

Enhancing Reach & Engagement



IOI GROUP



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OUR FRONT COVER

IOI Corporation Berhad ("IOI Group" or "IOI") has made continued progress on its sustainability endeavours and reinforced its good agricultural practices and management measures in all its divisions, at the same time increasing its community development initiatives. The linework image on the cover shows a hand holding a robust sapling with three leaves, representing the three pillars of IOI Group's commitments to its stakeholders: transparency, disclosure and engagement.

REPORTING SCOPE & BOUNDARIES

This report accompanies the Group's Annual Report 2017, and covers the financial year ending 30 June 2017. This report has been prepared in accordance with the Global Reporting Index (GRI) Sustainability Standards: Core Option. The scope covers our core businesses including: IOI Plantation (estates, mills and refineries), IOI Loders Croklaan and IOI Oleochemical operations. This report also includes IOI Commodity Marketing activities, however excludes IOI Group Sales Offices. There have been no significant changes to the Group during the reporting period.

This report also contains information on the management of the Group's material economic, environmental and social ("EES") risks and opportunities in line with the sustainability-related disclosure obligations prescribed in the amended Main Market Listing Requirements of Bursa Malaysia Berhad. To avoid repetition, some of the information is reported in the IOI Corporation Berhad's Annual Report 2017.

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ABOUT THIS REPORT

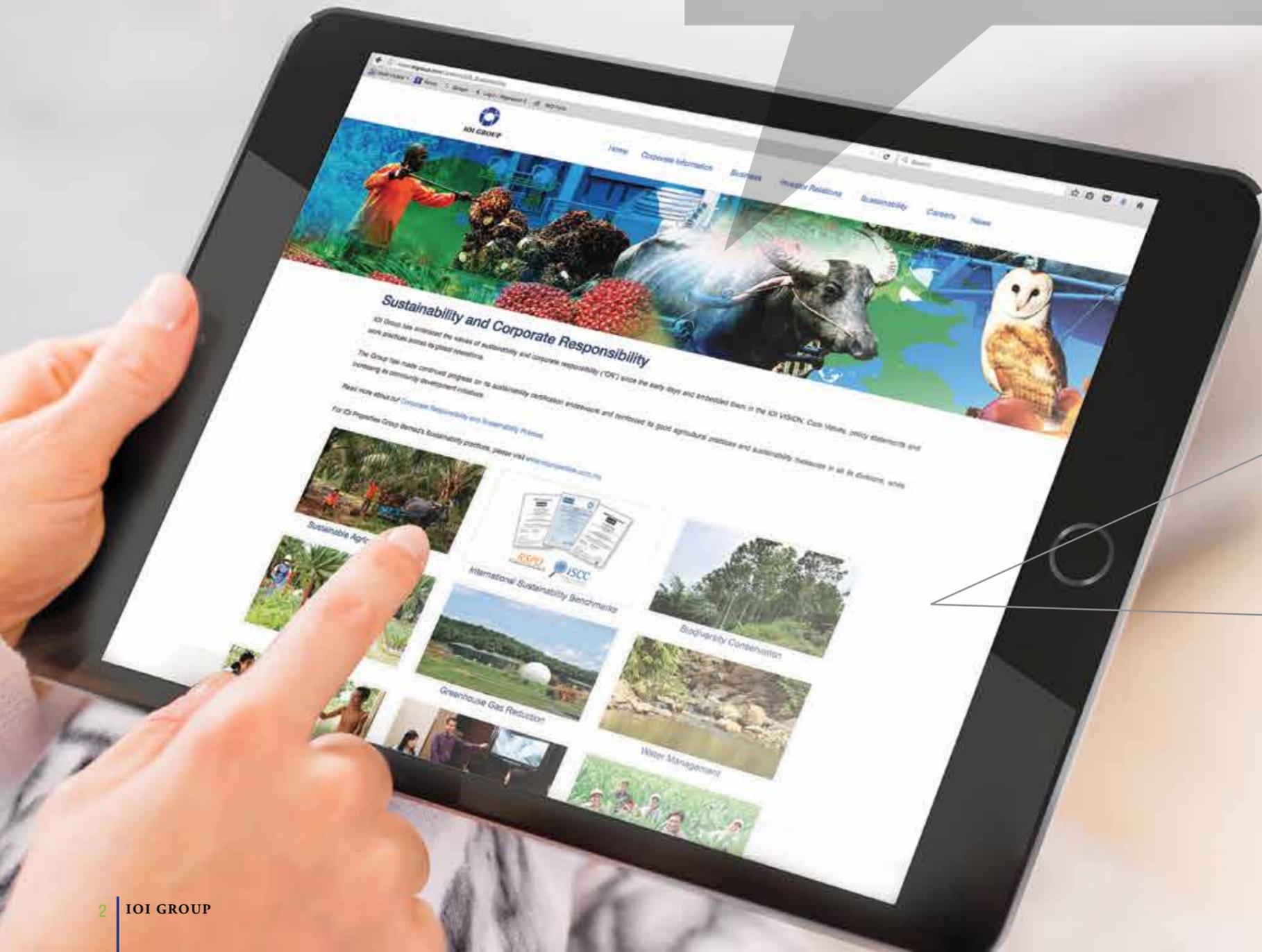
FEEDBACK & COMMENTS

IOI Group is open and committed to listening to our stakeholder's opinions and ideas. We welcome any feedback on this sustainability report, our management approach and performance. Please send your comments to:

Dr. Surina Ismail,
Group Head of Sustainability:
surina@ioigroup.com

Hanna Hazirah Awaluddin,
Sustainability Executive:
hanna.hazirah@ioigroup.com

Enhancing Reach & Engagement



Over the last year it has been a priority for IOI Group to engage more fully with its stakeholders and further enhance transparency and communication. The Group have committed to regularly share and communicate on its policies, practices and initiatives, and provide opportunities for everyone to give their feedback and response. This is fundamental to assure our stakeholders that we are keeping our commitments and making constant progress.

Following IOI Group's certification suspension from the Roundtable on Sustainable Palm Oil (RSPO) last April 2016, the Group refocused its approach to stakeholder engagement and communication and paved the way for a cultural change in the organisation. The suspension was successfully lifted after only 4 months in August 2016 following the creation of our Group Sustainability Steering Committee (GSSC) and a number of concrete measures

ensuring further guidance on the action plans and sustainability initiatives required going forward. Further details of the case are available on the RSPO website¹.

Over the last year IOI Group has also appointed a Group Head of Sustainability and built up its sustainability teams across all Group companies to strengthen its internal capabilities. A Sustainability Advisory Panel (SAP) composed of both internal and external sustainability experts was also established.

This report is IOI Group's first stand-alone annual sustainability report and it reflects the Group's commitment to a stronger stakeholder engagement and more open communication. It provides a detailed view on IOI Group's sustainability efforts and updates on performance and progress to date. Beyond this report, the Group will regularly share relevant sustainability updates publicly on its website.

¹ <https://www.rspo.org/members/complaints/status-of-complaints/view/80>

MESSAGE FROM OUR CEO

DEAR STAKEHOLDERS,

As IOI embarks on the journey of corporate sustainability, we have encountered many challenges, risks and opportunities. We recognise that while corporate growth and profitability are pivotal to our business, the pursuit of societal goals specifically those relating to sustainable development – environmental protection, social equity, and economic development, are fundamental to our responsibilities as citizens of this world.

We believe that with strong leadership and Board oversight, as well as linking our peoples' values and support for sustainability with their daily work and the company's operations, sustainability can be successfully embedded within our organisation. IOI's major drivers in implementing our sustainability commitment are from our employees, customers, suppliers, surrounding communities and the environment.

OUR EMPLOYEES

They form the backbone of our success. To further strengthen our commitment towards the care and wellbeing of our workers, we do not only subscribe to the Universal Declaration of Human Rights and the International Labour Organisation's core conventions,

but also to the United Nations Guiding Principles on Business and Human Rights and the Principles of Free and Fair Labour in Palm Oil Production. We have recently enhanced our Sustainable Palm Oil Policy (SPOP) on Human Rights and Workplace by introducing strong policies on no recruitment fees for foreign workers, no retention of passport, freedom of association and ensuring above minimum wage payment. We have also conducted our labor rights monitoring project with a labour consultant as part of IOI's overall efforts to strengthen our management systems and tools. In the area of workplace safety, we continuously provide relevant training to our employees and monitor the Lost Time Incident Frequency Rates as an important safety measure.



DATO' LEE YEOW CHOR
Chief Executive Officer

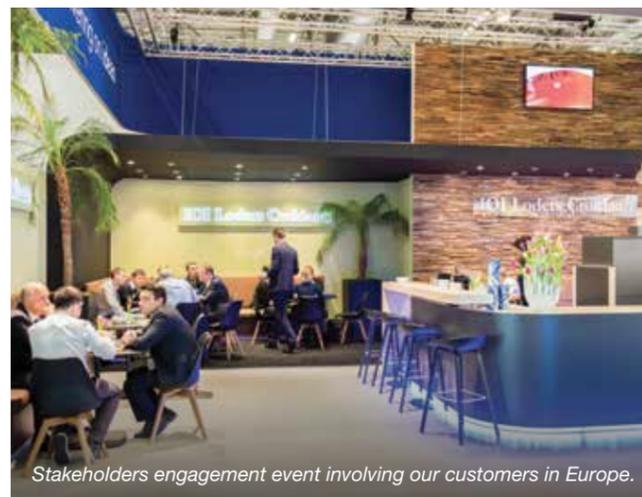
MESSAGE FROM OUR CEO



Overview of one of IOI's estates.

OUR CUSTOMERS

As embodied in our core values, our customers' needs and wants are forefront in our business. One of the areas of importance to us and our customers is sustainability in the palm oil sector. In our SPOP, we have made transparency and engagement with our stakeholders one of the important elements of our sustainability commitments. For example, we have developed a Grievance Mechanism which allows full disclosure of our dealings with any complaint raised and introduced a "Palm Oil Dashboard", a public dashboard reporting tool to highlight at a glance, the origin of our oil, a risk assessment and supplier verification associated with the source of our oil as well as latest updates. We have also formed a Sustainability Advisory Panel (SAP) comprising of non-governmental organisations (NGOs), customers and industry expert, to advise and to provide a critical review and advisory function on sustainability-related matters.



Stakeholders engagement event involving our customers in Europe.



Partnership with HUMANA provides education to students who are unable to enroll into national schools in Malaysia.



Capacity building given to IOI Group's employees across its operation.

OUR SUPPLIERS

In the last few years, responsible sourcing has become a priority for both IOI and our customers. Subsequently, we have added, as an Annex to our SPOP, a more rigorous supply chain policy commitment that applies to our third-party suppliers. In order to communicate and engage with our suppliers regarding this commitment, we have conducted many workshops, trainings and meetings facilitated by industry experts, government agencies, and NGOs.

landscape level approach in our Ketapang concession in Indonesia where we collaborate with both the federal and provincial government agencies, local communities, NGOs and other plantation companies to promote sustainable management of the landscape. Part of the implementation of this approach includes continuous buffer zone monitoring to ensure the effectiveness of fire prevention, peat management and biodiversity conservation. We also practice Zero Burning Policy during new planting and recycling of felled palm trees for biomass retention during replanting.

THE SURROUNDING COMMUNITIES

We have a longstanding involvement with the surrounding communities. Among the corporate social responsibility activities that we have carried out are awareness campaigns to empower women workforce in the estates, awarding of scholarships to students from the surrounding communities to pursue education at all levels, raising money to help fight diseases like Multiple Sclerosis and Zika, and working with the communities to rehabilitate and conserve their natural environment. Additionally, as a plantation-based company with over 23,000 employees, we have helped to improve the income level and well-being of many rural communities by providing jobs to the local people, building infrastructures such as roads and bridges and providing business for local enterprise.

MOVING FORWARD

IOI has done a lot in the area of sustainability throughout its operations and in promoting sustainable development in the palm oil industry. We recognise that the journey of sustainability is a long and arduous one. We are prepared and committed to undertake this journey by holding fast to our IOI Core Values, in line with our Vision IOI.

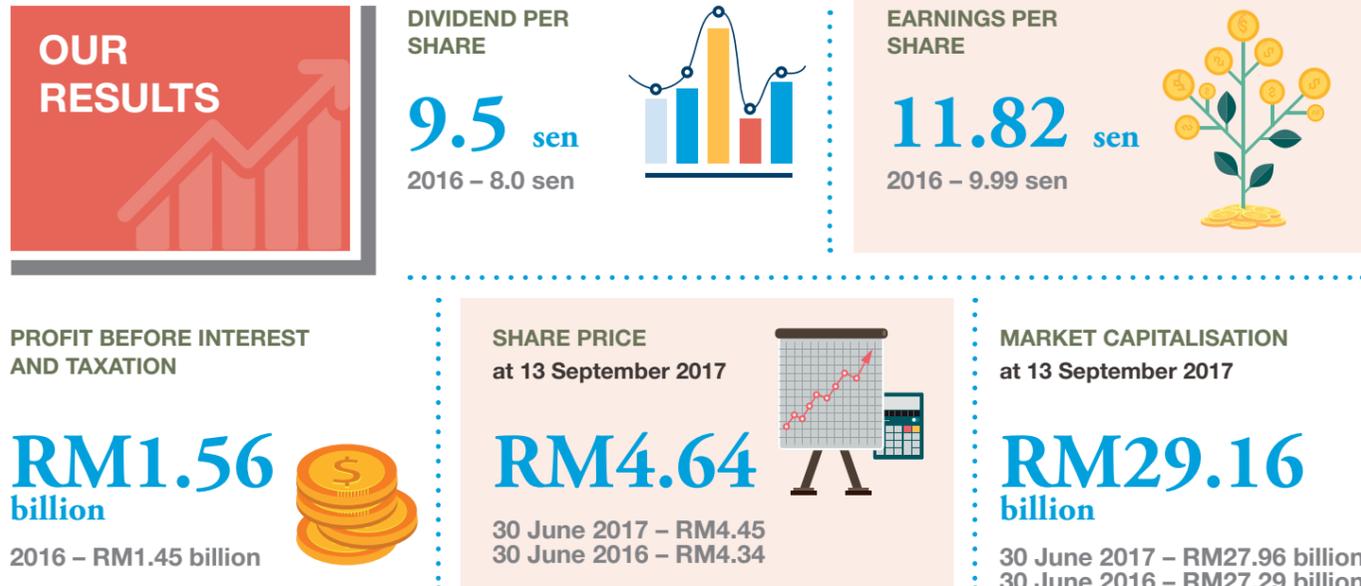
THE ENVIRONMENT

We are now a member of the High Carbon Stock Approach Steering Group after agreement was reached at the High Carbon Stock (HCS) Convergence meetings. We are also developing a



Visiting IOI facility provides learning opportunity to students and community.

ABOUT IOI CORPORATION



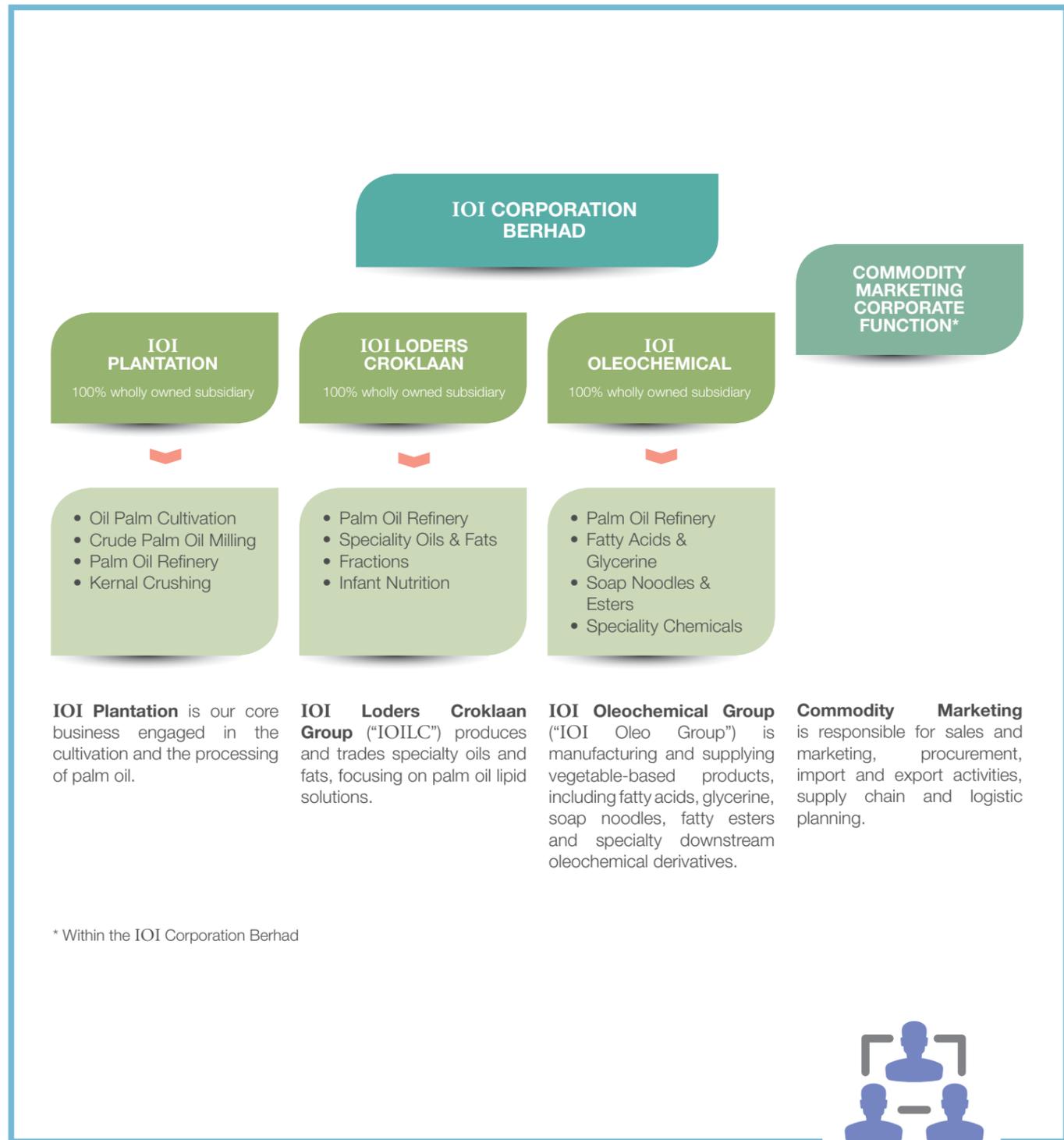
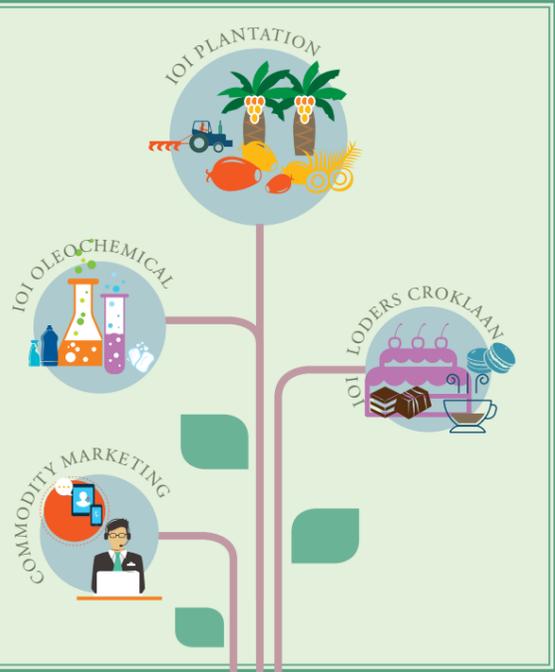
Source: IOI Corporation Berhad's Annual Report 2017

WHO WE ARE

As one of the world's largest and vertically-integrated palm oil producers, IOI Group's business comprises the upstream plantation and downstream resource-based manufacturing. IOI Corporation Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad. The Group have employed more than 23,000 employees, of which 71% are male employees and the rest 29% are female employees.

The Group's plantation business covers Malaysia and Indonesia with a land bank of more than 230,000 hectares, and is one of the largest plantation owners in the industry. With our hands-on management approach and good agronomic practices, IOI Group is ranked highly among the most efficient major plantation owners with one of the highest oil yields in the industry. A substantial portion of the Group's plantation produce - crude palm oil and palm kernel - is utilised in the resource-based manufacturing operations. IOI Group's downstream businesses are operated by IOI Loders Croklaan and IOI Oleochemical. IOI Group have manufacturing facilities in Malaysia, the Netherlands, USA, Canada, Germany and China. Currently, our downstream products are exported to more than 85 countries worldwide.

