practices in line with the Group's commitments. Grievances related to our suppliers and the progress are transparently updated in our website. Any misconduct or breaches of our commitments which involve our contractors or third-party suppliers will result in a thorough investigation and actions are to be taken accordingly including suspension or termination of contract. These actions indicate the seriousness that IOI takes regarding all our commitments and compliances to all laws, regulations and standards.