

Sustainability Progress Update (May - September 2020)



HIGHLIGHTS

- ❖ As part of the action plan arising from Proforest's external verification of IOI's Sustainability Implementation Plan in 2019, IOI organised a general training on High Conservation Value (HCV)/ High Carbon Stock (HCS) for IOI's corporate management team while a 3-day intensive training on HCV/HCS was conducted for the on-the-ground sustainability team.
- ❖ PT Sawit Nabati Agro (SNA), our Indonesian plantation subsidiary, signed a memorandum of understanding with four other companies to form strategic partnership on fire monitoring, prevention and control.
- ❖ IOI Oleochemical developed the Environmental and Sustainability Data Entry (ESDE) system as a common platform for different units to submit and record periodic environmental and sustainability information.
- ❖ IOI Edible Oils supported the Ulu Muanad HEC Volunteer Group comprising surrounding smallholder farmers by contributing equipment and gears for their elephant patrolling programme.
- ❖ The Fire Outbreak Preparedness Plan has been developed for identified high-risk areas under the South Ketapang Landscape Initiative.
- ❖ IOI extended its Reusable Face Mask Initiative by distributing 14,000 pieces of reusable face masks to HUMANA school and Community Learning Centre (CLC) children in its plantations.
- ❖ The participatory mapping stage of all 9,000 Ha of land under IOI-Pelita resolution process has been completed and CICOM has started the verification process with the communities.
- ❖ IOI extends support to independent smallholders by sourcing from RSPO-certified independent small producers through the Wild Asia Group Scheme (WAGS) in Perak, Malaysia.
- ❖ IOI achieved a 94% participation rate from its third-party suppliers on self-assessment through the Tools for Transformation (T4T) and is working with suppliers to formulate action plans on identified gaps.

IOI continues to thank all Health workers and front-liners working tirelessly to safeguard our health and sustainable future from the COVID-19 pandemic

1. Environment

a. Intensive Training on High Conservation Value and High Carbon Stock Approach

An intensive training session on High Conservation Value (HCV) and High Carbon Stock (HCS) areas was conducted from 17 to 19 August 2020 by Proforest at IOI headquarters. The training was part of the action plans in the Sustainability Implementation Plan to provide knowledge and skills in the identification, classification and management of HCV and HCS areas within IOI's operations. Case studies for designated HCV-HCS areas within IOI's plantations were also incorporated as part of the training modules.



Group photo of participants attending the intensive HCV-HCSA training during MCO

The basic training on HCV/HCS was attended by the relevant IOI headquarters Heads of Departments and Sustainability Teams while the Intensive Practitioner Training was attended (some via Zoom) by IOI's sustainability personnel from all regions (including Peninsular Malaysia, Sabah and Ketapang, Indonesia).

b. Memorandum of Understanding (MOU) on Fire Management



The management teams from companies involved in the MOU

In August 2020, our Indonesian plantation subsidiary PT Sawit Nabati Agro (SNA), as part of its commitment to reduce the risk of fire within PT SNA and the surrounding areas, formed a strategic partnership with neighbouring companies as part of its comprehensive fire management plan. PT SNA signed a one-year MOU with four other companies (namely PT Buana Megatama Jaya, PT Hutan Ketapang Industri, PT Mayangkara Tanaman Industri and PT Nusantara Kalimantan Lestari) to collaborate in information sharing, regular joint-socialisation to the adjacent communities as well as fire monitoring, prevention and control activities. The strategic partnership is expected to enhance the existing fire management efforts by each respective company.

c. Training on Fire Prevention and Monitoring

One of the major challenges faced in fire prevention and control is on early fire detection as late detection generally results in a fire outbreak which is hard to control. Drone Thermal Imaging is the latest technology currently being used by our firefighting team to assist in early fire detection. The ability to display the average temperature of an object from afar allows for rapid monitoring to be done at locations which are not readily accessible due to safety issues. In June 2020, a training was conducted involving the emergency response team in PT SNA to ensure our team are competent in operating the drone for more effective fire monitoring activities.



Fire monitoring training conducted by Pak Eko, GIS Manager

d. Web-Based Sustainability Database

IOI Oleochemical (IOI Oleo) embarked on the development of the Environmental and Sustainability Data Entry (ESDE) system, which is aimed at creating a common platform for users to submit and record periodic environmental and sustainability information and to serve as a means for management to access current sustainability performance and determine future targets. The ESDE system will also be further improved to incorporate various data processing and publishing features to enhance its capability as a one-stop platform. This key development will ensure a more efficient and systematic data entry and management system across IOI Oleo's global operations. The ESDE system has already been launched at three sites and will be launched at two more sites within the first half of 2021.

e. **IOI Edible Oils (IOIEO) Supports Minimising Human-Elephant Conflicts**



Volunteer group conducting patrolling on elephant movement

Following IOI’s commitment in protecting rare, threatened and endangered (RTE) species, IOIEO was involved in supporting the Ulu Muanad HEC Volunteer Group that conduct night surveillances to minimise human-elephant conflict. In August 2020, IOIEO provided each team member of the volunteer group which comprising surrounding smallholder farmers with equipment and gears that are needed for their patrolling programme. The group utilises non-invasive method by re-directing wandering elephants away from the smallholders’ and estate plots while also collecting critical data on elephant movement to assist in future wildlife management.

