SUSTAINABILITY IMPLEMENTATION PLAN
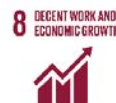

Foreword

This Sustainability Implementation Plan (SIP) serves as a **practical working document** that puts into practice the aspiration and commitments stated in IOI Corporation Berhad (IOIC)'s Sustainable Palm Oil Policy (SPOP). The SIP contains the issues and targets for each subject area outlined in the SPOP and is regularly updated over time to reflect stakeholders' input and implementation progress on the ground.

We have been reporting our progress since Q3 2016 and have been reviewing our implementation plans annually from 2018 onwards to better represent our current progress as well as to add new activities related to any new commitments in our on-going sustainability journey. In 2019, an external verification of the implementation of IOIC's SPOP and related commitments was conducted. A report was published along with IOIC's Management Response (MR) to both the findings of the verification exercise as well as the way forward in addressing the gaps identified in the report. This current SIP reflects the updates and progress of the MR.

Dato' Lee Yeow Chor
Group Chief Executive Officer

Dr Surina Ismail
Group Head of Sustainability

COMMITMENT #1: HUMAN RIGHTS AND WORKING CONDITIONS

ISSUES	PROGRESS	TARGETS
1. *System for monitoring of human rights and labour conditions.*	• Comprehensive monitoring checklist covering the 3 phases of employment, i.e., the pre-employment, employment and post-employment has been shared with the regional Sustainability team in June 2019. Full monitoring is expected to convene in stages, starting in August 2019. At the same time, monitoring on human rights & labour conditions based on the sustainability certification requirements is also ongoing.	• Finalise labour rights monitoring checklist and integrate into the internal audit checklist by August 2019. • Full monitoring on human rights & labour condition to complete in Q1 2020.
2. *Workers' understanding of labour rights*	• IOI sustainability team is planning more intensive training programs on human rights & labour conditions (which will incorporate into existing safety & health training) to the workers to enhance their awareness of their entitlements and rights. Future training will be given to more focused groups where each individual field staff will give trainings to the workers under their care.	• Establish training program on social/labour awareness by August 2019. • Frequency of at least twice a year

COMMITMENT #2: HCV IDENTIFICATION AND MANAGEMENT

ISSUES	PROGRESS	TARGETS
1. *HCV identification and assessment*	• Currently, in-house assessments are ongoing and the assessments updated in accordance with the latest HCV Resource Network (HCVRN) Common Guidance for HCV Identification. • HCV Quality Control Meeting carried out by the Sabah Regional Sustainability team in June 2019 to streamline with the HCV assessment template from the Peninsular team which has been reviewed and acknowledged by Proforest.	• In-house assessment is ongoing and will be completed by March 2020. • To streamline all HCV assessments in Malaysian plantations by Q1 2020.

SUSTAINABLE DEVELOPMENT G⊙ALS
adopted by IOI

2 ZERO HUNGER

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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2. *Potential Landscape Level Approach for existing plantations - Bukit Leelau Mini Landscape Level Approach*	• The Bukit Leelau Mini Landscape Level Approach collaboration, a multi-stakeholder's engagement between IOI's estates and the communities of adjacent areas started on 1 September 2018. The collaboration involved activities such as the rehabilitation of forest reserves and its buffer zones, fire prevention as well as empowerment programmes for the *Orang Asli*.	• Activities on rehabilitation of forest reserves and its buffer zones, fire prevention and empowerment programmes for the *Orang Asli* to be completed by March 2020.
3. *Collaboration work with NGOs HUTAN/PONGO*	• NDA for proposed collaboration work with NGOs HUTAN/PONGO for an ecological study on *Orang Utan* population at the Kinabatangan site has been signed in July 2019. A project proposal is in the process of being developed based on the concept of co-existence of *Orang Utan* with oil palm landscape.	• The project proposal to be finalized by October 2019 and the research activities to start in November 2019. • Project to eventually be expanded to other types of umbrella species such as elephant, clouded leopard, etc.
4. *Centralized data management*	• An ongoing centralized documentation system started in Q4 2018 which included a centralized geospatial mapping and consolidation of HCV data to ensure consistency and accuracy of data collected. • Centralised depository server at the HQ level where the regional team can upload the relevant documents needed is in the pipeline. Since it will be in a cloud server, the documents can be accessed from anywhere, whenever required.	• Centralised system management with consolidation of HCV data to be completed by March 2020 • Centralised depository server at the HQ level to be ready in January 2020.
5. *Buffer zone rehabilitation*	• Rehabilitation of buffer zones will be taken into consideration during replanting period. A pragmatic rehabilitation program is being developed and will have standard instructions from senior management as well as a SOP on the rehabilitation program with the involvement of stakeholders.	• Rehabilitation mapping and the SOPs for buffer zone rehabilitation to be completed by Q1 2020. Buffer zone rehabilitation program during replanting to be developed and implementation to be started by June 2020.