A full description of the Group's integrated business model can be found in *Palm Oil Business Stream* in our Annual Report 2017.

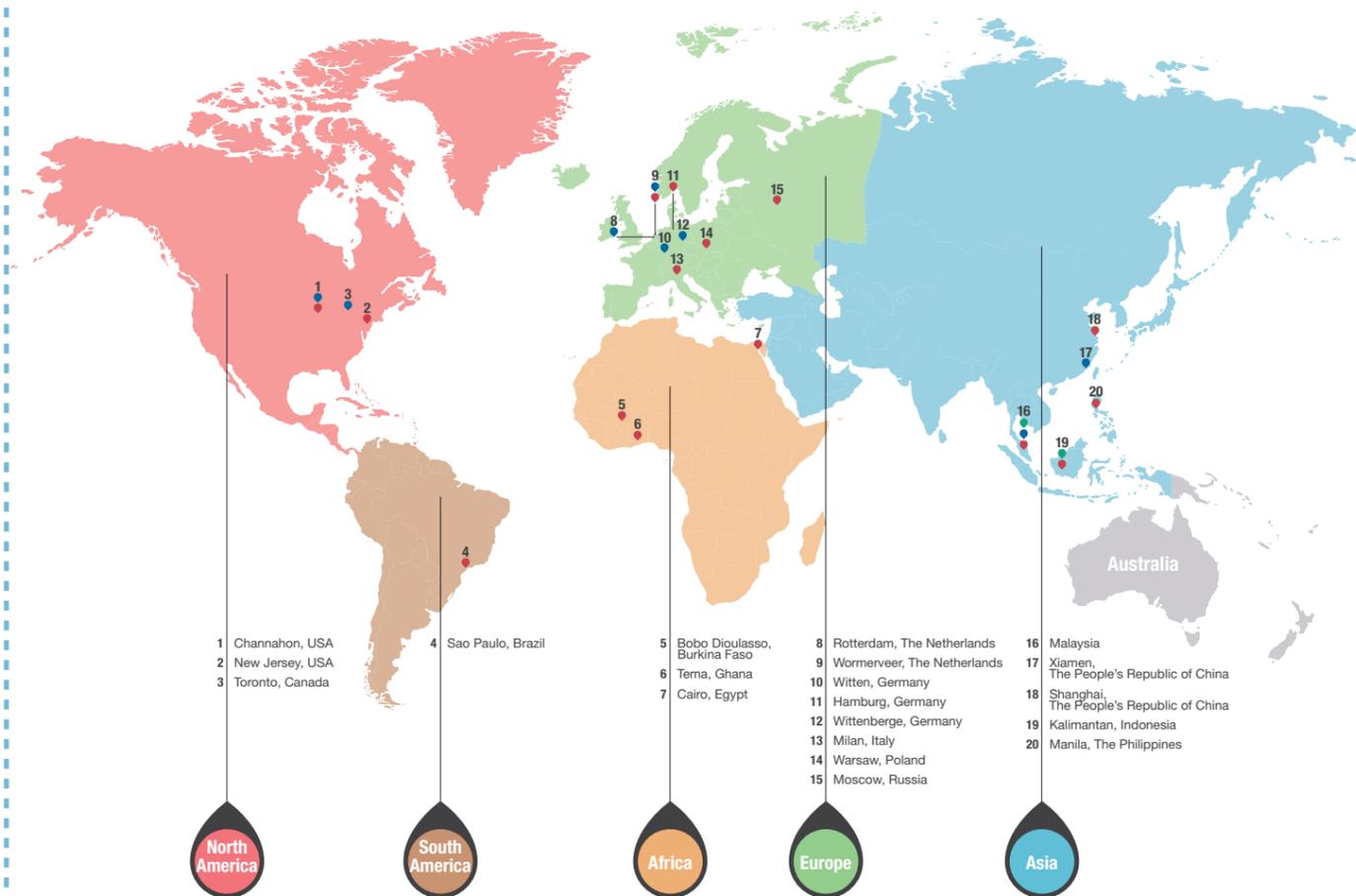


ABOUT IOI CORPORATION

LOCATIONS



GLOBAL PRESENCE



LOCAL PRESENCE



- | PLANTATION (PENINSULAR) | PLANTATION (EAST MALAYSIA) | RESOURCE-BASED MANUFACTURING |
|--|---|---|
| 1 Bukit Dinding Estate | 15 Baturong Estate | 34 IOI Oleochemical Operations |
| 2 Detas Estate | 16 Cantawan Estate | 35 IOI Pan-Century Oleochemicals & Refinery Operations |
| 3 Bukit Leelau Estate | 17 Unico 6 Estate | 36 IOI Lipid Enzymtec Plant |
| 4 Leepang A Estate & Laukin A Estate | 18 Halusah Estate | 37 IOI Lodars Croklaan Refinery/Specialty Fats Operations |
| 5 Mekassar Estate & Merchong Estate | 19 Tas Estate | 38 IOI Palm Oil Refinery/Kernel Crushing Plant |
| 6 Pukin Estate | 20 Unico 1-5 Estates | |
| 7 Shahzan IOI 1 Estate & Shahzan IOI 2 Estate | 21 Morisem 1-5 Estates | |
| 8 Bahau Estate & Kuala Jelei Estate | 22 Leepang 1-5 Estates | |
| 9 IOI Research Centre & Regent Estate | 23 Permodalan Estate | |
| 10 Gomali Estate, Paya Lang Estate & Tambang Estate | 24 Syarimo 1-9 Estates | |
| 11 Bukit Serampang Estate & Sagil Estate | 25 Bimbingan Estate | |
| 12 Segamat Estate | 26 Mayvin Estate & Tangkulap Estate | |
| 13 Kahang Estate | 27 Laukin Estate | |
| 14 Pamol Barat Estate, Pamol Timur Estate, Mamor Estate & Unijaya Estate | 28 Ladang Sabah Estates, IOI Lab & Sandakan Regional Office | |
| | 29 Linbar Estates | |
| | 30 Sakilan Estate | |
| | 31 Pamol Sabah Estates | |
| | 32 Sugut Estate | |
| | 33 Sejap Estate & Tegai Estate | |



CORPORATE GOVERNANCE AND ETHICS



RISK MANAGEMENT



The board-level Audit and Risk Management Committee (ARMC) maintains risk and audit oversight for IOI Group through the adopted Enterprise Risk Management (ERM) framework. A more detailed explanation on the risk management and internal control is explained in IOI Corporation Berhad's Annual Report 2017.

Operational risks, including health and safety, quality, production, marketing and distribution, and statutory compliance, are managed at the business unit level and guided by approved Standard Operating Procedures. Operational risks relating to supply chain, environmental sustainability, integrated systems, transfer pricing and reputation, are coordinated centrally.

CORPORATE RESPONSIBILITY



IOI Group's Corporate Responsibility Policy² reflects our long-standing commitment to employees, surrounding communities and the environment. IOI Group also has in place a number of workplace policies related to occupational safety & health, no recruitment fee for foreign workers, prevention & eradication of sexual harassment in the workplace, no child labour, and equal opportunity employment & freedom of association, among others.

ANTI-CORRUPTION



IOI Group's Code of Business Conduct and Ethics³ sets our commitment to integrity and maintaining fair and ethical practices. The Code is communicated to all Directors and employees upon appointment or employment.

We encourage feedback with regards to the Group's compliance or any suspected violations of the Code. IOI Group's Whistle-blowing Policy⁴ provides an avenue for all IOI Group employees, agents, vendors, contractors, suppliers, consultants and customers, along with members of the public, to raise concerns about any improper conduct in a transparent and confidential manner without fear of retaliation.

SUSTAINABILITY HIGHLIGHTS 2016/2017

ENSURING OUR COMMITMENTS

- Launch of IOI Group's revised Sustainable Palm Oil Policy (SPOP) and Sustainable Implementation Plan (SIP).
- Review of Assessments and Procedures on KPAM - our last wholly unplanted concession - by Proforest.
- The independent labour rights verification assessment work completed by international consultant BSR.

Read more on p.17,36



Field visit by BSR.

STRENGTHENING OUR SUSTAINABLE PALM OIL POLICY (SPOP)

- Further revision to IOI Group's SPOP in February 2017 was made to enhance our commitment in regards to third-party suppliers.
- Latest update made in June 2017 to reflect the Group's commitments toward human rights and workplace.
- IOI Group is also committed to apply the newly revised High Carbon Stock Approach (HCSA) methodology and its associated social requirements in its operations.

Read more on p.17,26

ENHANCING CONSERVATION AND BIODIVERSITY

- Actions such as training communities in fire-fighting taken to empower communities.
- Tangible progress made in the development of Ketapang Landscape Level Approach.
- Various initiatives such as wildlife protection in collaboration with Indonesia's Natural Resource Conservation Agency (BKSDA) undertaken to save orangutans.
- Commitment to the High Carbon Stock Approach and a member of High Carbon Stock Approach Steering Group.
- Commitment to implement global best-practice peatland management.

Read more on p.26,42,43,45



Signage in conservation area.



Replanting programs in Ketapang, Indonesia.

TRANSPARENCY AND STAKEHOLDER ENGAGEMENT

- National and international NGOs are being actively engaged to enhance our understanding of material environment, social and labour issues.
- IOI Group Sustainability Advisory Panel formed.
- Palm Oil Dashboard launched on 22nd December 2016.
- Establishment of a Grievance Procedure to resolve any stakeholder grievances raised.

Read more on p.14,18,19,22,30,36,39,45



Methane capture facility in IOI Plantation.

REDUCING GHG EMISSIONS

- Development of methane capture program.
- Mitigation of biogas emission from palm oil mill effluent (POME).
- 2 biogas plants commissioned to capture methane and mitigate emissions, contributing to GHG reduction of 120,000 MT of CO₂ per year.

Read more on p.42

² <http://www.ioigroup.com/content/s/pdf/corporate%20responsibility%20policy%20statement.pdf>

³ <http://www.ioigroup.com/Content/CI/PDF/IOI%20Code%20of%20Business%20Conduct.pdf>

⁴ http://www.ioigroup.com/content/ci/pdf/corp_whistleblowingpolicy.pdf

AUGUST 2016 TO JUNE 2017 IN SUMMARY



5 AUGUST 2016

The RSPO lifted the suspension of RSPO certification for entire IOI Group based on the detailed action plan proposed by IOI to mitigate issues at hand.

8 AUGUST 2016

Updated IOI Group's Sustainable Palm Oil Policy (SPOP) was published following stakeholder outreach and engagement with Proforest. The SPOP brought together relevant commitments from across the Group, and defined clear actions going forward. The Sustainability Implementation Plan (SIP) was also published, setting the activities, milestones and timelines to realise the goals and commitments established in the SPOP.

31 AUGUST 2016

IOI Group, Global Environment Centre (GEC) and Aidenvironment visited Ketapang, Indonesia concession to assess progress of implementation of action plan suggested by GEC on the ground.



2 SEPTEMBER 2016

IOI Group and RSPO verification auditors, visited PT BSS (SNA Group) in Ketapang, Indonesia to verify the progress made by IOI.

OCTOBER 2016

IOI Group's new Grievance Mechanism was published and developed with input from stakeholders and is being implemented since October.

1 DECEMBER 2016

Aidenvironment issued a joint statement with IOI Group regarding their satisfaction on the ground progress at the Ketapang concession, and the closure of the case where they are concerned.

A draft settlement agreement which gives the native community land use rights was presented to the affected communities for consideration.



24 JANUARY 2017

Field verification visit by RSPO was conducted along with independent experts at IOI's plantations in Ketapang - PT Sukses Karya Sawit (PT SKS), PT Berkat Nabati Sawit (PT BNS) and PT Bumi Sawit Sejahtera (PT BSS).

JANUARY 2017

A series of workshops for employees was initiated. The workshops covered topics from third party sourcing to High Conservation Value (HCV), High Carbon Stock (HCS), peatland, and third-party supplier's engagement to ensure compliance with our commitments stated in the SPOP.

JANUARY 2017

Engagement with international labour rights monitoring consultant BSR on fair and proper labour practices across our plantations in Malaysia. This system will support the Group's operations in addressing the concerns raised by Finnwatch, as well as to review migrant workers' management practices in Sabah, where the majority of IOI's plantation reside.



22 DECEMBER 2016

IOI Group's Palm Oil Dashboard was published online.

20 DECEMBER 2016

A meeting was held to discuss further the terms of the settlement agreement with the affected communities in IOI-Pelita concessions. During the meeting, the community requested some additional terms be put into the third settlement agreement.

5 DECEMBER 2016

IOI Group's Sustainability Team in Indonesia, in collaboration with the Natural Resource Conservation Agency or BKSDA, saved orangutans from poachers in Desa Air Hitam Besar, Kalimantan.

Supplier engagement & training initiated; best practices for existing planting on peat.



15 MARCH 2017

IOI Group joined the Fire Free Alliance (FFA), a voluntary multi-stakeholder group consists of 8 companies including IOI, that aids in the resolution of land forest fires in Indonesia, to further strengthen its fire prevention and management efforts in the Republic.

28 APRIL 2017

Greenpeace suspended its campaign against IOI Group in light of its action plan and commitments to the environment, labour rights and third party suppliers assessments taken.

19 MAY 2017

The first meeting was held for the independent IOI Group Sustainability Advisory Panel (SAP), which consists of customers, NGOs and industry experts.

12 JUNE 2017

SPOP was further revised following consultation with NGOs to incorporate enhanced application of the High Carbon Stock Approach (HCSA) methodology and its social requirements, and to address labour rights issues, commitments on Principles of Free and Fair Labour in Palm Oil Production as well as UN Guiding Principles on Business & Human Rights.

SUSTAINABILITY FOR IOI CORPORATION

SUSTAINABILITY PRINCIPLES AND VALUES

IOI Group is working to further embed sustainability within its businesses, promoting the adoption of best practices across all operations, ensuring the wellbeing of our people and communities, as well as meeting our stakeholders' expectations. Looking forward, this will help ensure mitigating critical concerns such as climate change and water scarcity are integrated into our long-term business strategy.

To support this process, the Group has developed a systematic approach which will be followed to manage its Corporate Responsibility and Sustainability policies, risk management approach, targets and goals, assurance, as well as commitments to the stakeholders.



SUSTAINABILITY VISION

The Group believe that we should meet the needs of the present without compromising that of the future generations by:

- Committing to protect, rehabilitate and preserve the environment where we live in
- Ensuring that the economic, social wellbeing and health of our employees and families as well as the wider communities are safeguarded
- Leading and innovating as well as embedding sustainability into our business



IOI GROUP SUSTAINABLE PALM OIL POLICY (SPOP)

IOI Group aims to be in the forefront in both sustainable palm oil production and sourcing, and is committed to the sustainable management of its oil palm plantations and the implementation of responsible, global palm oil supply chain.

The Sustainable Palm Oil Policy (SPOP)⁵ is based upon the following principles:

- 1 To comply with all applicable legislation and codes of practice.
- 2 To implement leading sustainability standards laid out in the SPOP for environmental management, human rights and workplace conditions, community development and social impact.
- 3 To develop traceable supply chain where all suppliers are compliant with IOI Group's commitments.
- 4 To strive for the highest levels of transparency and stakeholder engagement.

SOME KEY COMMITMENTS:

- RSPO Next in our Malaysia's plantations
- Zero Burning Policy
- Eliminate all forms of illegal, forced, bonded, compulsory or child labor in operations or supply chain
- Protection of HCV and HCS areas in existing and new plantations
- No deforestation
- No development on peatland for new plantation
- No retention of passports
- No Recruitment Fee Policy

The SPOP, which serve as the main guiding document for the Group's sustainability practices, was first launched in March 2014, with the revised SPOP published in August 2016. The Group had further revised and published the policy following our engagement with stakeholders to reflect our serious intent towards sustainability and sustainability practices. Specifically, on top of the addition of the Annex on implementation of policy commitment by third-party suppliers in February this year, the Group is now also committed to apply the newly revised High Carbon Stock Approach (HCSA) methodology and its associated social requirements.

In addition, the Group has made further enhanced commitments in the area of Human Rights and Workplace which include no recruitment fees charged to workers at any stage in the recruitment process, in both receiving and sending countries, payment of monthly minimum wage in accordance with the current labour regulations, access of trade unions to workers and to adopt both the Free and Fair Labour Principles and UN Guiding Principles on Business and Human Rights, amongst others. IOI Group is also committed to no retention of passport of our migrant workers by year end.

The Group stands firmly committed to the implementation of its sustainability policies and believes that its progress in key areas, combined with these new commitments and measures, sends a strong signal to stakeholders on our desire for continued improvement. Any update on the SPOP will be announced on the Group's website and the most up-to-date SPOP is available for download.



SUSTAINABILITY IMPLEMENTATION PLAN (SIP)

The Sustainability Implementation Plan (SIP)⁶ serves as a working document to meet our goals and commitments stated in the SPOP. Outlining our activities, timeline, key milestones, and ongoing progress. It is updated quarterly and is available for download on our website.

⁵ <http://www.ioigroup.com/Content/S/PDF/Sustainable%20Palm%20Oil%20Policy.pdf>

⁶ <http://www.ioigroup.com/Content/S/PDF/SustainabilityImplementationPlan.pdf>

SUSTAINABILITY FOR IOI CORPORATION

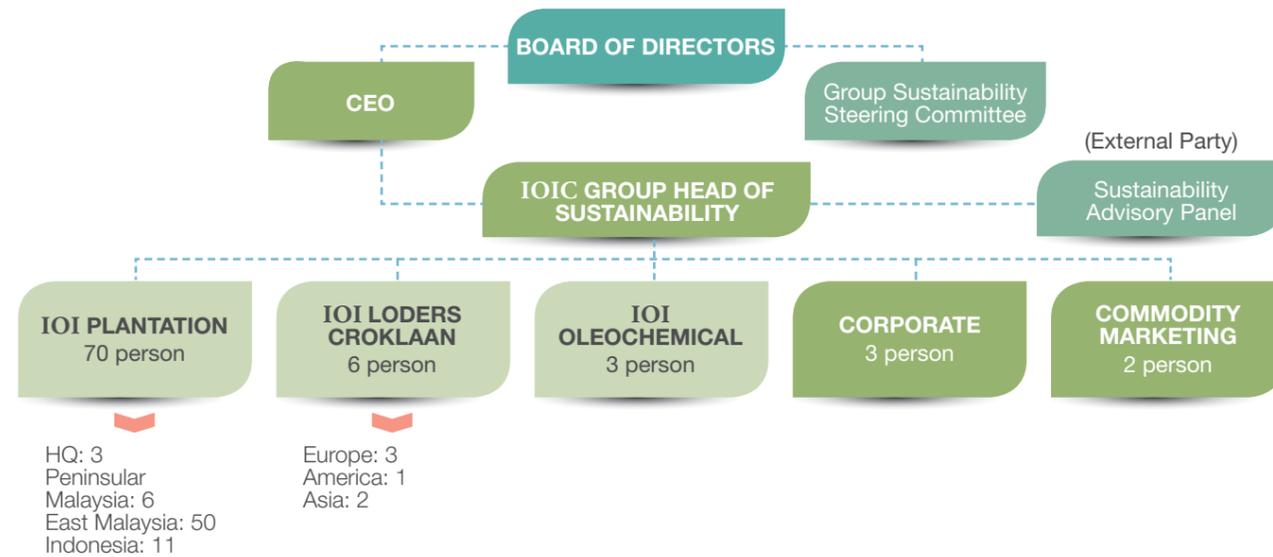
SUSTAINABILITY GOVERNANCE

IOI Group's Board of Directors oversees the management and governance, ensuring an effective implementation of the Group's sustainability plan. Aside from this we have set up a more systematic **Sustainability Governance Structure** which comprises of;

Sustainability Steering Committee – On the Governance aspect, to ensure that we keep our sustainability strategy and performance on track and support the Board in setting high level direction and focus, IOI Group set up a Sustainability Steering Committee that reports to the IOI Board of Directors. This committee comprises the Group CEO, Heads of the Operating Divisions, Group Head of Sustainability, and Senior Management from Group Support Functions.

Sustainability Team – In line with IOI Group's greater commitment towards a more transparent and effective execution of policy, we have recently put in place a new Sustainability Team structure where the Sustainability Heads at all operating divisions have a reporting line to the Group Head of Sustainability who reports directly to the Group CEO. This will ensure that the operations personnel strictly adhere to all sustainability policies, practices and commitments of the Group.

During this reporting period, IOI Group has more than doubled its staff of sustainability professionals. For further details on our corporate governance, please refer to the Corporate Governance Report included in the Group's Annual Report 2017, or visit the Corporate Governance⁷ section of our website.



