



IOI GROUP

IOI Group Sustainability Implementation Plan

INTRODUCTION

This **Sustainability Implementation Plan** (SIP) serves as a practical working document that puts into practice the aspiration and commitments stated in our IOI Group Sustainable Palm Oil Policy (SPOP). The SIP contains **clear activities, milestones and timelines** for each subject area outlined in the SPOP.

The SIP will be regularly updated over time to reflect stakeholder input and implementation on the ground. We will report on our progress every quarter, beginning in Q4 2016. Additionally, **from 2018 onwards**, we will begin to review all our implementation plans annually to better represent the current progress of our activities as well as to add new activities related to any new commitments in our on-going sustainability journey.

Dato' Lee Yeow Chor
Group Chief Executive Officer

Dr. Surina Ismail
Group Head of Sustainability

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EXISTING PLANTATIONS

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		Q4			Q1			Q2			Q3			Q4			Q1		Q2		Q3		Q4	
		OCT	NOV	DEC	JAN	FEB	MAC	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC								

RSPO -NEXT

POLICY COMMITMENT:

- **Committing to implement RSPO NEXT in our Malaysian plantations, commencing end of 2016.**

Ladang Sabah Mill	Stage 2 RSPO Next audit successfully conducted from 14 – 17 May 2018. Currently addressing non-compliances (NCs).	<i>In progress</i>																						
Pukin Mill	Stage 2 RSPO Next audit successfully conducted from 13 – 16 Aug 2018. Currently addressing non-compliances (NCs).	<i>In progress</i>																						
Syarimo Mill	Stage 2 RSPO Next audit successfully conducted from 9 – 13 July 2018. Currently addressing non-compliances (NC).	<i>In progress</i>																						
Leepang Mill	Stage 2 RSPO Next audit successfully conducted on 27 – 30 August 2018. Currently addressing non-compliances (NC).	<i>In progress</i>																						

RSPO Certification

POLICY COMMITMENT:

- **Certifying the outstanding management units, in Sarawak and Indonesia, in accordance with the published time-bound plan**
- **To comply with all applicable legislation and codes of practice.**

Unico Desa Mill	Certified	<i>Completed</i>																						
Unico Mill	Certified	<i>Completed</i>																						
SKS Mill	To be certified by 2020, based on time-bound plan submitted in RSPO Annual Communication of Progress (ACOP) report. BSI Indonesia was engaged to conduct gap assessment in PT SKS for RSPO and ISPO.																							



ACTIVITY/MILESTONE	STATUS PER DECEMBER 2018	2018												2019				2020			
		Q4			Q1			Q2			Q3			Q4			Q1	Q2	Q3	Q4	
		OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC					

MSPO Certification

POLICY COMMITMENT:

- Committing towards sustainable production of palm oil and its continuous improvement as outlined in the Malaysian Sustainable Palm Oil (MSPO) guidelines. In supporting the Malaysian government's target, we will ensure all our Malaysian plantations are MSPO-certified by the end of 2018.

Sabah																					
Ladang Sabah Group	Certified	<i>Completed</i>																			
Pamol Group	Certified	<i>Completed</i>																			
Sakilan Group	Certified	<i>Completed</i>																			
Mayvin Group	Main assessment/Stage 2 audit completed, certificate issuance pending	█			█																
Leepang Group	Certified	<i>Completed</i>																			
Baturong Group	Certified	<i>Completed</i>																			
Syarimo Group	Certified	<i>Completed</i>																			
Morisem Group	Certified	<i>Completed</i>																			
Unico Desa Group	Main assessment/Stage 2 audit completed, certificate issuance pending	█			█																
Unico Group	MSPO certifying process to be conducted once RSPO certificate is issued. To be conducted in March 2019 concurrently with RSPO surveillance audit	█			█			█													
Peninsular																					
Pukin Group	Certified	<i>Completed</i>																			
Gomali Group	Certified	<i>Completed</i>																			
Bukit Leelau	Main assessment/Stage 2 audit completed, certificate issuance pending	█			█																
Pamol Kluang	Main assessment/Stage 2 audit completed, certificate issuance pending	█			█																
IOI-Pelita Sarawak	Preparation of MSPO certification conducted in Sejap Estate. An external consultant was appointed to assist in the preparation for the certification process.	█			█			█													