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COMMITMENT #3: IOI PELITA RESOLUTION

ISSUES	PROGRESS	TARGETS
1. *IOI Pelita resolution plan*	• Having secured consent from all nine affected communities, IOI and NGOs completed the community capacity building stage of the Resolution Plan in 2019. Second stage of the Resolution Plan, namely community mapping by local NGO will commence in August 2019.	• Stage 1 – completed • Stage 2 – December 2019 • Stage 3 – June 2020

COMMITMENT #4: KETAPANG PEATLAND MANAGEMENT

ISSUES	PROGRESS	TARGETS
1. *South Ketapang Landscape Initiative*	• A shared vision and roadmap for the Landscape Initiative have been developed based on input from external stakeholders and internal discussion. Several companies operating in the Landscape are now in the process of discussing a partnership agreement. Some of them have already shared HCV data and maps to start the process of identifying wildlife corridors and opportunities for inter-connectivity between various conservation areas.	• 1st year targets to be met by December 2019

COMMITMENT #5: THIRD-PARTY SUPPLIERS

ISSUES	PROGRESS	TARGETS
1. *Supply chain compliance program*	• Our supply chain compliance program for Sabah suppliers has been ongoing since August 2018. We have finalised a collaboration with Earthworm Foundation (EF) to meet our NDPE commitments and to support suppliers' transformation using Earthworm's T4T platform, engagements, workshops, focus groups and traceability data collection. Our Peninsular and other suppliers will undergo a similar set of programs targeted to commence in Q4 2019.	• Timeline for completion of the collaboration: 18 months

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2. *Group-level risk assessment*	• IOI has contracted the services of Aidenvironment for land use change monitoring of our supply base. A pre-monitoring group-level risk assessment of IOI's third-party suppliers has been completed and this is followed by monthly reports or as and when changes occur. The services also include increasing awareness and enhancing capacity of both IOI and their third-party suppliers towards eliminating deforestation and new peat development. As for the compliance of indirect suppliers, these are mainly managed by our trading partners who hold NDPE and other sustainability commitments that are aligned with our policy. In addition, we will include indirect suppliers into our workshops and other interventions whenever possible.	• Monthly report and when critical changes have been detected

COMMITMENT #6: MANAGEMENT SYSTEMS

ISSUES	PROGRESS	TARGETS
1. *Centralised management system*	• IOI initiated a centralised management system with the introduction of SAP system (Systems Application and Products in Data Processing) at the Group level in November 2018. The SAP system introduced standardisation on information and data management including accounting, payment rate, leave entitlement, operations, etc, and can assist in the monitoring of such data.	• The SAP system to go live in stages, starting in Q3 2019.
2. *Standardized documentation and monitoring system*	• IOI Sustainability team is also implementing a new standardised documentation and monitoring system equivalent to ISO 9001 documentation system at the group level.	• Group level standardised documentation system for Sustainability team to start in October 2019.

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