SUSTAINABILITY ADVISORY PANEL (SAP)

The Sustainability Advisory Panel (SAP) supports the roll-out of the Group's SIP, and advises on specific issues raised by multi-stakeholders such as NGOs and RSPO. The SAP is composed of NGOs, customers and subject-matter experts and experienced professionals from various countries and sectors, including

Oxfam, WWF and Mondelez, etc., as well as representatives from IOI Group senior management. Going forward, the Panel will advise and challenge the Group on delivering its sustainability commitments and ambition. It will provide a critical review and advisory function to the Group's sustainability activities and help to review its progress in delivering its sustainability commitments as set out in the SPOP and SIP.

The Panel will also advise on an independent progress evaluation of IOI's SIP in Q2 2018.

GRIEVANCES



GRIEVANCE PROCEDURE

IOI Group is committed to resolve any grievance raised by our stakeholders. A Grievance Procedure⁸ is established for all stakeholders who might identify issues or incidents in our supply chain that are not in line with principles stated in the Group's SPOP. Grievances can be submitted through a number of channels⁹ made available on our website, and are dealt with in a fair and timely manner. In view of transparency, a list of grievances received with progress updates is published and available to download from the Group's website.



GRIEVANCE LIST

All issues raised are fully disclosed in our Grievance List¹⁰. Outstanding grievances as of 30 June 2017 include environmental complaint in Ketapang, land dispute in Sarawak and labour issues highlighted by Finnwatch in Peninsular Malaysia. Details are further discussed under IOI Plantation section of this report.

Grievances can be submitted through the following channels:

By email to:
grievance@ioigroup.com

By telephone to:
+603 8947 8661;
+31 (0)75 629 2482

By sending text via SMS or Whatsapp to:
+6019 612 9101

In mailing to:
IOI Corporation Berhad,
Level 8, Two IOI Square, IOI Resort,
62502 Putrajaya, Malaysia
(Attn: Sustainability Coordinator)



⁸ <http://www.ioigroup.com/Content/S/PDF/30%20sept%202016%20Grievance%20Mechanism%20FINAL.pdf>

⁹ http://www.ioigroup.com/content/s/s_grievance

¹⁰ <http://www.ioigroup.com/content/s/pdf/grievancelist.pdf>

⁷ http://www.ioigroup.com/content/ci/corp_governance

MEMBERSHIP & ACCOLADES

MEMBERSHIPS



Roundtable on Sustainable Palm Oil – RSPO	International Sustainability & Carbon Certification – ISCC	Business for Social Responsibility – BSR	Fire Free Alliance – FFA
Malaysian Palm Oil Association – MPOA	Malaysian Palm Oil Board – MPOB	Malaysian Oleochemical Manufacturers Group – MOMG	ASEAN Oleochemical Manufacturers Group – AOMG
Responsible Care Program under the Chemicals Industries Council of Malaysia – CICM	Prai Chemical and Gas Group under Federation of Malaysian Manufacturers – FMM	SEDEX: Supplier B Membership	European Palm Oil Alliance – EPOA
Fediol	MVO – The Netherlands Oil & Fats Industry	Dutch Alliance for Sustainable Palm Oil	American Oil Chemists Society – AOCS for IOILC Americas
	High Carbon Stock Approach Steering Group Member – HCSA	CSR Asia Strategic Partnership	

AWARDS AND RECOGNITION



PRIME MINISTER'S HIBISCUS AWARD 2015

IOI Oleochemical (IOI Acidchem - formerly known as Acidchem International) is the current winner of the PMHA Challenge Trophy and the "Excellent Achievement" awards, the first palm oil company to do so, and retained the "Penang State Award" won previously.

ANUGERAH INDUSTRI SAWIT 2015/2016

IOI Oleochemical won the biennial Malaysian Palm Oil Board's Palm Industry Award (Anugerah Industri Sawit) 2015/2016 for Best Oleochemical Producer in Malaysia for the 4th time since 2006.



RESPONSIBLE CARE AWARDS 2015/2016

IOI Oleochemical Group won a total of ten awards at the prestigious 13th Chemical Industries Council of Malaysia Responsible Care Awards 2015/2016.

IOI Pan-Century and IOI Acidchem among them won 2 Platinum Awards, 1 Gold Award, 6 Silver Awards and 1 Merit Award on Employee Health & Safety Code, Community Awareness, Emergency Response Code, Pollution Prevention Code, Distribution Code and Process Safety Code and Community Awareness.

ENGAGING WITH STAKEHOLDERS

Improving our level of engagement with stakeholders through ongoing communication with full transparency on our performance is a priority for IOI Group.



OUR WORKFORCE

- Employees, workers, trade unions.
- On-boarding program, training, newsletter, bulletin, meeting, gathering, engagement platform through Kelab Keluarga IOI (KKIOI).



CUSTOMERS

- Global customer base across multiple industries.
- A formal Customer Satisfaction Survey focusing on service, quality, documentation and complaints handling performance with our customers every two years. Formal engagement and presentations at major forums like Palm and Lauric Oils Conference (POC), Conference on Roundtable Sustainable Palm Oil (RSPO RT), European Roundtable (EU-RT) etc., to inform our customers on progress in sustainability related matters.



SHAREHOLDERS

- Investors, minority watchdog groups, bondholders.
- FAQs at Annual General Meeting (AGM), Extraordinary General Meeting (EGM), bondholders meetings, and other shareholder related meetings where necessary. For more information please refer to IOI Corporation Berhad's Annual Report 2017.



COMMUNITIES

- Local communities and indigenous people in and around our operations.
- Meetings, dialogue, corporate sustainability programs, appointment of Community Communication Officer specifically to disseminate information and serve as liaison to the community at large.



CIVIL SOCIETIES

- Local and international environmental and social NGOs, as well as non-profit organisations.
- Meetings, calls, collaborations on projects, policy and documentation reviews and publications.



REGULATORS

- Stock exchanges, financial authorities, government regulatory bodies, Malaysian Palm Oil Board.
- Meetings, inspections, audits, correspondence on compliance and regulations, technical knowledge sharing.



SUPPLIERS

- Smallholders and producers, product manufacturers.
- Vendor dialogue, vendor audit, vendor appraisal, vendor survey, workshops, meetings, calls, industry initiatives, conferences, and Third-Party Supplier (TPS) program.



INDUSTRY ASSOCIATIONS

- RSPO, HCSA, FFA, AOMG, MOMG and EPOA.
- Board member, Standing and Working Committee members of RSPO, active member in the Malaysian Palm Oil Association (MPOA), active member and Chairman of Malaysian Oleochemical Manufacturing Group (MOMG) and committee member of ASEAN Oleochemical Manufacturers Group (AOMG), member of the European Palm Oil Alliance (EPOA), High Carbon Stock Approach (HCSA) Steering Group, IOI Sustainability Advisory Panel (SAP), and Free Fire Alliance (FFA), amongst others.

Stakeholder Groups

How We Engage

OUR COMMUNITY

IOI Group's outreach programs focus on education to empower the young to become leaders of tomorrow. The Group's human capital development and corporate philanthropic initiatives are mainly undertaken by our charity arm, the Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC").



STUDENT ADOPTION PROGRAM

- Underprivileged students receive a school bag and cash assistance of **RM800** for primary and **RM1000** for secondary students each year.
- Provides equal access to **basic education** for students in need, and eases financial burden on their families resulting in less drop-outs.
- Over **984** students from 2014 schools have been 'adopted' since introduction in 2008.
- **RM403,449** invested during 2016/2017, with in-kind contributions including school bags and stationery.

SCHOOL BUILDING FUND

- New school buildings funded to provide a comfortable study environment for students.
- Donations include:
 - **RM 5,000,000** for **Kuen Cheng High School**
 - **RM 20,000** for **Lahad Datu Middle School**
 - **RM 10,000** for **Yu Yuan High School**
 - **RM 10,000** for **Lembaga Pengurus SRJK (C) Wu Teck**



- SJK (C) Shin Cheng (Formally known as SJK (C) Harcroft) is our own funded school situated in IOI Group's township of Bandar Puchong Jaya.

YOUNG ACHIEVERS AWARDS

- Annual ceremony rewarding children of IOI employees for excellence in studies, appreciating our staffs' commitment to their children's education and motivating the children to excel in their studies.
- 68 students received cash awards and certificates this year for their outstanding performance in major exams (e.g. A-levels, STPM, O'-levels, SPM, etc.). They also received plaques, and Gold Achievers were given the opportunity to share their story and develop their public speaking skills.
- Motivational speakers to enhance students' skills and support optimistic mind-frames.
- **RM 33,400** invested for FY2017, with in-kind contributions including educational grants and interest-free educational loans.



IOI – PUCHONG STEM PROGRAM



Collaboration with Chumbaka Sdn Bhd (Chumbaka) and Agensi Inovasi Malaysia (AIM) to co-sponsor an after-school program focusing on **Science, Technology, Engineering & Mathematics (STEM)**.

Weekly **2-hour** workshops conducted by Chumbaka to promote interest and provide opportunities to learn and innovate in areas such as digital marketing, coding and prototyping.

210 students from **10** schools participated: **5 primary schools & 5 secondary schools**.

On 8 July 2017, STEM students from **5** schools participated in **Young Innovate Competition** organised by Cyberview Sdn Bhd, and won **4 Gold, 4 Silver** and **3 Bronze** trophies.

RM112,875 contributed to the program during 2016/2017, matching the funds donated by AIM.



BARGAIN BASEMENT

- Charity shop selling usable donated items at affordable prices. Run by Yayasan TSLSC and staffed by volunteers in their own time.
- IOI staff and the community donate pre-used items such as clothes, toys or books to sell in the shop.
- **100%** of net proceeds go to charity, with **RM58,000** cash assistance given to **6** beneficiaries to date.
- Two fund-raising events held for SJK (C) Kheng Chee and Living Hope and have managed to collect combined total of **RM3,890**.
- Featured in The Star newspaper twice this year as a good community initiative.
- Set-up cost contributions include **RM159,000** with software purchase of **RM4,240**.

A total of **RM61,890** has been donated in FY2017.

OUR ENVIRONMENT



CARBON MANAGEMENT

IOI Group is committed to address climate change by monitoring and reducing potential contributions to greenhouse gas (GHG) emissions. The Group has already adopted both the ISCC and RSPO Palm GHG methodologies to proactively monitor GHG emissions and take practical steps to reduce GHG emissions from palm oil production. IOI Group is developing a group-wide reporting format for GHG emissions along with a reduction strategy that will include clear targets for the coming years. Further details on initiatives and programs please refer to each specific unit in page 34 for Plantation, page 50 for Lodders Croklaan and page 56 for Olochemical.

HIGH CARBON STOCK APPROACH (HCSA)

IOI Group is a member of the High Carbon Stock Approach (HCSA). Prior to this, IOI Group was a member of the High Carbon Stock Plus (HCS+) and participated in the convergence process of the HCSA and the HCS+ methodologies. In November 2016, the convergence process was successfully completed with the release of a new HCSA toolkit incorporating the elements of both process. The Group's SPOP was updated in January 2017 to reflect this revised approach, with recommendations to be implemented and important remaining issues to be addressed through engagement with the HCSA Steering Group. Further report on HCSA can be found under Plantation in page 34.



RESPONSIBLE SOURCING & TRACEABILITY

TRACEABILITY TO MILLS

99% PO
97% PKO

TRACEABILITY TO PLANTATION

26% PO
22% PKO

CERTIFIED VOLUMES SOURCED

34% PO
17% PKO

THIRD PARTY SUPPLIER (TPS) PROGRAM

Workshops and roundtable session
21
on-site verifications



SUPPLY CHAIN

IOI Group sources its palm oil products through direct supply, procuring directly from both the Group's mills and third-party mills, and from indirect supply, procuring from trading partners.

1,401 mills are supplying IOI Group globally, with majority in Malaysia and Indonesia. Our suppliers are needed to comply with stringent quality and sustainability requirements and disclose traceability information.

Though there has been no change to our supply chain during the reporting period, IOI Group had to temporary suspend third-party oil suppliers due to their non-compliance to our sustainability requirements. The latest updates are provided on our Grievance List online.



TRACEABILITY OF SUPPLY CHAIN

IOI Group is committed to building traceable supply chains. Phased supply chain traceability targets are communicated in the time-bound SIP, and progress reported quarterly. To date IOI Group has achieved 100% traceability to mill level, including indirectly sourced volumes.

RESPONSIBLE SOURCING & TRACEABILITY

RESPONSIBLE SOURCING



IOI Group's Third Party Supplier (TPS) program ensures suppliers are compliant with our commitments stated in the SPOP. Implementation of policy commitments for third party suppliers are incorporated in the SPOP through the Third Party Supplier Annex. In addition, the Group had developed and communicated to suppliers the new mechanisms to proactively monitor third-party suppliers to ensure compliance to its policy commitments.

A total of 21 mill verification assessments were completed during the reporting period, representing 1.5% of our suppliers. In total 1 direct supplier and 2 indirect suppliers were found to be non-compliant during the reporting period. Appropriate measures were taken in line with the Group's commitments laid in SPOP.

The names GPS coordinates and controlling groups of each mill and refinery in our supply chain are published on the IOI Group's website¹¹.

We have targeted another ten to fifteen (10-15) mills for on-site verification in this financial year. The mill verification

team will also push those mills verified by IOI and Proforest to submit their time bound action plans within the requested timing. IOI Group is part of various industry groups (e.g. a partner of WRI Global Forest Watch, the Traceability Working Group) and we actively seek collaboration with other refiners at landscape level to drive changes on the ground.

For IOI Ketapang concessions, the Group have engaged the Netherlands-based Satelligence to pro-actively monitor the concessions and neighboring areas for forest clearance and forest fires. Multiple satellites (Landsat 7/8, Sentinel-1 radar ESA and ASTER) make one to three (1-3) observations of the area per week. The change detection system detects vegetation conversion to bare areas with a specific focus on deforestation. Satelligence will provide coordinates for each alert so the Group can actively follow up on these alerts. Ultimately, IOI Group intends to use this technique in larger landscapes to pro-actively monitor our direct supply chain (Sabah, Peninsular Malaysia). This technique is complementary to WRI's Global Forest Watch tool. The Group will seek collaboration with other suppliers operating in the same landscape.

ENGAGING OUR SUPPLIER



Technical Workshop

IOI Group organised a two-day Supplier Technical Workshop in Sabah to address similar issues found in the supplier assessments conducted by Proforest. A total of 40 participants from 11 companies attended the capacity building workshop held in Sandakan on 5-6 December 2016. Speakers from Proforest, World Wildlife Fund (WWF), Sabah Environmental Protection Association (SEPA) and Malaysian Nature Society (MNS) provided technical expertise on HCV, peatland, fire issue, and labour. SEPA covered topics on free, prior and informed consent (FPIC) principles, common labour issues and practices.

IOI Plantation also attended the workshop to share field experiences on the ground and highlight the importance of addressing the gaps found in supplier's supply chain, and reiterated IOI's continuous support to all suppliers.



Johor Roundtable Session

Johor Roundtable Session was organised by IOI Group's implementation partner, Proforest in collaboration with AAK and Mewah Oils to engage with our suppliers while providing information on the Group's Supplier Engagement Program. The session was held on 22 March 2017 in Kluang, Johor where the following issues were discussed:

- 1) Proforest's responsible sourcing approach methodology
- 2) Introduction to IOI Group's SPOP, Mewah and AAK (which was presented by a representative from each company)
- 3) Briefing on the supplier verification visits by Proforest – the process, checklist used and expected outcomes
- 4) Introduction to the various certifications standards in the industry
- 5) Challenges faced by millers in adhering to sustainability requirements as well as the opportunities and solutions that could be provided to address the challenges (which were discussed within smaller groups in the breakout session)

At the end of the session, a total of 16 participants from eight mills in Johor were each presented with a certificate of attendance.

MILL VERIFICATION



STEP 1: TRACEABILITY

The traceability update for 2016/2017 is also available on IOI Group website¹². We mapped the Group's palm oil supply chain in a yearly basis with the level of detail that has increased over the years.

STEP 2: RISK ASSESSMENT

Mill risk assessments are proactively conducted for all mills in our supply chain, including direct and indirect supply. Each mill's risk level is categorised by:

- Spatial data focusing on biodiversity rich areas and land use change from the World Resources Institute's (WRI) Global Forest Watch (GFW) platform, and near real-time satellite monitoring information from IOI Group's external partner, Satelligence.
- Stakeholder alerts such as complaints from NGOs, media publications and government sanctions.
- On the ground information from IOI Group's intel partner, providing valuable insight on conditions.

Risk assessments have been conducted on the Group's entire supply base every year since 2014. All new mills in our supply chain undergo a risk assessment every quarter.



STEP 3: ON-SITE MILL VERIFICATION

Engagement visits and compliance workshops are conducted for mills in the direct supply chain. Each trading partner in the indirect supply chain is also engaged to ensure a similar program for mill-level engagement is being implemented. Where non-compliance is identified, the mechanisms detailed in section 3.3 of the TPS Annex found in the IOI Group's SPOP are initiated.



¹¹ <http://europe.ioiloders.com/taking-responsibility/list-of-mills>

¹² http://europe.ioiloders.com/images/static_pages/Traceability_update_April_2016-_March_2017.pdf

RESPONSIBLE SOURCING & TRACEABILITY

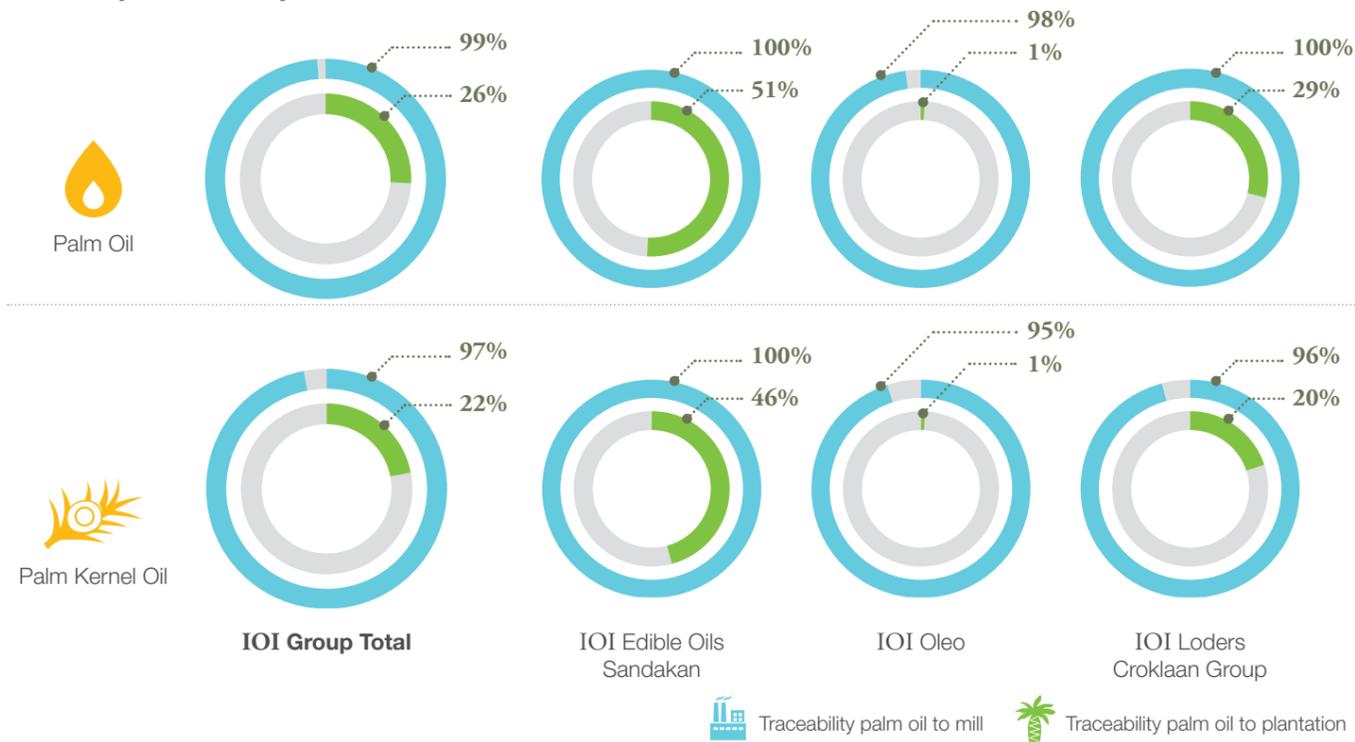


PALM OIL DASHBOARD

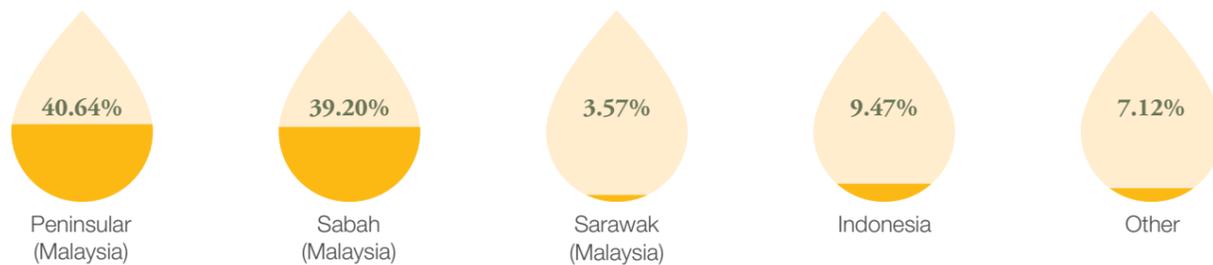
The IOI Group Palm Oil Dashboard¹³ was launched online in December 2016. The Dashboard presents key information relating to IOI's operations and suppliers. Maps for refineries and mills as well as the latest news and relevant links are also available on the Dashboard.