ACTIVITY/MILESTONE	STATUS PER DECEMBER 2018	2018												2019				2020						
		Q4			Q1			Q2			Q3			Q4			Q1		Q2		Q3		Q4	
		OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC								

Labour Rights Monitoring System

POLICY COMMITMENT:

- Implementing a labour rights monitoring system, with the involvement of an external partner to verify labour conditions, compliance with labour policy requirements and improve welfare and working conditions. We will take necessary corrective action to address any identified non-compliances.
- Eliminate all forms of illegal, forced, bonded, compulsory or child labour and in particular, follow responsible recruitment practice.

Moving forward, the estates are given a timeline for full implementation of new guidelines and policies introduced in October 2017. The monitoring is measured by milestone achievement for each region of IOI Plantation; i. Peninsular - July 2018 ii. Sandakan - August 2018 iii. Lahad Datu - September 2018	Peninsular Full implementation commenced	<i>Completed</i>																					
	Sandakan Full implementation commenced	<i>Completed</i>																					
	Lahad Datu Full implementation commenced	<i>Completed</i>																					
Continuous improvement on the implementation of the new labour policy and guideline.	Full implementation is in place. Continuous improvements are being conducted such as trainings and briefing from the respective authorities involved in the policy from time to time.	<i>Ongoing</i>																					
Visit to IOI's Sabah plantations by NGO	IOI Internal Grievance Log consists of grievance report sent by staff and workers are developed.																						
	Corrective action measures to address comments from Finnwatch have started. Currently, internal monitoring report and data analysis on some of the labour matters is being developed as part of the corrective measures.																						



ACTIVITY/MILESTONE	STATUS PER DECEMBER 2018	2018												2019				2020						
		Q4			Q1			Q2			Q3			Q4			Q1		Q2		Q3		Q4	
		OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC								

Human Rights and Workplace

POLICY COMMITMENT:

- Uphold the right to freedom of association and recognize the right to collective bargaining and allow trade unions to have access to our workers.
- No retention of workers' passports/identity documents or withholding of workers' wages other than that prescribed by law.
- Pay all workers the statutory monthly minimum wage and overtime compensation, in accordance with the current labour regulations.
- Provide fair and equal employment opportunities for all employees, regardless of race, nationality, religion or gender.
- Promote a safe and healthy working environment that is free of sexual harassment.
- Provide adequate equipment and training on the implementation of health and safety policies.
- Provide training and development to employees to ensure achievement of their full potential.

Translations of new labour policies in various languages of the workers	Policies to be translated to Bahasa Malaysia and Indonesia; 1. Policy on Harassment at Workplace 2. Safety and Welfare Policy (once the English version is finalised and approved)	Completed																				
Training and development of employees in Malaysia for year 2018	1. Training on revised labour policies All region has conducted the training related to labour policies progressively. However, the trainings will be constantly done in the operating units for continuous improvement 2. Development of workers induction videos to be shown to the new workers on the first day of work and upon employment confirmation.	Completed																				
Policy on Harassment at Workplace	Published and circulated to the whole operating unit in Q3 2018. Socialisation and training of the new policy to all respective personnel, with involvement of local authorities such as the National Labour Department (JTK)	Completed																				



ACTIVITY/MILESTONE	STATUS PER DECEMBER 2018	2018												2019				2020			
		Q4			Q1			Q2			Q3			Q4			Q1	Q2	Q3	Q4	
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Upgrading internal capacity and training (annually) for 2018	Training on Fire Alert Information System and Rapid Response Plan was conducted for Peninsular Region.																				