f. **South Ketapang Landscape Initiative**

Coinciding with the dry season (April to August 2020), PT SNA focused its efforts on fire prevention, which is one of the three pillars of the South Ketapang Landscape Initiative (in addition to Conservation and Village Development). A Fire Outbreak Preparedness Plan that has been developed, focusing on high-risk areas included engagement with six local villages adjacent to PT SNA, neighbouring timber plantations, and local authorities. PT SNA’s surveyance and area monitoring capacity was further enhanced with regular joint patrols and fire drills with the *Masyarakat Peduli Api* (MPA) from the respective villages. PT SNA also assisted local farmers with heavy machinery to conduct land clearing and thus reduce the need for the farmers to use fire for land clearance. As of to date, PT SNA has assisted seven villages in their land clearing activity.

2. **Social**

a. **Movement Control Order (MCO) during COVID-19 Pandemic**

As the COVID-19 pandemic continues to be a threat to our plantation communities, IOI extended the “*Reusable Face Mask*” Initiatives to children living within our plantation. In July 2020, we distributed about 14,000 pieces of reusable face mask to the school children studying at HUMANA Schools and Community Learning Centres in our operating units at Sandakan and Lahad Datu, Sabah. The distributed face masks comply with the N95 requirements to ensure that our children have the necessary personal protective equipment (PPE) to stay safe while practising all the standard operating procedures and guidelines issued by the Ministry of Health and the management respectively.



HUMANA’s student at estate in Sandakan with their new reusable mask.

b. **IOI-Pelita Land Dispute Resolution Process**

The second stage of the Conflict Resolution Process, the Community Participatory Mapping was restarted by the communities and local NGOs (CICOM) in June 2020, soon after the movement control order due to COVID-19 pandemic was lifted in Sarawak. By the end of July 2020, the mapping process of all 9,000 Ha of land under the Provisional Lease has been completed and community participatory maps were developed for each community. In August 2020, CICOM began the process of map verification with all 8 affected communities. An additional community, the Penans of Long Lapok, submitted their land claim and joined the resolution process.

3. **Transparency and Wider Engagement**

a. **Smallholders Support and Engagement**

External fresh fruit bunch (FFB) suppliers supplying to Unico Oil Mill were invited for a few sessions of training in July 2020. The objectives of the training were to improve the quality of FFB and palm oil production from external suppliers and to improve the overall oil extraction rate as well as to

identify good quality FFB. The participants of the training session consist of major outgrowers and smallholders supplying to Unico Oil Mill.

Within the same month, training was also conducted at Unico 6 Estate. The topics covered included the planting of beneficial plants, triple rinsing on empty chemical container, utilisation of appropriate PPE etc. The knowledge gained by the participants from the training is used to minimise risks and hazards at the workplace.



PPE training to the smallholders at Unico Grouping

b. Initiatif Lestari Untuk Hasil Agrikultur Mampan (ILHAM) - Smallholders Livelihood Improvement Programme

Following the fertiliser recommendation report by IOI, participating smallholders have applied the second round of biofertiliser in May 2020. Due to the COVID-19 pandemic, some of the participating smallholders faced issues in transporting the biofertiliser from Fortuna Mill to their field which resulted in delayed application. For the next step in this project, the team has scheduled to collect yield data from the smallholders to assess the effect of the biofertiliser application to their FFB yield and quality. The results from the yield data will be used by the group to attract more smallholders to participate in the programme.

c. Responsible Sourcing from Smallholders

In July 2020, IOI started to source palm oil supplied from RSPO-certified independent small producers in Perak, Malaysia through the Wild Asia Group Scheme (WAGS), a group responsible to enhance local capacity in the oil palm sector and support independent farmers and producers towards sustainable production. IOI Oleo will then process the RSPO-certified palm oil to fulfil its customers' demand for sustainably-sourced palm oil. Additionally, IOI provides additional monetary support to the independent smallholders and the WAGS Team for their efforts in providing training to the independent smallholders and ensuring sustainable best practices are continuously implemented. Our third-party supply mill that process FFB from the independent smallholders was also incentivised for their commitment and support in sustainable production from independent smallholders.



IOI visiting one of WAGS' BIO Farms plot

d. Group Sustainability Steering Committee

On 13 August 2020, IOI conducted its annual Group Sustainability Steering Committee (GSSC) meeting. The meeting was chaired by IOI Group Managing Director & Chief Executive and attended by Heads of Divisions and Departments as well as other key employees. Topics discussed include the updated Sustainable Palm Oil Policy and guidelines, the Climate Change Action Initiative, sustainability-relevant initiatives, targets for the new financial year, IOI-Pelita Resolution and progress on 3rd party supplier's engagement.

e. Update on Result from Suppliers Engagement with Tools for Transformation (T4T)

IOI's Responsible Sourcing Team achieved a 94% participation rate from its third-party suppliers on self-assessment through T4T. Sustainability compliance status and gaps on areas such as governance, policy compliance on No Deforestation, No Peat and No Exploitation (NDPE), labour rights and occupational health & safety have been identified through the assessment. Subsequently, the suppliers are required to formulate action plans to resolve the identified gaps with IOI providing the necessary support by sharing relevant best practices and guidelines through the T4T platform.