THE ORIGIN OF OUR OIL

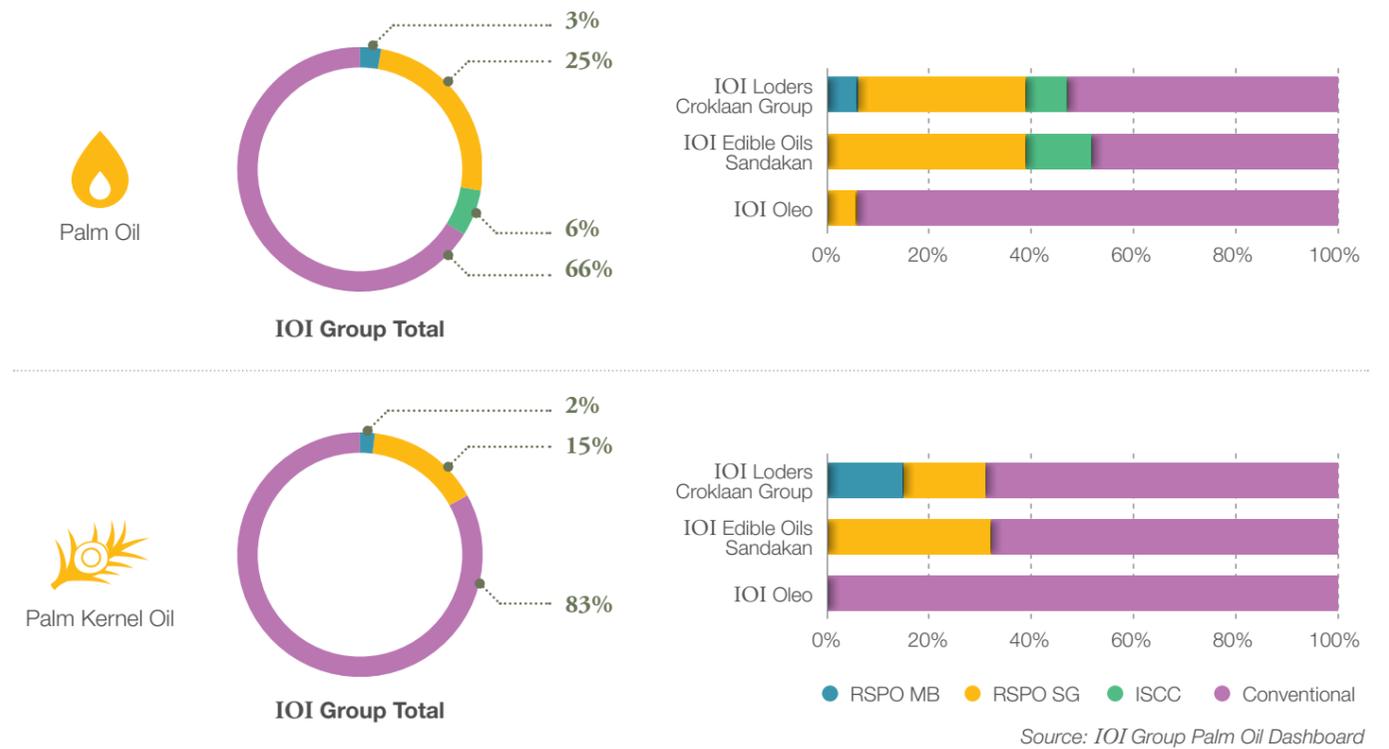
Traceability Numbers: July 2016 to June 2017



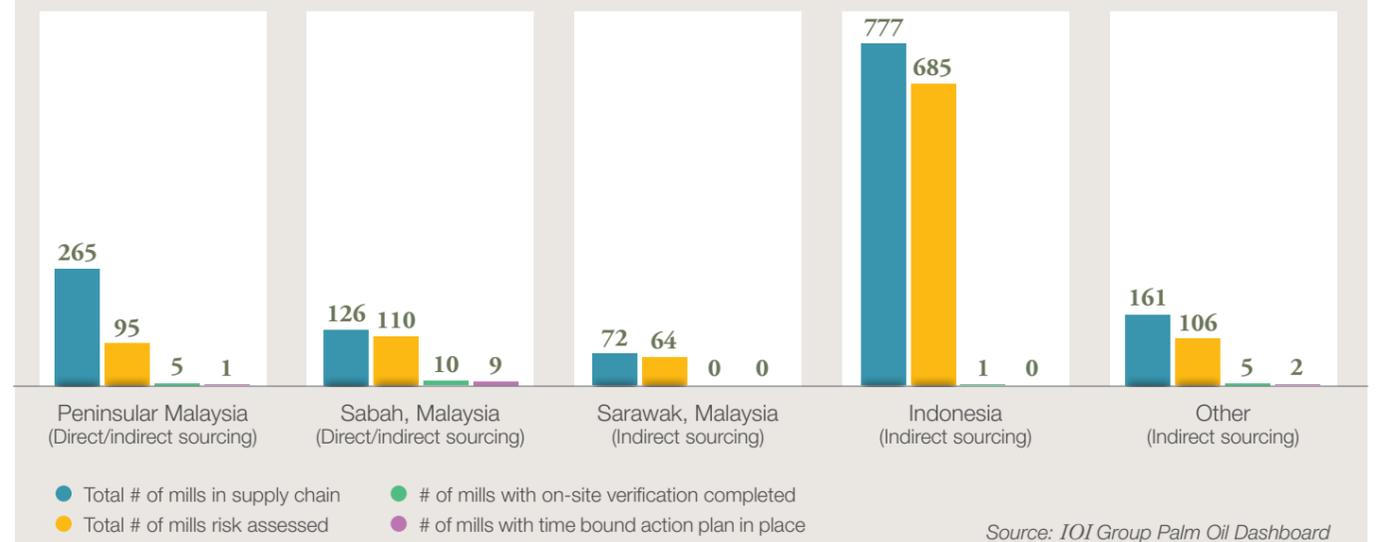
Volumes Sourced: July 2016 to June 2017



Certified Volumes Sourced: July 2016 to June 2017 (Market Driven)



RISK ASSESSMENTS & SUPPLIER VERIFICATIONS



¹³ http://www.ioigroup.com/content/s/s_dashboard

Enhancing Reach & Engagement

IOI Plantation

“ In IOI Plantation, we see land as a community to which we belong to and to use it with respect. This is why we aim to always take responsibility for protecting and conserving the environment and habitat around it, as well as help to enrich the community in which we live in. ”

- NB Sudhakaran,
Senior General Manager, IOI Plantation



IOI PLANTATION

LOCATION OF IOI PLANTATION ESTATES AND MILLS



SUSTAINABILITY COMMITMENTS

Roundtable on Sustainable Palm Oil (RSPO)

IOI Group's all palm oil mills and estates in Malaysia, except 2 newly-acquired mills, have successfully attained the RSPO certification. The final two mills will undergo certification by 2018. The current list of certified mills is available online from the IOI Group Palm Oil Dashboard.

International Sustainability and Carbon Certification (ISCC)

IOI Group actively pursues the International Sustainability and Carbon Certification ("ISCC") for palm oil mills and estates in Malaysia. ISCC is the first international certification system that can be used to prove sustainability and greenhouse gas savings for all kinds of bio-mass and bio-energy. The current list of certified units is available on the ISCC website.

AT A GLANCE



MANAGEMENT STANDARDS

- QUALITY: ISO 9001
- ENVIRONMENT: ISO 14001
- OCCUPATIONAL HEALTH SAFETY: OHSAS 18001

144,727 HA
OF CERTIFIED ESTATES

12 MILLS
RSPO CERTIFIED

PROTECTING THE ENVIRONMENT:

17
HONORARY WILDLIFE RANGER

12
HONORARY FOREST RANGER

* Source: RSPO IOI Group Annual Communication on Progress (ACOP) Report, 2016



SIGNING OF MoU WITH INDONESIA'S NATURAL RESOURCE CONSERVATION AGENCY (BKSDA)



7,668.08 HA*
HCV AND CONSERVATION AREA



LIDAR MAPPING IN KETAPANG



FIRE MANAGEMENT PROGRAMME FOR COMMUNITY IN KETAPANG



LANDSCAPE LEVEL APPROACH IN PIPELINE

2
BIOGAS PLANTS

PASSPORTS TO BE RETURNED TO ALL EMPLOYEES BY THE END OF 2017



HEALTHCARE TO WORKERS

- FREE MEDICAL
- DENTAL CARE
- PROPOSED MIDWIFE ASSISTANCE



SPONSORED 2,918 STUDENTS FOR HUMANA AND WITH OVER

RM1.5 MILLION



PEOPLE AND COMMUNITIES



OUR WORKERS

Labour and social issues surrounding migrant and foreign workers on IOI Plantation estates were raised last year by Finnwatch. Specifically, concerns were voiced in a report published in November 2016 over the working conditions at estates in Peninsular Malaysia regarding minimum wages, problems related to retention of passports, and freedom of association.

In January 2017, IOI Group addressed these concerns and tasked an independent sustainability consultant BSR to assist in the implementation of fair and proper labor practices together with a labor rights monitoring system for plantations in Malaysia. BSR will also verify the corrective measures taken and recommend any additional actions needed. The full report is expected in to be published in September of this year together with an action plan to address any gaps highlighted.

IOI Group's SPOP was further revised in June 2017 in consultation with various NGOs to address labour rights issues including IOI Group's No Recruitment Fee Policy, a freedom of association clause, no retention of workers' passports by the end of 2017, a commitment on minimum wage for workers, and commitment on principles of Free and Fair Labour in Palm Oil Production as well as the UN Guiding Principles on Business & Human Rights. IOI Group also added additional personnel to the IOI Plantation Human Resource Department to ensure compliance in social and labour issues, especially in the recruitment processes.

A number of social and labour related policies are to be finalised by the end of 2017. These include:

Foreign Worker Recruitment
Guideline & Procedures

Equal Employment Opportunity &
Freedom of Association Policies

Minimum Wage Policy

Term of References for Employee Consultative
Committee and Joint Consultative Committee

Foreign Workers Passport
Safekeeping Guideline

The Group's estate workers are provided with proper housing facilities along with necessary amenities, health facilities, education for the children including school projects in partnership with Borneo Child Aid Society, Sabah (HUMANA) and child care centre. IOI Plantation has further improved the welfare of estate workers and their school-going children by purchasing new passenger transporter.



Centralised locker for passport in Bukit Leelau.



Child care centre in one of the estate.



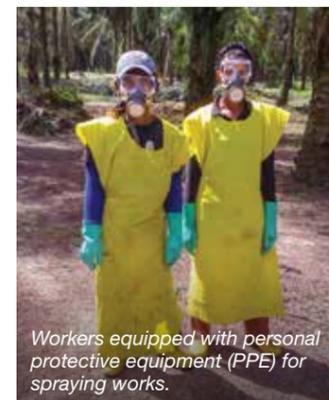
Briefing on the new passenger transporter.



SAFETY AND HEALTH

An Occupational Safety & Health (OSH) Policy is in place that applies across the Group in providing a safe and healthy working condition, especially in the estates.

The OSH Policy is embedded in the Group's SPOP, compliant with the International Labor Organisation (ILO), and in Malaysia guided by the Malaysia Occupational Safety & Health Act 1994 as well as in Indonesia guided by Law No. 1 Year 1970 regarding Occupational Safety. The Policy includes promotion on safety and health, training and OSH management systems. IOI Plantation operations also meet the world-class OHSAS 18001 standards.



Workers equipped with personal protective equipment (PPE) for spraying works.

Personal Protective Equipment (PPE)

PPE usage enforced on site. Training is provided to ensure workers understand the policies and the PPE available. Standard Operating Procedures (SOP) are enforced for chemical storage, fertiliser application, tractor handling, pesticide application and weedicide application.



Joint management/employee health and safety committees

A Safety and Health Committee consisting of management and employee representatives is in place in all IOI's estates. Meeting is held every quarter to discuss safety and health matters across the estates. To ensure the committee is effective, sub-committees such as Workplace Inspection, Accident Investigation, Training and Promotion, Emergency Response and Contractors were set up.



Employee participation in safety and health review

Workers representatives participate actively during workplace inspections and all accident investigations. These tasks are done by the sub-committees.



The right to refuse unsafe work

Safety, health and welfare for employees is ensured by hazard identification, risk assessment, and necessary controls to ensure unsafe work practices are prevented.



Periodic inspections

Periodic inspections are undertaken at least once every quarter.





Workers donning PPE as part of safety measures when handling chemical.

Continuous training and awareness programs such as PPE training, chemical handling training and hazard guidance are conducted for employees dealing with potential hazards such as chemical pesticides or machinery. Training and education programs are scheduled based on a Training Needs Analysis conducted every 6 months.

A grievance hotline number and whistle-blowing channels are open for the workers to voice out safety and health concerns. Issues are taken to the Safety and Health Committee, or other relevant parties to resolve the problem.

The following targets and progress to date are tracked on a monthly basis:



Reduce accidents, occupational diseases and occupational poisonings by at least 10% as compared to previous year;



Based on the total number of man hours worked, ensure that an average of five man hours is allocated for each employee to undergo occupational safety and health-related trainings in a year;



Investigate and find causes of all accidents, near misses, dangerous occurrences, occupational diseases and occupational poisoning, and take appropriate measures to prevent the recurrence of such incidents;



Ensure that every worker who is assigned to a new task or machine is provided with Safe Operating Procedures and on-job training before they are allowed to commence work on their own.



CAPACITY BUILDING

Internal training is upgraded annually. Capacity building covers best practices for agriculture, environmental management, peat management, safety and health, and fire prevention techniques. Generally, such trainings are normally conducted by competent sustainability personnel.

Capacity Building Initiatives

1. Anti-pollution Training



2. Honorary wildlife warden course
3. Training on buffer zone area
4. Safety and RSPO requirements training

IOI Plantation sustainability initiatives include sending employees to undergo external sustainability training and courses such as ISCC Lead Auditor Course, RSPO Lead Auditor Course and HCV assessor training.



COMMUNITIES AND DISPUTES

There was a dispute over land ownership in Tinjar Long Lapok, Miri, Sarawak between a Joint Venture Company (JVC), Rimwood-Pelita Sdn Bhd since 1997. This led to one of the community filing a writ of summons against the JVC & State Government claiming Native Customary Rights (NCR) over Lot 3 and Lot 8, Dulit Land District. They won their lawsuit at Miri High Court in 2010 but after a motion of appeal, the Court of Appeal (CA) overturned the decision in 2013. Then the community filed an application to appeal against the decision of the CA in 2013, but the Federal Court dismissed the plaintiff application for leave to appeal and further affirmed the CA decision that the natives have no NCR.

In the interim, IOI Group acquired shares in the JVC in 2006 and inherited this community dispute. Then in 2010 a RSPO complaint was lodged against IOI Group by 11 international and local NGOs as well as the Long Teran Kanan community.



One of the engagement meeting with the long house community in Miri, Sarawak.

A settlement has not yet been reached on the issue, but progress is being made through continued engagement conducted by IOI-Pelita, IOI Group and the Miri Residents' Office to reach an amicable settlement. In addition, IOI has proactively engaged further with Grassroots and RSPO to ensure free and informed consent process when discussion with community is taking place. To further enhance our engagement with the community, a Community Communications Officer has been appointed and is responsible to meet regularly with the wider community and individual households to communicate and disseminate information.

Due in part to the land rights issue in Miri, as well as IOI's respect for the community, the Group have not undertaken any operation where involuntary resettlements either took place or are ongoing. No incidents of violations involving rights of indigenous people have been recorded.

ENVIRONMENT & CONSERVATION

IOI Plantation strictly adheres to all relevant laws, RSPO and ISCC certification principles and criteria to protect, conserve and rehabilitate the environment. Sustainable practices are adopted and incorporated including a no deforestation commitment, and protection of High Conservation Value (HCV), High Carbon Stock (HCS) and peat areas in new developments.

ENVIRONMENT

IOI Plantation is committed in ensuring minimum impact to the environment through our good agriculture practices. Our Environmental Impact Assessment (EIA) is being revised annually to align with environmental regulations set by the local authority. Environmental regulation for IOI Plantation's concession in Indonesia is following the Indonesian Environmental Impact Assessment or Analysis Dampak Lingkungan (AMDAL).



IOI PLANTATION

HIGH CONSERVATION VALUES (HCV)

IOI Plantation applies the High Conservation Values (HCV) approach. It manages 4,735.79 Ha of land with high biodiversity value, located across Johor and Pahang states in Peninsular Malaysia, Sandakan and Lahad Datu of Sabah, and Kalimantan, Indonesia.

A monitoring and management procedure is established at a regional level. This procedure has been evaluated by an external third-party assessment, and is also constantly evaluated by our stakeholders with feedback provided during engagement or through the grievance mechanism if necessary.

HCV areas will be remapped over the coming year, followed by review and enhancement of management and monitoring plans to ensure active rather than passive management. Training for the Sustainability Team has focused on biodiversity management in accordance with specific regulations, and bird and wildlife species identification by Forestry Department. HCV assessment for every estate is reviewed and updated annually to track changes in requirement, law and regulations.



Biodiversity and conservation in PT BSS, Ketapang.

Source: Proforest

BIODIVERSITY AND CONSERVATION INITIATIVES



- Rehabilitation and enrichment of degraded HCV area



- Signage for information of restricted areas



- Monitoring condition of conservation and buffer areas



- Monitoring wildlife



Source: Proforest

The Group is also contributing to several conservation efforts, for example the Malua Wildlife Conservations Initiative, Orangutan Foundation International's Care Centre and Quarantine Facility in Pangkalan Bun, Kalimantan and the Malaysian Palm Oil Wildlife Conservation Fund.

ACTIVITIES IN BIODIVERSITY CONSERVATION AND ENRICHMENT IN 2016/2017

Wildlife Management Training

A three-day training course was given to the staff in the Sandakan Region to enhance knowledge and skills in conducting on-site patrolling primarily on bird and wildlife species identification which has been conducted by Sabah Forestry Department (SFD). Participants are now aware of the diverse bird and wildlife species in the plantation areas and are equipped with adequate knowledge to make sustainability a norm in their working lives.

After the engagement and awareness training with the local authority, our wildlife ranger have equipped with better understanding of endangered species and its handling. One of the examples was the rescuing of juvenile orangutan. A two-year-old orangutan, believed to have escaped from a nearby forest reserve in search of food and a new secondary habitat, was rescued by our workers in the Sugut Estate on 17 May 2017. The orangutan was handed over by the Estate Manager to the Sabah's Wildlife Rescue Unit. It was then handed over to Sepilok Orang Utan Rehabilitation Centre (SOURC) Sandakan.



Bird and wildlife species identification training.

Biodiversity Enrichment in Buffer Zone.

More than 50 volunteers attended the Tree Planting Day on 20 August 2016 as part of IOI Sandakan Region's efforts to rehabilitate and conserve degraded forest buffer zones. More than 150 seedlings of various selected tree species such as Binuang, Gaharu, Pulai and Ketapang were supplied by the Komuniti Anak Pokok Kinabatangan (KAPOK) and planted based on the recommendation by the Sabah Forestry Department.

Following successful rehabilitation efforts at Terusan Baru 3 Estate, a further two Tree Planting Day events were held in September and October 2016 for the rehabilitation of degraded riparian areas in Mayvin Group and Pamol Group, Sandakan.



Rehabilitation program in Mayvin estate.