Conservation

POLICY COMMITMENT:

- **Identification and protection of High Conservation Value (HCV) areas, no deforestation and protection of HCS areas.**

Capacity building programs for year 2018 to improve protection of High Conservation Value (HCV) areas, no deforestation and protection of HCS areas. Focus on the estates that are located in the two key landscapes (i) Ketapang and (ii) Kinabatangan.	Indonesia: Training on orang utan survey and monitoring was conducted to IOI-SNA's sustainability team. Malaysia: A workshop on HCV management with stakeholders was held in November at Universiti Malaysia Sabah, Kota Kinabalu. This workshop aimed to connect different stakeholders in Sabah and discuss potential collaboration and partnership in developing management measures to address HCV and identifying suitable action plan to be adopted into our HCV management plan. It was attended by officials from the local authorities, NGOs, and IOI's employees.																			
Capacity building programs in year 2018 include (i) orang utan survey and monitoring, (ii) HCS patches analyses for connectivity, (iii) modelling water table and zonation (peat swamp), (iv) forest classification for planning tree planting program (peat and natural forest), (v) tree mortality monitoring program.																				
Agrochemicals (IMPLEMENTATION COMPLETED - end 2011)																				

POLICY COMMITMENT:

- **No use of Paraquat and pesticides that are categorised as World Health Organisation Class 1A or 1B.**

***Note: IOI's Agrochemical Management Policy was revised in July 2018 that states "The use of other Class 1 chemicals (such as metamidophos and monocrotophos) can only be carried out under strict supervision and absolutely necessary circumstances." Please click here for full document**
https://www.ioigroup.com/Content/S/PDF/agrochemical_mgmt_policy.pdf



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ADDITIONAL COMMITMENT FOR NEW PLANTINGS

Peatland

POLICY COMMITMENT:

- **No development of peatlands regardless of depth, and protection of peat lands through water management and fire prevention.**

Prepare new Peatland Protection Policy for IOI to include peatlands in existing concessions, new concessions, landscapes around concessions and supplier practices.	Publication of Peatland Protection & Management Policy https://www.ioigroup.com/Content/S/PDF/peatland_protection_policy.pdf	<i>Completed</i>																					
Implementation of Peatland Protection Policy across IOI's operations.	Following the finalisation of Peatland Policy, a guideline for peat management has also been finalised for full implementation	<i>Completed</i>																					

Ketapang Peatland Landscape

POLICY COMMITMENT:

- **We will develop a plan for peatland management and protection for the landscape in and around our four Ketapang concessions in West Kalimantan, in partnership with the affected stakeholders, in order to ensure optimum outcomes. This will involve mapping all peatlands in our Ketapang concessions and developing and implementing a plan for peatland protection, and the restoration of peatland degraded by clearance or drainage or, where not possible, compensating an area of land equivalent to what has been degraded.**

Stakeholders engagement for effective implementation of environmental and social initiatives for 2018. IOI will continue to engage multi-stakeholders to jointly develop and implement landscape approaches that contribute to effective fire prevention and mitigation as well as peat and biodiversity conservation.	Socialisation in Fire Prevention and Fire Fighting Procedure was carried out to the surrounding communities in PT. SKS, together with Indonesia Forest Rangers and local Natural Resources Conservation Agency (BKSDA).																						
Mapping of peatlands in concession and adjacent areas, including LiDAR mapping in collaboration with APP and Deltaras.	The LiDAR imagery with 5 km interval coverage received in February. The supplementary data called Digital Elevation Model (DEM) to be made available by end of Q2 2018. Currently, IOI is engaging the relevant organisations to follow up on development of the data.																						
Develop framework for Ketapang Landscape Project with internal and external stakeholders.	Aidenvironment signed a contract with IOI in September 2018. The South Ketapang Landscape Project was launched in October 2018.																						



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Adoption and implementation of Ketapang Landscape project.	Completion of preparation to adopt and implement the Ketapang Landscape project. Commencement of Ketapang Landscape project in October 2018																				

KPAM (IMPLEMENTATION COMPLETED – Q2 2018)

POLICY COMMITMENT:

- We commit to using the HCS Approach for our last wholly unplanted concession, KPAM.

Peatland Rehabilitation (IMPLEMENTATION COMPLETED – Q2 2018)

POLICY COMMITMENT:

- We confirm our commitment to developing and implementing best practice on peatland remediation, restoration and where necessary, compensation measures, in our Ketapang development in West Kalimantan.