GREEN HOUSE GAS (GHG) REDUCTION INITIATIVES



TOTAL GHG EMISSIONS

12,465
MT CO₂e

SCOPE 1

8,505
MT CO₂e

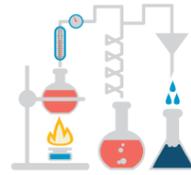
SCOPE 2

3,960
MT CO₂e

* Data for IOI Plantation's estates and mills excluding Indonesia region. Data on GHG emission for Indonesia will start reporting in the next financial year report. IOI Plantation is in the process of preparing GHG Reduction Plan as part of the Group sustainability initiative.

IOI PLANTATION

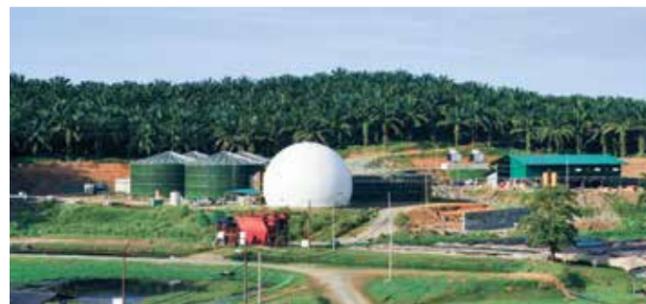
METHANE CAPTURE FACILITIES



Methane emissions from the treatment of palm oil mill effluent (POME) is a large contributor to operational GHG emissions. Two biogas plants have been commissioned in Johor and Sandakan to capture methane and mitigate emissions, contributing to a GHG reduction of 120,000 MT of CO₂ per year. Further plans include:

- Methane capture for a mill in Lahad Datu (Syarimo), Sabah, expected to be in operation at the end of 2017 (delayed due to heavy rains).
- Methane capture for two mills in Lahad Datu (Leepang and Unico Desa), Sabah, to be in operation in June 2018.
- Methane capture for two mills in Pamol, Sabah, and Johor (Gomali) to be in operation in December 2018.

Going forward all IOI mills will be equipped with methane capture equipment in stages, in tandem with available proven technology.



SUSTAINABLE CULTIVATION AND PROCESSING

IOI Group's oil yield per hectare is approximately 50% higher than Malaysia's average, mitigating climate change as less land is required in the production of palm oil. Best agronomic practices and efficient land utilisation also lead to higher productivity, reduced use of fertiliser and pesticide, improved energy efficiency and lower GHG emissions.



GREEN ENERGY

IOI Plantation's operations produce a vast amount of biomass by-products. Palm biomass and treated POME are recycled back to the soil as natural fertiliser. Other biomass such as shells and empty fruit bunches (EFB) are used as a renewable energy source to generate steam and electricity for mill processing. For example, a 15 MW biomass co-generation power plant at the refinery complex in Sandakan, Sabah uses biomass from its own mills to satisfy almost all the steam and electricity requirements of the complex. Overall, green energy is able to sustain 98% of IOI Plantation's milling energy needs.

PEATLAND MANAGEMENT

Best Management Practices (BMPs) for Peatlands Management are applied as defined in the RSPO Principle & Criteria documents and referred to RSPO manual on BMP for Existing Oil Palm Cultivation on Peat. Where areas are identified as unsuitable for oil palm replanting, plans are developed for the appropriate management, such as rehabilitation, proper water management and fire prevention.

Peat drainability study of the area will be done one year prior to any proposed replanting on IOI Group's all existing plantations planted on peatland. Additionally, to identify soil profile in existing plantation on peat, an external consultant had been engaged to provide report on classification of soil.

For new plantings, IOI Group is committed to no development of peatland regardless of its depth. A Peatland Protection Policy is currently in development, and will cover peatland management in existing IOI plantations, new concessions, and landscapes around IOI plantation. The policy is currently being reviewed by external stakeholders.



Total planted area on peat
8,396 hectares



Source: Proforest



Zero burning practice: Aged palm trees chopped and shredded for biomass retention and recycling.

FIRE & HAZE COMMITMENT



IOI Group Zero Burning Policy
Member of the Fire Free Alliance

IOI Group has been practising Zero Burning Policy since 1998 after the 1997 Haze incident in South East Asia. Additionally, a fire prevention program is in place across IOI Plantation estates. Currently, IOI Group's fire prevention document is being peer reviewed by Indonesia's Natural Resource Conservation Agency (BKSDA) and Malaysia's Fire & Rescue Department (BOMBA). In Indonesia, tube wells are being used in areas far from the water source in case of fire within fire prone areas. Fire prevention techniques and safety guidelines are part of annual training for workers to upgrade internal capacity. Beyond IOI Group's estates, workshops focusing on zero burning and fire prevention and control were run throughout the year with suppliers and local communities.

IOI Group is one of the members in international multi-stakeholders group, Fire Free Alliance (FFA). This will lead to more engagement and enhance knowledge transfer on fire management along with other stakeholders.

INTEGRATED PEST MANAGEMENT

The Group's Integrated Pest Management (IPM) has been in practice for over 10 years across all estates. IPM focuses on minimised use of pesticides and chemicals to control pests. Emphasis on the IPM practices in the Group's plantations are by using biological control method. This method is highly beneficial in reducing GHG emissions and eliminating the release of pollutants into the soil and waterways.



Beneficial plants *Cassia cobanensis* and *Euphorbia heterophylla* attract natural predators for biological control of bagworms and other leaf-eating caterpillars.



Barn owls effectively control rat populations. Rodent populations have reduced by over 50%.



Elimination of breeding ground, planting of legume cover crops and trunk chipped below 3 inches to prevent beetle breeding ground due to zero burning policy.



High-yielding oil palm clones developed to further boost the productivity of estates and enhance resistance towards pests.

Continuous training is provided to the plantation workers in understanding the pest life cycles, economic threshold levels, and the recommended pesticide dosage. The following table shows type and amount of pesticide used;

Pesticide use	Total Amount Used
Liquid chemical pesticides	1,463,857.64 litre
Solid chemical pesticides	1,978,694.69 kg
Physical pesticides	42.5 MT

IOI PLANTATION

FERTILISER MANAGEMENT



Fertilisers application in the plantations are recommended by the agronomist through foliar analysis by the Group's Research and Development. The application of fertiliser in the estate is guided by International Good Management Practice to optimise nutrient uptake of palm oil tree. The table show the type and amount of fertilisers used in IOI's plantation.

Fertiliser use*	Total Amount Used
Organic fertiliser	6,459,905.26 MT
Liquid fertiliser	298.00 litre
Solid Fertiliser	167,110.94 MT

* Data excluding Unijaya Estate, Pamol Kluang.

WATER MANAGEMENT



IOI Plantation practices water management throughout its operation. Water management is revised by the Sustainability Team annually in every plantation to ensure our water source is well managed and conserved. A number of measures are enforced to safeguard water resources:

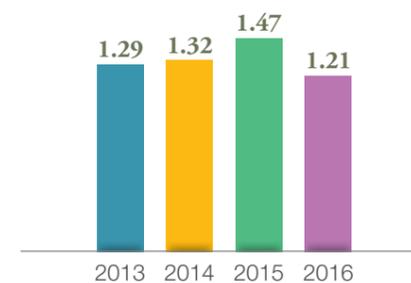
- Water-gates installed at strategic locations along drains to keep an optimum water table level.
- Optimum level of water maintained to counter potential shortfall in rain and risk of fire.
- Riparian reserves to minimise soil run-off and act as a filter to preserve quality of water entering the waterways.
- Legume cover crops planted to prevent run-off and conserve soils. Planting on steep terrain avoided.
- Monitoring and treating Palm Oil Mill Effluent (POME) and wastewater before discharge. Greentubes applied to remove solids in POME, reducing BOD levels to within an acceptable limit as required by the Department of Environment.
- Water for domestic use is being monitored regularly and water sampling is done every 6 months to ensure it is safe to be used by the plantation workforce.

IOI Plantation's mills consumed an average of 1.21m³ water to process each tonne of fresh fruit bunches (FFB). A review of operations is currently underway, and reduction targets will be set during our 2018 reporting cycle for the next five years.



Water gate installed in one of IOI Plantation's estate.

Water consumption per tonne



Water Management Initiative

On 16 March 2017 and 4 May 2017, training on drainage and irrigation was conducted in Sandakan and Lahad Datu, Sabah respectively. The training was attended by all Head of Departments of the estates. The speaker was the Head of Water Resources Management Section from Sabah Department of Irrigation and Drainage. The training highlighted the compliance requirements of the Sabah Water Resource Enactment according to law and regulation and it also covered issues such as management of riparian buffer zones and rights to water usage.

KETAPANG LANDSCAPE LEVEL APPROACH



IOI Plantation operates four concession areas within Ketapang, West Kalimantan. A Landscape Level Approach has been adopted for peatland management in these areas in partnership with various stakeholders.

The Ketapang Peatland Landscape Approach involves mapping of peatlands area within the concessions and implementing a plan for protection and rehabilitation.

The Ketapang Peatland Landscape Plan has been prepared by Global Environment Center (GEC) and implementation plans have been prepared for stakeholders to review. Following the Ketapang Peatland Landscape Approach, some of the work and initiatives have commenced including engagement with multi-stakeholders on peatland rehabilitation and LiDAR mapping of the concessions.

As part of the commitment stated in the SOP to HCSA, for the last wholly unplanted concession of PT Kalimantan Prima Agro Mandiri (PT. KPAM) in Kalimantan, an approved HCSA practitioner has been hired to help in preparing the assessment which will be later peer reviewed by a recommended HCSA panel. For the New Planting Procedure (NPP), a HCV report will be sent to the HCV Resource Network for final sign-off before submission to RSPO NPP panel, together with other NPP documents such as AMDAL report, FPIC document, development plan before development of KPAM can commence.

Way Forward

Ketapang Landscape Plan

- Multi-stakeholders engagement surrounding our Ketapang concession and other plantations including communities, NGOs, government agencies for sustainable landscape management.
- Expansion on rehabilitation area and increase conservation activities.
- Communities' empowerment including improving economic livelihoods.
- Enhance the fire prevention program across Ketapang landscape.



FIRE MANAGEMENT

The Group's peatland fire management plan and procedures include construction of fire towers, working closely with local fire brigades, and fire patrolling using drones. Hotspots are also monitored via fire optical and radar satellites. Besides that, a series of awareness and training on fire prevention awareness were done throughout the estate and local communities by the local authority.



Fire Drill Training in PT BNS.



Joint patrolling carried out in the buffer area of Cagar Alam Muara Kendawangan.

In our Ketapang concession, joint patrols are organised in collaboration with BKSDA, communities and plantation workers to monitor illegal logging, hunting and potential fire hotspots. Patrols are carried out in the buffer boundaries of Cagar Alam Muara Kendawangan. The joint patrol is done once a week during dry season and twice a month during wet season.

PEATLAND REHABILITATION



Nursery of native species plants and tree seedlings for biodiversity enrichment.

Engagement with local government has started on biodiversity enrichment within 500m buffer area boundary by planting native tree species in collaboration with local communities. About 39,284 seedlings such as gelam, Astonia sp and Pulai sp. have been planted in the area. Continuous monitoring through the three years Integrated Management Plan is being done by our SNA Group Sustainability Team with a submission of monthly progress report. Mortality of the trees is being recorded and transplants are carried out as needed.

Case Study: Peat Management in Kalimantan

Standard Operating Procedure (SOP) on Cultivation is applied for existing plantations. This procedure consists of best practices, water level management, integrated pest management and soil conservation practices and serves as a guideline to all operation units in managing peatland in existing plantations.

GEC was appointed to review the SOP in 2017. Recommendations have been implemented, including 80 canal blocks installed in 35 locations and water gates installed to maintain water levels in peat areas. Rehabilitation of degraded peat areas is currently in progress. 2,948 native plants have been planted in the first quarter 2017 in HCV areas.

Mapping of peatlands in Kalimantan concessions was initiated in March 2017 using LiDAR technology, with the analysis to be available later in 2017.

EMPOWERING COMMUNITY

Communities and local governments are engaged to jointly develop and implement landscape approaches contributing to effective fire prevention and biodiversity conservation in peatlands. Corporate and Social Responsible (CSR) carried out for the local communities including repair of bridges and roads, maintenance of a Mosque and church, and promotion of experimental agricultural programs that emphasise on no-burning as a method for land clearing. An example of this is the Farming Plots Project being implemented in Desa Natai Kuini in PT BSS.



During one of the visits to the local village, Desa Natai Kuini in PT BSS.



Harvesting vegetables in Farming Plot Project.



Rehabilitation program involving Elementary student in Desa Pembedilan.

COMMODITY MARKETING



BUILDING OUR REPUTATION

IOI Group is the second most valuable palm oil plantation company as well as the largest non-government-linked plantation company in Malaysia. Building and maintaining reputation are material to our business. While the suspension of IOI Group's RSPO certification in March of 2016 affected our reputation and the stock price, it quickly rebounded after our RSPO certification was reinstated in August of the same year. This is mainly due to the measures related to the action plans on sustainability being put in place as well as IOI's firm commitment to addressing sustainability throughout the Group.

In this instance, we seek to be proactive in building our brand and reputation by being receptive to market's demand pertaining to

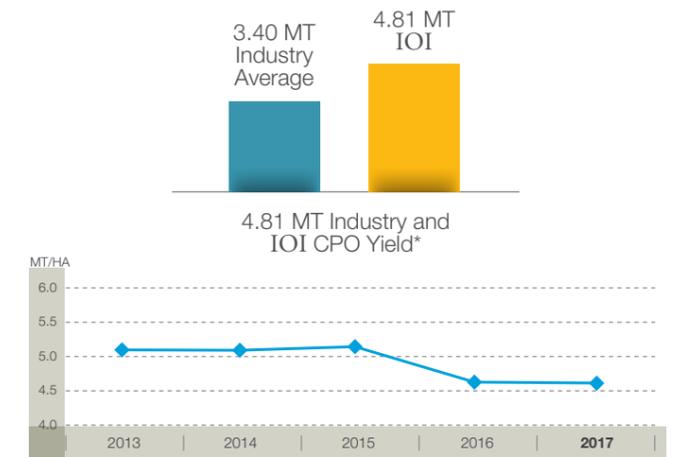
sustainability especially in emphasising the need for us and our suppliers to be sustainably compliant along the supply chain. For this to work, continuous participation in extensive stakeholder engagements, particularly with customers, suppliers and civil societies are instigated and established. Further efforts are also introduced such as tracking grievances, responding and reporting the concerns voiced by our stakeholders which we hope, will relay to our stakeholders, our commitment to not only engagement and transparency but also to protecting and ensuring that the IOI brand stands for responsibility and sustainability.

Further Group Business Review for Plantation including Operation and Production review is reported in the IOI Corporation Berhad's Annual Report.

Customer Engagement Program – Towards Enhancing Knowledge and Sustainability

On 6 March 2017, a group of 40 visitors comprising IOI Loders Croklaan and IOI Oleochemical's international customers visited Pukin Estate and Pukin Mill for a guided tour to learn more about IOI's oil palm plantations and the palm oil processes. After a presentation on the mill processing system, the visitors were brought to the estate to witness a live demonstration on the harvesting of fresh fruit bunches (FFB) using the chisel and the sickle while collection of the FFB was done using the buffalo-assisted method.

The Estate Managers, accompanied by other Keratong Region Managers explained the whole process from harvesting till crude palm oil (CPO) production to the visitors. Barn owls were shown as the biological control to reduce rat population in Pukin Estate. The visit ended with a mill processing tour. The next day, some of the visitors departed for a Sustainability Update Breakfast Meeting that was held in conjunction with Palm and Lauric Oils Conference (POC) 2017 in Kuala Lumpur with the attendance of 75 customers from IOI.



OIL YIELD PER MATURE HECTARE

Source: Oil World 2015-2016

CERTIFICATION & TRACEABILITY

RSPO and ISCC certifications as defined in the SIP enhance the sales and value of palm oil products. All mills in East Malaysia and Indonesia will be audited by RSPO in mid-2017 and early 2018 respectively.

IOI Plantation has one of the first mills to be certified RSPO RED. An additional 4 mills in Malaysia will undergo RSPO NEXT audit, of which one mill will be audited in the third quarter of 2017, two mills in 2018 and the remaining one mill in 2019.

Traceability goals and commitments are addressed in the SPOP, SIP, Sustainable Palm Oil Manifesto, Internal Traceability Protocol (TIP) and IOI Group's 3-step mill verification approach. A full breakdown of traceability figures and certified volumes sourced is shown in the IOI Group.



IOI Loders Croklaan

“ At Loders Croklaan, we are on a continuous journey to create a truly sustainable supply chain in oil palm products. This has required us to completely rethink our approach to sourcing raw materials, knowing their source and acting accordingly. We will direct our resources into existing priority landscapes and use our supply chain leverage to incentivise, and support, valuable landscape conservation initiatives. We aspire to support the palm oil sector as a whole to benefit from the sustainability opportunities and create a positive message. ”

- Julian Veitch,
CEO, IOI Loders Croklaan

Enhancing Reach & Engagement





SUPPLY CHAIN TRACEABILITY

IOI Loders Croklaan (IOILC) take responsibility for building a traceable, transparent and sustainable global palm oil supply chain guided by the IOI Group's SPOP and IOILC's Responsible Operating Principles.

IOILC sourcing operations remain compliant to all relevant global treaties, national and international laws. Memberships include RSPO, ISCC, SEDEX, the European Palm Oil Alliance (EPOA), the Dutch Alliance for Sustainable Palm Oil, and a partner of World Resources Institute's (WRI) Global Forest Watch (GSW).

IOILC Group's Sustainability Team is also in the lead for executing the TPS program for the entire IOI Group supply chain. Supplier verifications are conducted by the internal audit team in collaboration with an independent third-party consultant, Proforest.

Further information can be found in *Responsible Sourcing and Traceability* in page 27 of this report.

AT A GLANCE: SYSTEMS AND CERTIFICATIONS WITHIN THE IOILC GROUP



MANAGEMENT STANDARDS

- QUALITY: ISO 9001
- FOOD SAFETY: ISO 22001
- ENVIRONMENT: ISO 14001:2004 (EUROPE ONLY)

PRODUCT QUALITY AND SAFETY STANDARD

- ISO 17025
- ISO 14001
- FSCC 22000

FOOD PRODUCT CERTIFICATIONS

- KOSHER
- HALAL

SUSTAINABILITY

- RSPO
- ISCC EU
- ISCC PLUS

OTHER

- GMP+
- HAZARD ANALYSIS CRITICAL CONTROL POINTS (HACCP)

- SEDEX
- SQF LEVEL 3 PRODUCT QUALITY AND SAFETY STANDARDS

ACTIVITIES DURING THE YEAR



EARTH HOUR 2017

An IOI Group initiative. At IOILC, this included staff engagement to support more sustainable practices, focusing on recycling. All operations participated in the Earth Hour week through several events.



BREAKFAST SUSTAINABILITY UPDATE SEMINARS

Held during the Palm & Lauric Oils Conference & Exhibition 2017 in Kuala Lumpur and the global RSPO Roundtable meeting in 2016 in Bangkok, Thailand. Attendees included customers, Sustainability Managers and Directors, buyers and traders. Updates provided by IOILC and IOI Group included: status and progress of IOI's sustainability milestones and future initiatives, Ketapang progress update, social and labour milestones, the recently published SPOP Annex with details of the new mechanisms through which IOI will monitor and ensure the compliance by IOI's third party suppliers to its policy commitments and social and labour initiatives. Positive feedback was received for the interactive Q&A sessions. The seminar series will be continued going forward.



CUSTOMER SEMINARS HELD ACROSS EUROPE

Seminars held in Milan, Italy (January 2017) Hamburg, Germany (April 2017) and Warschaw, Poland (June 2017) to actively promote the SPOP and its commitments to customers. Topics including quality, technical applications and sustainability in the palm oil sector were presented by employees and external speakers.

CUSTOMER PLANTATION VISIT

Organised by IOI Plantation for IOILC and IOI Oleochemical customers to promote palm oil and sustainability perspectives. The 1-day visit to IOI plantation and mill allowed customers to better understand the palm oil supply chain and harvesting process. For more info please refer to *Commodity Marketing section* in this report.

Case Study: IOI Loders Croklaan's Shea Supply Chain

Shea is an important raw material for IOILC. We have been sourcing shea for more than 50 years. Shea is a wild crop and its tree is very difficult to cultivate. It is generally only found in the wild. The geographical area in which the shea tree grows stretches for thousands of kilometres through numerous countries across West Africa. Millions of people in this part of the world, especially in rural areas, depend on shea for their very livelihood. The collection of the shea nuts is done predominantly by women.