Fire prevention

POLICY COMMITMENT:

- We will develop and implement a fire prevention and rapid response programme, consisting of active measures to prevent fires in IOP's new developments and adjacent lands, and to respond rapidly to any fires if necessary. The peatland management plan will be an important factor in mitigating fire risk.

Fire prevention and mitigation programs within (including conservation areas) and around concessions for 2018.	Full time fire guards on duty throughout the plantation for duration of dry season. Preparedness of firefighting facilities on standby during dry season. Fire truck, truck mounted water tanks available, etc. Verification report on the hotspots detected by RSPO. Fire Watch submitted as per requirement by RSPO.	<i>Ongoing</i>		
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ACTIVITY/MILESTONE

STATUS PER DECEMBER 2018

2018			2019								2020			
Q4	Q1		Q2		Q3		Q4		Q1		Q2	Q3	Q4	
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TRACEABLE SUPPLY CHAINS

Traceability (IMPLEMENTATION COMPLETED – Q4 2017 with ongoing data reported in Palm Oil Dashboard)

POLICY COMMITMENT:

- Our goal is to ensure that all volumes of palm oil and palm oil fractions will be 100% traceable to mills by the end of 2016 while palm kernel oil volumes will be traceable to crushers by end 2016 and to the mills by end 2018; this will be extended towards 100% traceable to plantation by the end of 2020.

Supplier Engagement

POLICY COMMITMENT:

- We will actively promote and support the transformation of the palm oil supply chain through a process of supplier engagement. We will continue to engage with key suppliers to promote our policy commitments and build capacity of mills and supplier companies to ensure compliance.

Webinar/training on new policy requirements to all direct suppliers.	Capacity building workshops are ongoing in partnership with NGOs	Ongoing				
Review of all direct suppliers' sustainability commitments against IOI policy requirements.	Ongoing	Ongoing				
Group level risk review of upstream companies in IOI supply base.	Review and appointment of new service provider	In progress				
Continuous Supplier Engagement in order to collaborate on prioritisation of interventions such as verification.	To review result of T4T platform by TFT and schedule workshops and other activities	In progress				
Review and engage with large suppliers on their practices with respect to peatlands on their plantations.	To review result of T4T platform by TFT and schedule workshops and/or other activities	In progress				
Develop guidelines for suppliers on requirements for HCV and HCS areas.	To determine awareness levels and general needs of the supply chain	In progress				