Our support to the local communities in West Africa

We have an obligation to develop a fair, sustainable and long-lasting relationship with the people and communities involved in the sourcing and processing of shea in West Africa. We transfer knowledge of value-adding processes to West Africa via projects and partnerships. To support our commitment, IOI Loders Croklaan has two offices and a laboratory in West Africa. Medio 2018 we plan to open a Solvent Fractionation plant in Ghana to process and distribute the shea butter locally. This plant will create approximately 80-90 jobs locally. Over the past years IOILC managed to set up its own network in West African countries such as Ghana, Burkina Faso, Mali, Ivory Coast, Togo, Benin and Nigeria.

Sustainability efforts

- IOILC is a founding member of the Global Shea Alliance (GSA) and we hold a seat in the executive committee of the GSA. The GSA is a multi-stakeholder association promoting quality and sustainability in the shea industry.
- IOILC is also an active member of the Sustainability Working Group (WG) of the GSA. This WG facilitates social and environmental projects. The objective is to improve the profit and well-being of women collecting the shea and the processors and ensure healthy tree populations.
- In 2014, IOILC requested Rainforest Alliance (RFA) to audit our shea supply chain in West Africa. The RFA report concluded that there were no major sustainability issues in our supply chain.
- In 2015, we obtained official ISCC Plus Sustainability certification for our supply chain in Burkina Faso and Ghana.
- IOILC published its Sustainable Shea Program in 2016-2017.
- On top of existing sustainability initiatives IOILC believes it also have its own obligation to source, process and sell shea related products in a sustainable manner. We respect the environment, human rights and labour conditions, and understand the economic benefits and value that shea productions bring to the people and companies who operate in the industry. We are committed to build a fully traceable, transparent and sustainable shea supply chain by implementing measures from our Sustainable Shea program.

Part of the Shea Program

- Construction and donation of a warehouse in Ghana. More information available at http://europe.ioiloders.com/images/static_pages/Shea_Sustainability_projects_August_2017.pdf.
- Facilitation of shea rollers for women groups in Burkina Faso.
- All our shea efforts, pictures and background information can be found on our website¹⁴.



¹⁴ <http://europe.ioiloders.com/taking-responsibility/shea/>

PROTECTING THE ENVIRONMENT

Strong environmental management is fundamental in terms of both meeting stakeholder expectations as well as operating in compliance with national laws and regulations.

IOILC has its own Reduce Re-use Recycle program where we strive to reduce, recycle and re-use natural sources at each refinery facility of IOILC. Our commitment can be found in the Responsible Operating Principles¹⁵. A number of environmental programs are implemented to progressively reduce GHG emissions. IOILC is also minimising use of natural resources and waste produced limited with the goal of 'zero waste to landfill'. Several projects are in place or will be initiated at each regional level to achieve targets set. The key environmental performance data is presented in the Appendix: EES Performance Data.



IOI Loders Croklaan - Asia

Total GHG Emissions per MT product:

0.25 MT CO₂e

Scope 1:

0.15 MT CO₂e

Scope 2:

0.09 MT CO₂e

Total GHG Emission (FY2015/2016):

0.24

3% increment from FY2016

IOILC in Pasir Gudang, Malaysia, has an annual energy reduction target of 2%. Energy efficiency is reviewed and improved through energy related housekeeping practices focusing on electricity, steam, natural gas, water and nitrogen use.

IOI Loders Croklaan - Europe

Total GHG Emissions per MT product:

0.05 MT CO₂e

Scope 1:

0.03 MT CO₂e

Scope 2:

0.02 MT CO₂e

Total GHG Emission (FY2015/2016):

0.05

5% increment from FY2016

Under Dutch regulations, Europe operating sites in Wormerveer and Rotterdam have a mandatory energy reduction target of 2% and mandatory savings in energy usage of 2% annually.

IOI Loders Croklaan - Americas

Total GHG Emissions per MT product:

0.18 MT CO₂e

Scope 1:

0.12 MT CO₂e

Scope 2:

0.06 MT CO₂e

Total GHG Emission (FY2015/2016):

0.15

23% increment from FY2016

IOILC in Channahon, IL, United States has an annual energy reduction target of 2% and participates in the Strategic Energy Management team. It is a collaboration with 10 local companies and utility suppliers. IOILC in Rexdale, Canada, has its utilities supplied by Unilever, who co-share the operating site.



CARBON MANAGEMENT

GHG emissions data is currently being monitored and reported at individual operating unit level, with disclosures for IOILC Europe, North America and Asia reported to the internationally recognised CDP.

Case study: ComEd/Nicor Energy Savings Project

Starting as a way to look at reducing energy waste in a plant, IOILC Americas encouraged a 7-member team of engineering, maintenance and operations staff to take on 2 energy savings projects in 2014. After 2 years of planning and 6 months of execution more than 476,000 therms annually (or US\$191,000) in natural gas was saved by December 2016. The projects received a rebate cheque from Nicor for US\$128,000 in March 2017.

MARKETPLACE



A multi-stakeholder approach is being practised to increase uptake of Certified Sustainable Palm Oil (CSPO).

Works with various stakeholders including suppliers, customers, NGOs, government bodies and independent certification bodies to implement IOI Group's SPOP.

Continues to be an active partner of RSPO to strengthen standards and enforcement. IOILC actively participates in the RSPO Trade and Traceability Standing Committee (T&T SC) working group, Technical Working Group (TWG) for Sustainable Landscape, and the European Palm Oil Alliance (EPOA).

Conducts technical workshops and roundtable sessions with suppliers to promote implementation of the IOI Group's SPOP.



Collaborates with other palm oil producers and processors to improve industry-wide practices.



¹⁵ http://europe.ioiloders.com/images/static_pages/August_2017_Responsible_Operating_Principles.pdf

Enhancing Reach & Engagement



IOI Oleochemical Group

“ To the Oleo division, Sustainability means cultivating partnership with our valued stakeholders whilst enhancing the resultant value together. ”

- Tan Kean Hua, Executive Director,
IOI Oleochemical Group

IOI OLEOCHEMICAL



AT A GLANCE

3 manufacturing sites, more than 1500 employees and close to 700,000 MT products sold worldwide per annum

MANAGEMENT STANDARDS

- QUALITY: ISO 9001
- ENVIRONMENT: ISO 14001
- OCCUPATIONAL HEALTH AND SAFETY: OHSAS 18001
- ENERGY: ISO 50001 & EMAS
- COSMETIC GMP: ISO 22716

PRODUCT QUALITY AND SAFETY STANDARD

- FOOD SAFETY SYSTEM CERTIFICATION FSSC 22000
- ANIMAL FEED SAFETY STANDARD GMP+B2
- HAZARD ANALYSIS CRITICAL CONTROL POINTS (HACCP)
- MALAYSIAN STANDARD FOOD SAFETY: MS 1480
- KOSHER
- HALAL

SUSTAINABLE SUPPLY CHAIN

- RSPO SCCS-CERTIFIED

OTHERS:

- LABORATORY ACCREDITATION: ISO 17025
- RESPONSIBLE CARE PROGRAM
- SEDEX: SUPPLIER B MEMBERSHIP

ACTIVITIES DURING THE YEAR



RELIEVING BUKIT JURU

A community service project to revive the inactive hiking trail of Bukit Juru was initiated by the Community Services (CS) committee of IOI Oleo Prai, Seberang Perai Municipal Council (MPSP) and the Forestry Department. The Reliving Bukit Juru project was undertaken to encourage the public to adopt a healthy lifestyle and to preserve the environment.

Some 80 volunteers consisting of IOI Oleo employees and their family members as well as MPSP workers gathered on the early morning of 25 February 2017 to restore the glory of Bukit Juru by cleaning up the hilly area and the hiking trail in addition to repairing and painting a resting hut.

IOI WASTE MANAGEMENT AWARENESS

IOI Oleo is committed to develop a growing business relationship with all approved vendors and suppliers. This includes the commitment to help develop their skills and knowledge as well as ensure they comply with applicable environmental, legal and other requirements to protect the environment.



A training on Waste Management Awareness was held on 30 March 2017 in Pasir Gudang, Johor. A total of 30 participants including 11 representatives from seven external companies attended the training which was conducted by IOI Pan-Century Oleochemicals Mechanical Engineer Mr Kirubaharan, who is also a certified trainer from the Department of Environment.

REVITALISING NATURE THROUGH MUD BALLS

On 15 October 2016, about 100 primary school children and teachers from three different schools, namely SJK Tamil Perai, SK Khir Johari and SK St. Mark Perai gathered to participate in a mud ball-making event.

This community service project was initiated by IOI Oleo Prai's Community Service team in collaboration with MPSP to purify the polluted monsoon



drain. The environmental activity was aimed at educating the children on the effects of mud balls in treating the waterways and instilling awareness on the importance of preserving nature among the children.

The participants donned aprons and gloves to form pre-mixed soil with "friendly" bacteria into balls. An estimated 2,000 mud balls were released into the nearby monsoon drain to revitalise it.

DOING GOOD IN THE COMMUNITY

IOI Oleo Prai continued to give back to the community through three thoughtful activities organised by the Community Service team. Throughout April to June 2017, the team members and volunteers imparted environmental awareness while providing assistance and support to recipients.

In May, A Go Green project was conducted in SK St. Mark to educate the school children on the correct techniques to plant various vegetable seedlings. A total of 42 biodegradable pots and planter boxes were donated to the school to encourage the protection and preservation of the environment.



In June, a total of 75 reams of A4 papers were donated to SK Khir Johari, SJK Tamil Perai and SK St. Mark to benefit students from lower income families and assist them to make copies of additional revision materials.

A Motivational talk was held in June 2017 with a total of 45 students from SJK Tamil Perai benefited from a half-day course on "Techniques in Answering UPSR Examination Papers" conducted by established speaker cum teacher Mr Justin Jeevaprakash. Gift vouchers and certificates were also awarded to ex-students for their impressive UPSR results.

SOURCING RESPONSIBLY



Responsible sourcing and traceability are essential to IOI Oleochemical (IOI Oleo Group) operations due to greater market demand and transparency requested by NGOs. Responsible sourcing primarily focuses on ensuring raw palm material used is from known and credible sources as well as tracking our supply chain to the mill level. This also applies for other non-palm products, which are assessed in line with sustainability commitments. Further information on palm traceability can be found in *Responsible Sourcing and Traceability* in page 27 and *Palm Oil Dashboard* in page 30 of this report.

All processing units are RSPO certified to the Supply Chain Certification System (SCCS). All products can be offered as RSPO certified Mass Balance (MB) and Segregated (SG) grades. Besides complying with the RSPO Physical Transition rules for oleochemicals and derivatives, IOI Oleo Group is also a signatory to Supplier Ethical Data Exchange (SEDEX).

Traceability for oleochemicals and its derivatives is complicated. Challenges include vast processing steps leading to loss in timing accuracy, flexibility in production routes and relatively smaller product fraction volumes.



IOI Oleo's responsible sourcing approach and policy extend beyond RSPO requirements and in compliance with IOI Group's SPOP which extends to third party suppliers:

- Main suppliers are required to complete the IOI Oleo Group Vendor CSR Questionnaire to gauge vendor's corporate responsibility initiatives, with their sites subject to verification audits and risk assessments.
- Grievance mechanism system allows for logging of complaints and follow up actions to be taken.
- Vendor audits applied to ensure compliance with policy. Any actions needed to address non-compliance are determined through Risk Management.
- All suppliers met criteria with no further assessment required over the reporting period.

PROTECTING THE ENVIRONMENT



Climate change, resource depletion, pollution and waste generation present challenges. A multi-faceted approach is taken to address such challenges and enhance energy efficiency through the efficient use of natural resources, waste reduction, innovation of environmentally friendly products and use of green technologies.

IOI Oleo Group is certified to ISO 50001 Energy Management System and the voluntary Eco-Management and Audit Scheme (EMAS). Life Cycle Assessments (LCA) are conducted for selected products together with the Advanced Oleochemical Technology Division (AOTD) of the Malaysian Palm Oil Board (MPOB). Energy Performance Indicators (EnPIs) are monitored and measured by Energy Managers at respective operating sites and reported at monthly Energy Management Meetings. Voluntary disclosure of GHG emissions are made under the CDP Climate Change Module.

IOI Oleo Group remains vigilant in its commitment to comply with all relevant laws, regulatory, procedures and practices which in turn protect its people, the public, its assets and the environment. There were no significant fines or non-monetary sanctions received by IOI Oleo Group over the reporting period for non-compliance with any environmental law and regulation.

ENERGY EFFICIENCY & ECO-PRODUCTIVITY

Energy efficiency and eco-productivity ensure both operational and market success now and in the future.

2016/2017

Total GHG Emissions per MT product:

0.34 MT CO₂e

Scope 1:

0.27 MT CO₂e

Scope 2:

0.07 MT CO₂e

3%

increment from 2015/2016

2015/2016

Total GHG Emissions per MT product:

0.33 MT CO₂e

Scope 1:

0.24 MT CO₂e

Scope 2:

0.09 MT CO₂e



Energy management

IOI Oleo Pasir Gudang in Johor and IOI Oleo Germany in Wittenberge, Germany achieved ISO 50001 certification last year while IOI Oleo Prai in Penang achieved certification in June 2017. IOI Oleo Group is on track towards full ISO 50001 certification. Initiatives include:

- Solar panel system by IOI Oleo Prai generating more than 750,000 kWh of electricity annually since 2003, saving almost 450 MT of CO₂ a year, or equivalent to planting 40,000 trees.
- Improvements in operational efficiency achieved by applying latest green technologies. Examples at IOI Oleo Prai include low energy-high efficiency vapor adsorption chillers, and co-generation heat and power plant which reduces GHG and other emissions including NO_x and SO_x.
- Participation in the United Nations Industrial Development Organisation (UNIDO) on energy saving programs and hosting programs on Pump System Optimisation (PSO) and Compressed Air Optimisation (CASO).



Chemical-free technology

Selection and installation of processes is based on minimum negative impact on the environment. Various eco-friendly manufacturing processes are spearheaded, including;

- Physical separation for glycerine through ultrafiltration instead of chemical-treatment.
- Replacing use of detergent in the purification process of oleic acid by using crystallisation technology.
- Pioneering use of continuous reactive distillation technology in the fatty acid esterification process – proven to be more energy efficient and use less chemicals than conventional processes.

Eco-themed products

Optimising sustainable agriculture is a long-term solution to the challenge of gradually reducing dependency on petrochemicals. IOI Oleo Group works on research and development for eco-themed products produced solely from palm derivatives such as fatty acids and glycerine, natural products for personal care, and additive free and natural soap to meet customer requirements.

- **PALMSABUN®** provides a range of additive-free soap noodles, offering quality 'green' base derived from natural sources and removing EDTA (Ethylenediamine Tetraacetic Acid) and DTPA (Diethylene Triamine Pentaacetic Acid). Many countries have banned or restricted the use of EDTA to curb potential environment problems. The natural soap base also has good foaming capability and so does not require additional foam boosters or preservative (chemical) systems.



- IOI Oleo Germany has a large amount of its products ECOCERT-certified and approved for use in natural cosmetics. Natural raw materials are also introduced to products such as **MIGLYOL® Coco810** (a natural alternative source to silicones), **SOFTISAN® conditionHAIR** (a natural conditioning agent for hair care application) and **SOFTISAN® GC8** (a natural preservative booster).



Going Green Campaign

IOI Oleo Group's Going Green Campaign focuses on cultivating an environmentally conscious workforce where 'Refuse-Reduce-Reuse-Recycle' is encouraged. IOI Oleo Group also partners with Hewlett-Packard (HP) Malaysia to cut down printing, reducing the environmental footprint and increasing cost efficiency.



PROCESS SAFETY

Process safety is a top consideration for IOI Oleo Group manufacturing operations.

Incorporated into the IOI Oleo Group Sustainability and Integrated Management System (IMS) Policy

Regulatory safety inspection audits by the Department of Occupational Safety & Health (DOSH), district governments, and external certification bodies

Any non-compliance discussed within respective departments and corrective and preventive counter-measures are established and implemented

Benchmark against industry peers through online SHE benchmarking exercise administered by the Malaysian Productivity Corporation (MPC)

Signatory to the Responsible Care program of the Chemical Industries Council of Malaysia (CICM), and support for codes on Process Safety, Employee Health & Safety and Community Awareness & Emergency Response

During 2016/2017:

- Zero notifiable or major incidents of fires, explosions or accidental chemical releases
- No significant fines or non-monetary sanctions for non-compliance with social laws and regulations.



MARKETPLACE



IOI Oleo Group supports the market transformation towards sustainable palm oil by working with industry partners and associations. In addition, we chair the ASEAN Oleochemical Manufacturer's Group (AOMG) on RSPO and lead discussions with major oleochemical producers on matters relating to RSPO-certified oleochemicals. IOI Oleo Group is a Steering Committee member of the RSPO Oleochemical and Derivatives Working Group which drafts the RSPO Rules on Oleochemicals and Derivatives, as well as a member of the RSPO Trade and Traceability Standing Committee (T&T SC) that contributes to the interest of trade, traceability and related matters with respect to RSPO-certified Oleochemicals and Derivatives.

Certification and Promoting RSPO products

A wide and diverse spectrum of oleochemicals and derivatives are available in RSPO-certified grades for customers, who further process these products along the value chain. A difference can be made by extending sustainability credibility to the next customer through sustainable products. IOI Oleo Group offers various RSPO-certified products under many of brand names.

IOI Oleo Group is committed to uptake of certified materials since the attainment of the RSPO Supply Chain Certification System (SCCS) certification for the Johor plant in 2011. All manufacturing sites are now RSPO certified to the SCCS, and products offered as RSPO certified Mass Balance (MB) or Segregated grades (SG).

Certified volumes sourced by IOI Oleo Group

PALM OIL

2015/2016

4.3% certified
(1.3% MB & 3.0% SG)

2016/2017

5.4% certified
(SG only)

PALM KERNEL OIL

2015/2016

2.8% certified
(MB only)

2016/2017

0% certified



In 2016/2017 financial year, we recorded a 26% increase in RSPO-certified palm oil volume but no certified palm kernel oil was sourced as the result of the Group-wide RSPO suspension, leading to high feedstock accumulation and reduced sale orders.

We fully subscribe to and support RSPO-certified products. However, customers have yet to make substantial switch from conventional oleochemicals to RSPO-certified versions. IOI Oleo Group is working to buck this trend and promote RSPO-certified products by providing frequent updates to customers on changes in RSPO certification requirements and training agents worldwide to support customers who purchase RSPO products.



Achievements

- One of the few Malaysian oleochemical companies that has shipped bulk RSPO SG products
- RSPO workshop for regional Certification Bodies and RSPO officials
- Jointly co-authoring presentations on RSPO Oleochemicals for MPOB International Palm Oil Congress and Exhibition (PIPOC) 2011, 2013 and 2015 Conferences

APPENDIX: CONTENT OF REPORT

REVIEW & CONCLUSION

The report has been reviewed by our Group Head of Sustainability, approved by the Group CEO, and presented to the IOI Board of Directors. This report marks our first stand-alone sustainability report and also our first published in accordance with GRI Standards, and so this will be built upon moving forward. We endeavor to continuously improve our reporting disclosures and build the transparency of our operations.

In connection with the audit of the financial statements of the IOI Group which will be reported in part, in the 2017 IOI Corporation Berhad's Annual Report, BDO, the external auditors have the responsibility to read the other information. This includes the information in this report, in accordance with International Standards on Auditing ("ISA") 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*. In doing so, BDO is to consider whether the other information is materially inconsistent with the financial statements of the IOI Group or their knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work they have performed, they conclude that there is a material misstatement of this other information, they are required to report that fact. They have nothing to report in this regard in their independent auditors' report of IOI Group for the financial year ended 30 June 2017.

PRIORITISATION OF MATERIAL TOPICS

The report is focused on our medium and high priority material topics, as shown in the materiality matrix. The most critical sustainability issues to our stakeholders were determined through stakeholder engagement undertaken throughout the year as part of our Sustainability Implementation Plan. The topics most material to our business were determined through review by Senior Management and the sustainability teams across the IOI Plantation, IOI Loders Croklaan, IOI Oleochemical and Commodity Trading activities.