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<p>Risk Assessment (IMPLEMENTATION COMPLETED – Q4 2017 with Ongoing data reported in Palm Oil Dashboard)</p> <hr/> <p>POLICY COMMITMENT:</p> <ul style="list-style-type: none"> We will risk assess all palm oil supplier mills using tools such as the spatial data and remote sensing information made available by the World Resource Institute’s (WRI) Global Forest Watch (GFW) platform, together with stakeholder alerts, in order to facilitate monitoring of the palm oil supply chain to establish priorities for conducting mill-level verification assessments. <hr/> <p>Mill Verification & Monitoring</p> <hr/> <p>POLICY COMMITMENT:</p> <ul style="list-style-type: none"> We are implementing a programme of mill-level verification assessments within our supplier base, in order to verify compliance with our Sustainable Palm Oil Policy. We expect all our third-party suppliers of palm oil products to adhere to commitments in this Sustainability Policy. <hr/> <tr> <td>Minimum 10 new mill assessments a year with implementation partner.</td> <td>Utilising T4T to establish baseline of supply chain on NDPE for next 12 months</td> <td colspan="22"><i>In progress</i></td> </tr>																								Minimum 10 new mill assessments a year with implementation partner.	Utilising T4T to establish baseline of supply chain on NDPE for next 12 months	<i>In progress</i>																					
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	<p>Sarawak Government and Representative of District 76 Marudi), Mr. Nyurak Ketii (Deputy Residen of Miri), Dato Sri J.C. Fong (Legal Counsel for the State of Sarawak Government), Mr. Alexander Asing (Political Secretary in the Chief Minister of Sarawak Office) to update them and seek their input.</p> <p>3. On 8-9 November 2018, IOI met with the representatives of the Residen of Miri, Land and Survey Department, and the District Officer to update them on the progress and seek their input. IOI also met with KKS of Long Tabing Iban and Long Teran Batu.</p> <p>4. On 10 December 2018, Carl Dagenhart (Head of Stakeholder Engagement) together with Dr Ramy Bulan, Lead Facilitator, met with YB Baru Bian and discussed the Resolution Plan with him. YB Baru Bian promised to advise Long Teran Batu community as soon as possible.</p> <p>5. Since Long Teran Batu was taking long time to decide whether to give their consent and all other communities have already given their consent, IOI submitted a request to the Complaints Panel (on 18 December 2018) to allow IOI to start the Resolution Plan implementation with the 8 communities, while still waiting for Long Teran Batu's decision.</p>																							
Conduct CSR activities for the local communities	<p>1. A CSR contribution was given to the Berawan communities on 6 October 2018 for the ground levelling job of the church construction.</p> <p>2. IOI Pelita gave out a small contribution to each community for their Christmas celebration.</p> <p>3. In December 2018, a much-needed road repair work was carried out near Long Tabing</p>	Completed																						
Continues on more effective communication with external stakeholders	<p>1. On 12 November 2018, IOI held a stakeholder event at the venue of RT16 in Kota Kinabalu and made a presentation on the IOI Pelita Land Dispute.</p> <p>2. In November 2018, IOI launched a Stakeholder Engagement website page dedicated to IOI Pelita land dispute with ample information, including background, updates, facts and figures about the affected communities, a map, latest news and chronology of events.</p>	Ongoing																						



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Sustainability Advisory Panel (SAP)

POLICY COMMITMENT:

- Follow a multi-stakeholder approach as the right way forward to transform the palm oil sector. We will work with various stakeholders including our suppliers, customers, non-governmental organisations (NGOs), governments and independent verification bodies to implement our Policy.

SAP to meet regularly	SAP meeting was held in conjunction with RSPO RT16 in Kota Kinabalu, Sabah on the 12 November 2018.	Ongoing																
Independent verification of IOI's sustainability commitments	SAP member discussed and reviewed the verification process.	Ongoing																

HCS Convergence (IMPLEMENTATION COMPLETED – Q2 2017)

POLICY COMMITMENT:

- Follow a multi-stakeholder approach as the right way forward to transform the palm oil sector.



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Sustainability Public Reporting

POLICY COMMITMENT:																			
<ul style="list-style-type: none"> Launching a public reporting system (company dashboard) to communicate traceability information, progress on resolution of outstanding complaints and updates on supplier engagement and verification. 																			
Palm oil dashboard update	To be updated for Q4 2018 by end of January 2019.																		
Website revamp																			
IOI Group official website will be totally revamped to provide better accessibility and ease of navigation to the mass public.																			
	New website with brand new refreshed look published. Click www.ioigroup.com to have a look.																		
Preparation and publication of Annual Sustainability Reporting 2018 based on GRI standard	1. Data collection and preparation of draft.																		
	2. Publication of Sustainability Report 2018 available here http://www.ioigroup.com/Content/NEWS/PDF/sustainability_report.pdf																		

POLICY COMMITMENT:

- Transparently report on progress by IOI Group on compliance with this Policy on a quarterly basis and additionally as needed.
- Policy and Implementation Milestones for IOI Group May 2017: Publish and seek input on the methodology that IOI plans to use to conduct “an independent verification of the implementation of its Sustainable Palm Oil Policy, and the commitments stated above, in the second quarter of 2018.”

Verification on SIP commitments	IOI appoints Proforest to undertake an external verification of the implementation of IOI's Sustainable Palm Oil Policy (SPOP) and related commitments.																		
	Work on the verification is in progress through a combination of external and internal stakeholder consultation, desk-based analysis and fieldwork. Phase 2 verification expected to commence end of November 2018.																		



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