SECTOR	MATERIAL TOPICS
IOI Plantation	<ol style="list-style-type: none"> High Conservation Value (Sabah and Ketapang, Indonesia) Labor and Social Issues (IOI Pelita land issues) Peat Management (existing and new plantations) Certification (RSPO and ISCC) Environmental and Regulation Aspects (GHG emissions) Safety and Health Labor and Social Issues (migrant & foreign workers minimum wages and passport keeping) Environmental and Regulation Aspects (fire and haze) Environmental and Regulation Aspects (air & water pollution) Reducing use of Chemicals, IPM, Fertiliser
IOI Loders Croklaan	<ol style="list-style-type: none"> GHG Emissions Reduction (RRR program) Responsible sourcing Third-party Supplier Monitoring Program Traceability Risk Assessment On-site Mill Verification and Consultation Marketplace (stakeholder engagement: seminars/project etc.)
IOI Oleochemical	<ol style="list-style-type: none"> Regulatory Compliance (environment) Process Safety Responsible Sourcing & Traceability Production of RSPO Product Streams Energy Efficiency & Eco-productivity
Commodity Marketing	<ol style="list-style-type: none"> Reputation in Market Sustainability Certification Traceability of Sources

APPENDIX: EES DATA

As this is our first stand-alone sustainability report in line with the GRI Standards, information presented in this appendix represents the annual reporting period of 1 July 2016 to 30 June 2017. Going forward we will collate data to show our year-on-year performance and progress toward our targets.

ECONOMIC PERFORMANCE DATA

IN RM MILLION UNLESS OTHERWISE STATED	2017 MFRS	2016 MFRS	2015 MFRS	2014 MFRS	2013 MFRS
FINANCIAL					
Profit before interest and taxation	1,560.2	1,449.6	1,240.4	1,927.4	1,622.6
Profit attributable to owners of the parent	743.2	629.7	51.9	3,373.0	1,973.7
Equity attributable to owners of the parent	7,457.4	7,138.1	7,069.0	6,036.8	13,650.5
Return on average shareholders' equity (%)	10.18	8.86	0.68	34.27	15.03
Basic earnings per share (sen)	11.82	9.99	0.82	52.93	30.88
Gross dividend per share (sen)	9.5	8.0	9.0	20.0	15.5
PLANTATION					
FFB production (MT)	3,155,628	3,145,317	3,542,222	3,506,706	3,408,935
Total oil palm area (Ha)	174,396	179,271	178,768	174,061	160,626
MANUFACTURING					
OLEOCHEMICAL					
Plant utilisation (%)	80	82	85	84	80
Sales (MT)	582,458	595,820	586,076	583,555	561,001
REFINERY					
Plant utilisation (%)	63	62	66	68	70
Sales (MT)	2,414,773	2,427,326	2,591,197	2,706,786	3,052,027
SPECIALTY OILS AND FATS					
Plant utilisation (%)	57	47	52	50	56
Sales (MT)	766,188	782,972	773,767	735,099	734,691

Note: In conjunction with the adoption of Malaysian Financial Reporting Standards ("MFRS") framework by the Group, the above information from FY2015 to FY2017 have been prepared in accordance with MFRS, whereas information from FY2013 to FY2014 have been prepared in accordance with Financial Reporting Standards ("FRS").

Source: IOI Corporation Berhad's Annual Report 2017

WORKPLACE PERFORMANCE 2016/2017	UNITS	IOI CORPORATION*	IOI PLANTATION**	IOI LODERS CROKLAAN*	IOI OLEOCHEMICAL**
Total employees	Number	180	20,419	1,396	1,518
By employment contract					
Permanent	Number	175	10,900	1,275	1,478
Temporary	Number	5	9,519	121	40
Contract	Number	0	0	0	0
By employment type					
Full-time/Salary	Number	180	20,419	1,317	1,499
Part-time/Hourly	Number	0	0	79	19
By gender					
Male	Number	61	14,369	1,053	1,218
Female	Number	119	6,050	343	300
By location					
Malaysia	Number	180	NA	536	1,243

APPENDIX: EES DATA

WORKPLACE PERFORMANCE 2016/2017	UNITS	IOI CORPORATION*	IOI PLANTATION**	IOI LODERS CROKLAAN ⁺	IOI OLEOCHEMICAL ⁺⁺
Indonesia	Number	-	NA	-	-
Asia (other)	Number	-	NA	60	1
Europe	Number	-	NA	486	272
Americas	Number	-	NA	314	2
Proportion of total employees covered by collective bargaining agreements	%	-	-	79 to 96% [^]	48% ^{^^}
Number of employees by gender as at 30 June 2017				Male: 16,701 Female: 6,812	

* Data collected by Human Resource Department, IOI Corporation Berhad

** Data based on employment records from main subsidiaries (not necessarily as of 30 June 2017), collected by Human Resource Department, IOI Plantation

⁺ Data based on the headcounts per region, provided by the Financial department and used for Management Reporting

⁺⁺ Data based on employment records from main subsidiaries (not necessarily as of 30 June 2017)

[^] Data for IOI Lodgers Croklaan Europe only (Rotterdam and Wormerveer)

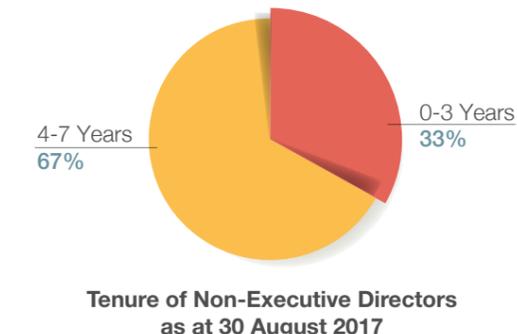
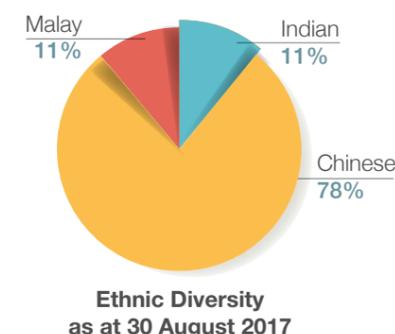
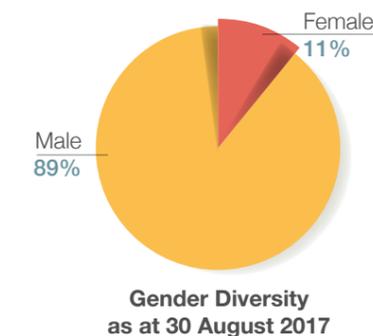
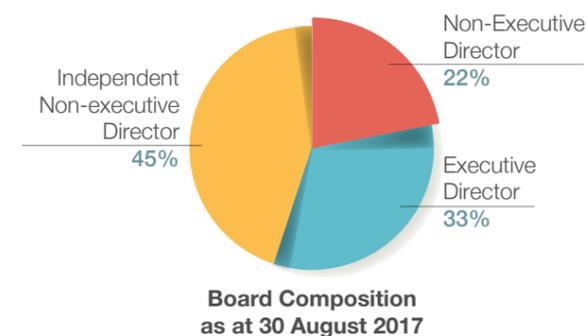
^{^^} Excludes IOI Pan Century Oleochemicals and IOI Pan Century Edible Oils (Pasir Gudang) employees as non-union companies

MANAGEMENT AND DIRECTORS DISCLOSURE

TAN SRI DATO' LEE SHIN CHENG <i>PSM, DPMS, JP</i> Executive Chairman	DATO' LEE YEOW CHOR <i>DSAP</i> Chief Executive Officer	LEE CHENG LEANG Executive Director
LEE YEOW SENG Non-Independent Non-Executive Director	TAN SRI PETER CHIN FAH KUI <i>PSM, SSAP, PGBK, PBS, ABS</i> Senior Independent Non-Executive Director	TAN SRI DR RAHAMAT BIVI BINTI YUSOFF <i>PSM, SMW</i> Independent Non-Executive Director
DATUK KAROWNAKARAN @ KARUNAKARAN A/L RAMASAMY <i>DSDK, DMSM, KMN, AMN</i> Independent Non-Executive Director	CHEAH TEK KUANG <i>JP</i> Independent Non-Executive Director	LIM TUANG OOI <i>AMN</i> Non-Independent Non-Executive Director

 Please refer to page 48-55 of the IOI Corporation Berhad's Annual Report 2017 for their profile

ETHNICITY DISCLOSURE



Source: IOI Corporation Berhad's Annual Report 2017

OCCUPATIONAL HEALTH & SAFETY PERFORMANCE 2016/2017¹

	UNITS	IOI PLANTATION			IOI LODERS CROKLAAN ²			IOI OLEOCHEMICAL ³			
		By Gender (male/female)	M	F	Total	M	F	Total	M	F	Total
Injuries ⁴	Number		2,037		2,037	18	18	14	0	14	
Injury rate	Million hours				56.38		7.0			3.2	
Fatalities	Number		2	1	3	0	0	0	0	0	
Fatalities rate	Million hours				0.56		0			0	
Lost days	Number		3,474		3,474	512+	512	138	0	138	
Lost day rate	Million hours				98.42		200.2+			31.2	
Absentees	Number		336	7	343	10,310	744	11,054 ⁶	2,420	438	2,858 ⁵
Absentee rate	Million hours				3.64		5,029.7			788.3	
Occupational disease rate	Million hours				0.37		1.6			-	

¹ Figures include consideration of both employees and workers unless otherwise stated

² During the reporting period IOI Lodgers Croklaan – Europe (Wormerveer) received a fine of EUR9,600 relating to an occupational accident. No other fines relating to social issues were received during the reporting period for IOIC and group companies. No all group companies distinguish between male and female in incident reporting, and so overall totals are presented where applicable

³ Data is collated for both employees and workers as IOI Oleo Germany make no distinction between the two.

⁴ Injuries reported include both minor injuries (first aid level) and major injuries

⁵ Absentee numbers presented exclude IOI Oleo Germany as days of sick-leave are not monitored

⁶ IOI Lodgers Croklaan Channahon does not record absentee day and is therefore not included in the Group total

APPENDIX: EES DATA

ENVIRONMENTAL PERFORMANCE DATA

ENERGY CONSUMPTION 2016/2017	UNITS	IOI PLANTATION	IOI LODERS CROKLAAN	IOI OLEOCHEMICAL
Total electricity consumption	GJ	63,316	438,678	215,403
- Electricity generated	000'kWh	12,102	-	-
- Electricity purchased	000'kWh	5,486	144,995	59,834
Total heating consumption	GJ	-	-	-
Total steam consumption	GJ	-	-	169,608
Total pressurised air consumption	GJ	-	-	1,886
Total non-renewable fuel consumption*	GJ	-	2,629,386	-
- Natural gas	Nm ³	-	72,556,245	81,844,464
- Diesel	L	10,002,242	22,680	-
- Petrol	L	93,676	13,608	-
Total renewable fuel consumption	GJ	-	-	33,341
- Biogas	000'kWh	-	-	1,594
- Vegetable oils	000'kWh	-	-	6,824
- Bio-gasoline	000'kWh	-	-	844

* Conversion factors for fuels based on greenhouse gas reporting - Conversion factors 2016 (UK Department for Business, Energy & Industrial Strategy). The conversion factors are in line with the Intergovernmental Panel on Climate Change (IPCC)'s fourth assessment report which is consistent with reporting under the United Nations Framework Convention on Climate Change (UNFCCC).

GREENHOUSE GAS EMISSIONS 2016/2017	UNITS	IOI PLANTATION ⁵	IOI LODERS CROKLAAN	IOI OLEOCHEMICAL
Direct (Scope 1) emissions	ktonCO₂e	8.51	147.82	182.48
- Electricity generation	ktonCO ₂ e	8.51	-	-
- Combustion ¹	ktonCO ₂ e	-	147.82	182.48
- Bio-genic	ktonCO ₂ e	-	-	-
Indirect (Scope 2) emissions	ktonCO₂e	3.86	85.95	51.44
- Purchased electricity ²	ktonCO ₂ e	3.86	85.95	40.95
- Purchased steam ³	ktonCO ₂ e	-	-	10.20
- Pressurised air ²	ktonCO ₂ e	-	-	0.28
Biomass	ktonCO₂e	-	-	0.43
- Biogas ³	ktonCO ₂ e	-	-	0.26
- Vegetable oils ⁴	ktonCO ₂ e	-	-	0.07
- Bio-gasoline ⁴	ktonCO ₂ e	-	-	0.10

¹ 2006 IPCC Guidelines for National Greenhouse Gas Inventories: http://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

² Umwelt Bundesamt: <https://www.umweltbundesamt.de/themen/klima-energie/energieversorgung/strom-waermeversorgung-in-zahlen?sprungmarke=Strommix#textpart-1>

³ Umrechnung

⁴ [Dreier 2000]. Dreier, Th.: Ganzheitliche Systemanalyse und Potenziale biogener Kraftstoffe; IfE Schriftenreihe, Heft 42; herausgegeben von: Lehrstuhl für Energiewirtschaft und Anwendungstechnik (IfE), Technische Universität München, Ordinarius: Prof. Dr-Ing. Ulrich Wagner; 2000; ISBN 3 - 933283 - 18 - 3

⁵ Data covered for all estates and mills except Indonesia region

HAZARDOUS WASTE MANAGEMENT 2016/2017	WEIGHT GENERATED (MT)	DISPOSED TO LANDFILL	DIVERTED FROM LANDFILL	OTHER DISPOSAL METHOD
IOI PLANTATION				
Scheduled Waste	31,061.03	0%	100%	Disposed by licensed contractor
Scrap Iron	5,844.74	0%	100%	Sold to registered vendor
Clinical Waste	2.58	0%	100%	Clinical waste sent to Hospital, which will be further managed and disposed of registered vendor
IOI LODERS CROKLAAN				
Spent nickel catalyst	48.4	0%	100%	Recycled. Disposal recorded by contractor
Spent lubricant oil	1.5	0%	100%	Recovered. Disposal recorded by contractor
Waste solvent	5.0	0%	100%	Incinerated. Disposal recorded by contractor.
Contaminated containers/ packaging	13.2	0%	100%	Incinerated. Disposal recorded by contractor.
Laboratory chemicals	10.0	0%	100%	Incinerated or recovered. Disposal recorded by contractor.
IOI OLEOCHEMICAL				
Spent batteries	0.6	100%	0%	-
Spent nickel catalyst	166.3	0%	100%	Recovered
Spent lubricant oil	18.3	0%	100%	Recycled
Spent solvent	653.7	0%	100%	Recycled, incineration, used as fuel, or storage for use in a biogas plant
Contaminated containers/ packaging	40.1	0%	100%	Recycled, blending or mixing prior to submission, used as fuel
Chemicals and laboratory chemicals	2.4	0%	100%	Recycled, incineration, physico-chemical treatment
Florescent lights	0.1	0%	100%	Recycled
Contaminated rags and materials	13.7	12.4%	87.6%	Recycled, used as fuel
Contaminated metals	1.2	0%	100%	Blending or mixing prior to submission
Asbestos	4.8	0%	100%	Storage
Sludge and residues	3,420.7	0%	100%	Incineration, storage, blending, recycle
Synthetic oils	0.9	0%	100%	Blending or mixing prior to submission
Waste acid	16.3	0%	100%	Physico-chemical treatment

NON-HAZARDOUS WASTE MANAGEMENT 2016/2017	TOTAL WEIGHT GENERATED (MT)	DISPOSED TO LANDFILL (%)	DIVERTED FROM LANDFILL (%)	OTHER DISPOSAL METHOD
IOI PLANTATION*				
Domestic waste	51,209.48	100%	0%	Disposed by licensed contractor.
Recyclable waste (e.g. paper, plastics etc.)	4,128.30	0%	100%	Recycled

APPENDIX: EES DATA

NON-HAZARDOUS WASTE MANAGEMENT 2016/2017	TOTAL WEIGHT GENERATED (MT)	DISPOSED TO LANDFILL (%)	DIVERTED FROM LANDFILL (%)	OTHER DISPOSAL METHOD
IOI LODERS CROKLAAN				
Bleaching earth/clay	46,812.8	6%	94%	Recovered
General waste and sludge	6,214.6	21%	79%	Composted
Plastic and stretch film	22.1	0%	100%	Recycled
Carton and cardboard	291.7	0%	100%	Recycled
Scrap metal	266.4	0%	100%	Recycled
Flexi bag	56.61	0%	100%	Recycled
Recycling collections	58.0	0%	100%	Recycled
Waste vegetable oil	1,609.0	0%	100%	Recovered
IOI OLEOCHEMICAL				
Industrial/construction waste	3,000.1	72%	28%	Recycled, reclaimed, or used as fuel
Domestic waste	1,815.7	47%	53%	Recycled, storage, incineration
Metal scrap	321.1	0%	100%	Recycling or reclamation of metal
Plastic waste	94.9	0%	100%	Recycled, reclamation of organic substances
Other	2,822.4	0%	100%	Recycled, used as fuel, inorganic material reclaimed, or storage

* Data presented for Lahad Datu region only

WATER WITHDRAWN BY SOURCE	UNITS	IOI PLANTATION ²	IOI LODERS CROKLAAN ⁴	IOI OLEOCHEMICAL
Total water withdrawn	m³	10,959,290	21,199,820	1,940,280
- Municipal fresh water	m ³	2,069,713	1,133,918	1,860,446
- Surface water ¹	m ³	8,778,023	19,768,969	57,105
- Ground water	m ³	nil	0	nil
- Rainwater	m ³	111,554	333	22,729
- Waste water	m ³	nil	296,600	nil
Total water recycled and reused⁵	m³	111,554	296,933	22,729
	%	1.0%	1.4%	1.2%

¹ Surface water includes water withdrawn from wetlands, rivers, lakes and oceans

² Data collected for IOI Plantation is for Malaysian mill operations only. Figures shown are direct values measured on site or taken from utilities statement

⁴ Water data collected from metered usage. Rainwater figures obtained from harvesting project at PO Fractionation started in May 2017. Wastewater usage calculated from treatment plant discharge. Loders Croklaan in Europe currently does not record use of recycled water

⁵ Recycled and reused water includes use of rainwater and grey water such as wastewater

SOCIAL PERFORMANCE DATA

SOCIAL CONTRIBUTIONS	YAYASAN TAN SRI LEE SHIN CHENG
Total contribution for social, education and medical	Over RM 6.4mil

* Yayasan Tan Sri Lee Shin Cheng, a CSR initiative of IOI Group

GLOSSARY

Carbon Dioxide Equivalents (CO₂e)	CO ₂ e is a measure used to compare the emissions from various greenhouse gases based upon their global warming potential.
Crude Palm Oil (CPO)	First stage palm oil product produced from fresh fruit bunches (FFB) at a mill.
Fresh Fruit Bunch (FFB)	Bunch harvested from the oil palm tree.
Global Forest Watch (GFW)	GFW is an interactive online forest monitoring and alert system designed to empower people everywhere with the information they need to better manage and conserve forest landscapes.
Global Reporting Initiative (GRI)	GRI is an international independent organisation that helps businesses, governments and other organisations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others.
High Conservation Values (HCV)	As defined by the HCV Resource Network, HCVs are biological, ecological, social or cultural values which are outstandingly significant or critically important at the national, regional or global level.
High Carbon Stock Approach (HCS)	The HCS Approach is a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed. The methodology was developed with the aim to ensure a practical, transparent, robust, and scientifically credible approach that is widely accepted to implement commitments to halt deforestation in the tropics, while ensuring the rights and livelihoods of local peoples are respected.
Integrated Pest Management (IPM)	IPM is the careful consideration of all available pest control techniques and subsequent integration of appropriate measures that discourage the development of pest populations and keep pesticides and other interventions to levels that are economically justified and reduce or minimise risks to human health and the environment. IPM emphasises the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms.
International Labor Organisation (ILO)	ILO is the United Nations agency for the world of work. It sets international Labor standards, promotes rights at work and encourages decent employment opportunities, the enhancement of social protection and the strengthening of dialogue on work-related issues.
International Sustainability & Carbon Certification (ISCC)	ISCC is an independent multi-stakeholder organisation providing a globally applicable certification system for the sustainability of raw materials and products.
Non-Governmental Organisation (NGO)	NGO is used in this report to refer to grassroots and campaigning organisations focused on environmental or social issues.
Oleochemical	A chemical compound derived industrially from animal or vegetable oils or fats.
Palm Kernel (PK)	PK is the seed of any palm that yields palm-kernel oil.
Palm Kernel Oil (PKO)	PKO is a plant oil derived from the kernel of the oil palm.
Palm oil mill effluent (POME)	By-product of processed fresh fruit bunch (FFB).
Peat	An accumulation of partially decayed vegetation matter. Peat forms in wetlands or peat lands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests.
Roundtable on Sustainable Palm Oil (RSPO)	A multi-stakeholder organisation based in Kuala Lumpur, Malaysia. The organisation has developed a certification scheme for sustainable palm oil.
Roundtable on Sustainable Palm Oil Mass Balance (RSPO MB)	Sustainable palm oil from certified sources is mixed with ordinary palm oil throughout supply chain.
Roundtable on Sustainable Palm Oil Segregated (RSPO SG)	Sustainable palm oil from different certified sources is kept separate from ordinary palm oil throughout supply chain.
Supply Chain Certification System (SCCS)	Downstream processors or users of RSPO certified oil palm products can claim the use of (or support of) RSPO certified oil palm products when they adhere to the RSPO Supply Chain Certification Systems and where this is independently verified by an accredited certification body.
Sustainability Advisory Panel (SAP)	The IOI Group Sustainability Advisory Panel (SAP) was formed in January 2017 and tasked with overseeing the application of IOI Group's Sustainability Implementation Plan (SIP). The SAP also advises on sustainability issues raised by multi-stakeholders including NGOs and the RSPO.
Sustainability Implementation Plan (SIP)	IOI Group's SIP serves as a practical working document that puts into practice the goals and commitments stated in the IOI Group Sustainable Palm Oil Policy.
Sustainable Palm Oil Policy (SPOP)	The IOI Group SPOP is the keystone policy to maintain the Group's commitment to the sustainable management of oil palm plantations and to the implementation of responsible, global palm oil supply chain.
Scope 1 Emissions	All direct GHG emissions.
Scope 2 Emissions	Indirect GHG emissions for consumption of purchased electricity, heat or steam.
Third-Party Supplier (TPS)	IOI Group's TPS program ensures that suppliers are committed to implementing the SPOP commitments.

GRI CONTENT INDEX: CORE OPTION

GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE	DESCRIPTION	REFERENCE OR IOI REPLY
ORGANISATIONAL PROFILE			
GRI 102: General Disclosures 2016	102-1	Name of the organisation	• About This Report, p.2
	102-2	Activities, brands, products, and services	• About IOI Corporation, p.8-9
	102-3	Location of headquarters	• Locations, p.10-11 • IOI Corporation Berhad is headquartered from Two IOI Square, IOI Resort, Putrajaya Malaysia
	102-4	Location of operations	• Locations, p.10-11 • Location of IOI Plantation Estates and Mills, p.34 • IOI Corporation Berhad's Annual Report 2017, p.64-67
	102-5	Ownership and legal form	• Reporting Scope & Boundaries, inside front cover • About IOI Corporation, p.8-9 • IOI Corporation Berhad's Annual Report 2017, p.253-255
	102-6	Markets served	• About IOI Corporation, p.8-9 • IOI Corporation Berhad's Annual Report 2017, p.21,32,37,149
	102-7	Scale of the organisation	• About IOI Corporation, p.8-11 • Appendix: EES Data, p.62-65 • IOI Corporation Berhad's Annual Report 2017, p.12-17
	102-8	Information on employees and other workers	• About IOI Corporation, p.8 • Appendix: EES Data, p.63-64 IOIC's significant activities are undertaken by our employees. There are no seasonal variations in our workforce.
	102-9	Supply chain	• Supply Chain, p.27
	102-10	Significant changes to the organisation and its supply chain	• Reporting Scope & Boundaries, inside front cover • Responsible Sourcing & Traceability, p.27-28
	102-11	Precautionary principle and approach	• Risk Management, p.12
	102-12	External initiatives	• Awards and Recognition, p.21
	102-13	Membership of associations	• Memberships, p.20 • Awards and Recognition, p.21
STRATEGY			
GRI 102: General Disclosures 2016	102-14	Statement from the most senior decision-maker of the organisation	• Message from Our CEO, p.4-7
ETHICS AND INTEGRITY			
GRI 102: General Disclosures 2016	102-16	Values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	• Sustainability Principles and Values, p.16 • Corporate Governance and Ethics, p.12
GOVERNANCE			
GRI 102: General Disclosures 2016	102-18	Governance structure	• Sustainability Governance, p.18 • IOI Corporation Berhad's Annual Report 2017, p.80-112 • Website: Corporate Governance
STAKEHOLDER ENGAGEMENT			
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	• Engaging with Stakeholders, p.22-23
	102-41	Collective bargaining agreements	• Appendix: EES Data, p.64
	102-42	Identifying and selecting stakeholders	• Engaging with Stakeholders, p.22-23 • Appendix: Content of Report, p.62
	102-43	Approach to stakeholder engagement	• Engaging with Stakeholders, p.22-23
GRI 102: General Disclosures 2016	102-44	Key topics and concerns raised	• Engaging with Stakeholders, p.22-23 • Appendix: Content of Report, p.62

GRI STANDARD	DISCLOSURE	DESCRIPTION	REFERENCE OR IOI REPLY
REPORTING PRACTICE			
GRI 102: General Disclosures 2016	102-45	Entities included in the organisation's consolidated financial statements	This report covers IOI Plantation, IOI Oleochemical, IOI Lodgers Croklaan entities and IOI Commodity Marketing activities as core businesses. A full list of our entities included in consolidated financial statements can be found within our Annual Report 2017 from p.132
	102-46	Defining report content and topic Boundaries	• Reporting Scope & Boundaries, inside front cover • About This Report, p.2-3
	102-47	List of material topics	• Appendix: Content of Report, p.62
	102-48	Restatements of information	• Reporting Scope & Boundaries, inside front cover There are no restatements of information as this is our first stand-alone annual sustainability report applying GRI Standards.
	102-49	Changes in reporting	• Reporting Scope & Boundaries, inside front cover There are no changes in reporting as this is our first stand-alone annual sustainability report applying GRI Standards.
	102-50	Reporting period	• Reporting Scope & Boundaries, inside front cover The report follows our financial year, 1 July 2016 to 30 June 2017
	102-51	Date of most recent report	This is our first stand-alone annual sustainability report applying GRI Standards. Prior to this, sustainability information was included in our Annual Report 2016 published 29 September 2016
	102-52	Reporting cycle	• Reporting Scope & Boundaries, inside front cover An annual cycle, with our Sustainability Report to be published alongside our Annual Report
	102-53	Contact point for questions regarding the report	• About This Report, p.2-3
	102-54	Claims of reporting in accordance with the GRI Standards	• Reporting Scope & Boundaries, inside front cover This report has been prepared in accordance with the GRI Standards: Core option
	102-55	GRI content index	• GRI Content Index: Core Option, p.70
	102-56	External assurance	• Review & Assurance, p.62

MATERIAL DISCLOSURES: IOI PLANTATION

GRI STANDARD	DISCLOSURE	DESCRIPTION	REFERENCE OR IOI REPLY
TOPIC: HIGH CONSERVATION VALUE (HCV) (SABAH AND KETAPANG, INDONESIA) AND REDUCING USE OF CHEMICALS, IPM, FERTILISER			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	• Environment & Conservation, p.39 • High Conservation Values, p.40
	103-2	The management approach and its components	• Environment & Conservation, p.39 • High Conservation Values, p.40
	103-3	Evaluation of the management approach	• Environment & Conservation, p.39 • High Conservation Values, p.40
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	• High Conservation Values, p.40 • Ketapang Landscape Level Approach, p.45-46
	304-2	Significant impacts of activities, products, and services on biodiversity	• Environment & Conservation, p.39 • High Conservation Values, p.40
	304-3	Habitats protected or restored	• High Conservation Values, p.40 • Ketapang Landscape Level Approach, p.45-46 HCV areas in Malaysian estates include forests, namely HCV1, HCV3, HCV4, HCV5 and HCV6.

GRI CONTENT INDEX: CORE OPTION

GRI STANDARD	DISCLOSURE	DESCRIPTION	REFERENCE OR IOI REPLY
GRI 304: Biodiversity 2016	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<ul style="list-style-type: none"> High Conservation Values, p.40 We are focused on protecting nationally protected flora and fauna and those endemic to the areas in which we operate. We do match these species to the IUCN Red List status
Non-GRI		Management of IPM	<ul style="list-style-type: none"> Integrated Pest Management, p.43
Non-GRI		Management of fertilisers	<ul style="list-style-type: none"> Fertiliser Management, p.44
TOPIC: PEAT MANAGEMENT (EXISTING AND NEW PLANTATIONS)			
	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Environment & Conservation, p.39 Peatland Management, p.42 Ketapang Landscape Level Approach, p.45-46
GRI 103: Management Approach 2016	103-2	The management approach and its components	<ul style="list-style-type: none"> Environment & Conservation, p.39 Peatland Management, p.42 Ketapang Landscape Level Approach, p.45-46
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Environment & Conservation, p.39 Peatland Management, p.42 Ketapang Landscape Level Approach, p.45-46
Non-GRI		Breakdown of peatland areas affected by operations. Area given in hectares	<ul style="list-style-type: none"> Peatland Management, p. 42 This includes existing plantations on peatlands.
TOPIC: LABOR AND SOCIAL ISSUES (MIGRANT & FOREIGN WORKERS MINIMUM WAGES AND PASSPORT KEEPING)			
	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Our Workers, p.36
GRI 103: Management Approach 2016	103-2	The management approach and its components	<ul style="list-style-type: none"> Our Workers, p.36 IOI Group Sustainability Palm Oil Policy (SPOP), p.17
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Our Workers, p.36
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory Labor	<ul style="list-style-type: none"> Our Workers, p.36 We are currently drafting our Foreign Worker Recruitment Guideline, Minimum Wages Policy and Foreign Workers Passport Implementation Guidelines
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	<ul style="list-style-type: none"> Communities and Disputes, p.39 None over the reporting period
	413-1	Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> Our Community, p.24-25 Empowering Community, p.46
GRI 413: Local Communities 2016	413-2	Operations with significant actual and potential negative impacts on local communities	<ul style="list-style-type: none"> Communities and Disputes, p.39
TOPIC: CERTIFICATION (RSPO & ISCC)			
	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Certification & Traceability, p.47
GRI 103: Management Approach 2016	103-2	The management approach and its components	<ul style="list-style-type: none"> Certification & Traceability, p.47
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Certification & Traceability, p.47
Non-GRI		Certification to RSPO	<ul style="list-style-type: none"> Sustainability Commitments, p.34
Non-GRI		Certification to ISCC	<ul style="list-style-type: none"> Sustainability Commitments, p.34
TOPIC: ENVIRONMENTAL AND REGULATION ASPECTS (FIRE AND HAZE) (AIR AND WATER POLLUTION)			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Environment & Conservation, p.39 Fire and Haze Management, p.43 Carbon Management, p.26 Water Management, p.44

GRI STANDARD	DISCLOSURE	DESCRIPTION	REFERENCE OR IOI REPLY
	103-2	The management approach and its components	<ul style="list-style-type: none"> Environment & Conservation, p.39 Fire and Haze Management, p.43 Carbon Management, p.26 Water Management, p.44
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Environment & Conservation, p.39 Fire and Haze Management, p.43 Carbon Management, p.26 Water Management, p.44
GRI 303: Water 2016	303-1	Water withdrawal by source	<ul style="list-style-type: none"> Appendix: EES Data, p.68
	303-3	Water recycled and reused	<ul style="list-style-type: none"> Appendix: EES Data, p.68
GRI 306: Waste 2016	306-2	Waste by type and disposal method	<ul style="list-style-type: none"> Appendix: EES Data, p.67-68
	305-1	Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> Carbon Management, p.26 Green House Gas (GHG) Reduction Initiatives, p.41-42 Appendix: EES Data, p.66
GRI 3015: Emissions 2016	305-2	Indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> Carbon Management, p.26 Green House Gas (GHG) Reduction Initiatives, p.41-42 Appendix: EES Data, p.66
	305-5	Reduction of GHG emissions	<ul style="list-style-type: none"> Carbon Management, p.26 Green House Gas (GHG) Reduction Initiatives, p.41-42 Appendix: EES Data, p.66
TOPIC: SAFETY AND HEALTH			
	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Safety and Health, p.37
GRI 103: Management Approach 2016	103-2	The management approach and its components	<ul style="list-style-type: none"> Safety and Health, p.37
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Safety and Health, p.37
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<ul style="list-style-type: none"> Appendix: EES Data, p.65
GRI 403: Occupational Health & Safety 2016	403-4	Health and safety topics covered in formal agreements with trade unions	<ul style="list-style-type: none"> Appendix: EES Data, p.65

MATERIAL DISCLOSURES: IOI LODERS CROKLAAN GROUP

GRI STANDARD	DISCLOSURE	DESCRIPTION	REFERENCE OR IOI REPLY
TOPIC: RESPONSIBLE SOURCING AND TRACEABILITY			
	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Responsible Sourcing & Traceability, p.27-29 Supply Chain Traceability, p.51
GRI 103: Management Approach 2016	103-2	The management approach and its components	<ul style="list-style-type: none"> Responsible Sourcing & Traceability, p.27-29 Supply Chain Traceability, p.51
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Responsible Sourcing & Traceability, p.27-29 Supply Chain Traceability, p.51
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	<ul style="list-style-type: none"> Responsible Sourcing, p.28-29
	414-1	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> Responsible Sourcing, p.28-29
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	<ul style="list-style-type: none"> Responsible Sourcing, p.28-29
Non-GRI		Certification to RSPO	<ul style="list-style-type: none"> Marketplace, p.53

GRI CONTENT INDEX: CORE OPTION

GRI STANDARD	DISCLOSURE	DESCRIPTION	REFERENCE OR IOI REPLY
TOPIC: EMISSION REDUCTIONS AND RESOURCE MANAGEMENT			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Carbon Management, p.26 Protecting the Environment, p.52-53
	103-2	The management approach and its components	<ul style="list-style-type: none"> Carbon Management, p.26 Protecting the Environment, p.52-53
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Carbon Management, p.26 Protecting the Environment, p.52-53
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> Protecting the Environment, p.52-53 Appendix: EES Data, p.66
	305-2	Direct (Scope 2) GHG emissions	<ul style="list-style-type: none"> Protecting the Environment, p.52-53 Appendix: EES Data, p.66
	305-5	Reduction of GHG emissions	<ul style="list-style-type: none"> Protecting the Environment, p.52-53 Appendix: EES Data, p.66
GRI 303: Water 2016 2016	303-1	Water withdrawal by source	<ul style="list-style-type: none"> Appendix: EES Data, p.68
	303-3	Water recycled and reused	<ul style="list-style-type: none"> Appendix: EES Data, p.68
GRI 306: Waste 2016	306-2	Waste by type and disposal method	<ul style="list-style-type: none"> Appendix: EES Data, p.67-68
TOPIC: MARKETPLACE			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Marketplace, p.53
	103-2	The management approach and its components	<ul style="list-style-type: none"> Marketplace, p.53
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Marketplace, p.53
GRI 403: Occupational Health & Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<ul style="list-style-type: none"> Appendix: EES Data, p.65
	403-4	Health and safety topics covered in formal agreements with trade unions	<ul style="list-style-type: none"> Appendix: EES Data, p.65
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	IOILC received one small-value fine during the reporting period relating to environmental non-compliance for the Waste Water Treatment Plant (WWTP) at IOI Lodders Croklaan Wormerveer refinery in the Netherlands. The fine was for a value of RM12,148 relating to operation without an appropriate permit. There were no non-monetary sanctions relating to environmental management at IOILC facilities during the reporting period, and no environmental cases brought up through the grievance mechanism.
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	<ul style="list-style-type: none"> Appendix: EES Data, p.65
Non-GRI		Market engagement and responsive management	<ul style="list-style-type: none"> Marketplace, p.53

MATERIAL DISCLOSURES: IOI OLEOCHEMICAL

GRI STANDARD	DISCLOSURE	DESCRIPTION	REFERENCE OR IOI REPLY
TOPIC: RESPONSIBLE SOURCING AND TRACEABILITY			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Responsible Sourcing & Traceability, p.27-29 Sourcing Responsibly, p.58
	103-2	The management approach and its components	<ul style="list-style-type: none"> Responsible Sourcing & Traceability, p.27-29 Sourcing Responsibly, p.58
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Responsible Sourcing & Traceability, p.27-29 Sourcing Responsibly, p.58

GRI STANDARD	DISCLOSURE	DESCRIPTION	REFERENCE OR IOI REPLY
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	<ul style="list-style-type: none"> Responsible Sourcing, p.28-29
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> Responsible Sourcing, p.28-29
	414-2	Negative social impacts in the supply chain and actions taken	<ul style="list-style-type: none"> Responsible Sourcing, p.28-29
TOPIC: REGULATORY COMPLIANCE			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Protecting the Environment, p.58
	103-2	The management approach and its components	<ul style="list-style-type: none"> Protecting the Environment, p.58
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Protecting the Environment, p.58
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> Protecting the Environment, p.58
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	<ul style="list-style-type: none"> Protecting the Environment, p.58
TOPIC: PROCESS SAFETY			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Process Safety, p.60
	103-2	The management approach and its components	<ul style="list-style-type: none"> Process Safety, p.60
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Process Safety, p.60
GRI 403: Occupational Health & Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<ul style="list-style-type: none"> Process Safety, p.60 Appendix: EES Data, p.65
	403-4	Health and safety topics covered in formal agreements with trade unions	<ul style="list-style-type: none"> Process Safety, p.60 Appendix: EES Data, p.65
TOPIC: CERTIFICATION AND PROMOTION OF RSPO PRODUCTS			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Certification and Promoting RSPO products, p.61
	103-2	The management approach and its components	<ul style="list-style-type: none"> Certification and Promoting RSPO products, p.61
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Certification and Promoting RSPO products, p.61
Non-GRI		Certification to RSPO	<ul style="list-style-type: none"> Certification and Promoting RSPO products, p.61
Non-GRI		Promotion of RSPO products	<ul style="list-style-type: none"> Certification and Promoting RSPO products, p.61
TOPIC: ENERGY EFFICIENCY AND ECO-PRODUCTIVITY			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Protecting the Environment, p.58 Energy Efficiency & Eco-Productivity, p.59
	103-2	The management approach and its components	<ul style="list-style-type: none"> Energy Efficiency & Eco-Productivity, p.59
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Energy Efficiency & Eco-Productivity, p.59
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	<ul style="list-style-type: none"> Energy Efficiency & Eco-Productivity, p.59 Appendix: EES Data, p.66
	302-3	Energy intensity	<ul style="list-style-type: none"> Appendix: EES Data, p.66
	302-4	Reduction of energy consumption	<ul style="list-style-type: none"> Energy Efficiency & Eco-Productivity, p.59 Appendix: EES Data, p.66

GRI CONTENT INDEX: CORE OPTION

GRI STANDARD	DISCLOSURE	DESCRIPTION	REFERENCE OR IOI REPLY
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> • Energy Efficiency & Eco-Productivity, p.59 • Appendix: EES Data, p.66
	305-2	Indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> • Energy Efficiency & Eco-Productivity, p.59 • Appendix: EES Data, p.66
	305-5	Reduction of GHG emissions	<ul style="list-style-type: none"> • Energy Efficiency & Eco-Productivity, p.59 • Appendix: EES Data, p.66
GRI 303: Water 2016	303-1	Water withdrawal by source	<ul style="list-style-type: none"> • Appendix: EES Data, p.68
	303-3	Water recycled and reused	<ul style="list-style-type: none"> • Appendix: EES Data, p.68
GRI 306: Waste 2016	306-2	Waste by type and disposal method	<ul style="list-style-type: none"> • Appendix: EES Data, p.67-68

MATERIAL DISCLOSURES: IOI COMMODITY MARKETING

GRI STANDARD	DISCLOSURE	DESCRIPTION	REFERENCE OR IOI REPLY
TOPIC: REPUTATION IN MARKET			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • Building our Reputation, p.47
	103-2	The management approach and its components	<ul style="list-style-type: none"> • Building our Reputation, p.47
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Building our Reputation, p.47
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> • Building our Reputation, p.47
Non-GRI		Risk management	<ul style="list-style-type: none"> • Building our Reputation, p.47
Non-GRI		Industry average oil yield vs actual oil yield	<ul style="list-style-type: none"> • Building our Reputation, p.47
TOPIC: SUSTAINABILITY CERTIFICATION			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • Certification & Traceability, p.47
	103-2	The management approach and its components	<ul style="list-style-type: none"> • Certification & Traceability, p.47
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Certification & Traceability, p.47
Non-GRI		Certification to RSPO	<ul style="list-style-type: none"> • Certification & Traceability, p.47 • Palm Oil Dashboard, p.30-31
Non-GRI		Certification to ISCC	<ul style="list-style-type: none"> • Certification & Traceability, p.47 • Palm Oil Dashboard, p.30-31
TOPIC: TRACEABILITY			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • Responsible Sourcing, p.27-29 • Certification & Traceability, p.47
	103-2	The management approach and its components	<ul style="list-style-type: none"> • Responsible Sourcing, p.27-29 • Certification & Traceability, p.47
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Responsible Sourcing, p.27-29 • Certification & Traceability, p.47
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	<ul style="list-style-type: none"> • Responsible Sourcing, p.27-29
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> • Responsible Sourcing, p.27-29
	414-2	Negative social impacts in the supply chain and actions taken	<ul style="list-style-type: none"> • Responsible Sourcing, p.27-29

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