

KEY MILESTONES FOR IOI GROUP

Progress Update: 7 July 2017

The following are key milestones for the implementation of IOI Group's commitments as identified by Greenpeace, Grassroots, Rainforest Action Network, Finnwatch and Forest Peoples' Programme:

Element	Progress
1. Revise IOI Group's Sustainable Palm Oil Policy (SPOP) in May 2017	
<p>IOI Group's revised Sustainable Palm Oil Policy (SPOP) should include commitments to the following requirements for its own operations and those of its suppliers:</p> <ul style="list-style-type: none"> • Application of the revised High Carbon Stock Approach (HCSA) methodology and its associated social requirements; • IOP's stated commitment not to charge recruitment fees, including by subcontractors and labour brokers in receiving and sending countries; • An updated Freedom of Association clause stating that trade unions can freely enter IOI estates; • A deadline for returning all workers' passports; • A commitment to pay all workers the statutory monthly minimum wage, regardless of production quotas or hours worked; • Compensation for overtime work at the legally mandated rate, and; • A commitment to adopt and implement the Free and Fair Labour Principles. <p>It is critical that IOI publishes the revised policy in May 2017 and communicates its updated requirements to suppliers, including direct and indirect third-party suppliers along with the expectation that all suppliers are to comply.</p>	<p><u>Policy revised in consultation with RAN and Finnwatch and published on 12 June 2017 incorporating:</u></p> <p>Application of the revised High Carbon Stock Approach (HCSA) methodology and its associated social requirements.</p> <p>Labour Rights issues including:</p> <p>IOI's no recruitment fees policy Freedom of Association clause that allows trade unions access to workers A deadline for returning all workers' passports Commitment on minimum wage for workers Commitment on principles of Free and Fair Labour in Palm Oil Production as well as UN Guiding Principles on Business & Human Rights</p> <p><u>IOI will complete the returning of all worker's passports by end 2017</u></p>
2. Transparent disclosure of findings of field assessments, progress on achieving compliance and forward looking work plans on an ongoing basis	
<p>1. Published the scope, methodology and full results of the labour audits conducted by Business for Social Responsibility on IOI's Peninsular Malaysia and Sabah plantations, and revised standard operating procedures to address any identified gaps or issues.</p>	<p>BSR report to be published in July 2017.</p>
<p>2. Publish a revised work plan for the landscape approach in Ketapang that aligns the approach with the standards of the Palm Oil Innovation Group and incorporates the results of LiDAR analysis.</p>	<p>Work plan to be revised once results from LiDAR analysis is received.</p> <p>IOI is committed to implement global best-practice peatland management in the Ketapang landscape, including the peatland standard currently being developed by the Palm Oil Innovation Group (POIG).</p> <p>IOI has discussed with Wetlands International in June to understand better the POIG parameters. Also in the process of contacting POIG Secretariat to discuss possible alignment for</p>



	landscape level approach in Ketapang.
3. Publish the mutually agreed action plan encompassing revised mediation, community support, respect of customary rights, that is in full conformance to RSPO standards and has been developed with participation of NGOs, the Long Teran Kanan communities and stakeholders.	Grassroots / IOI field verification visit to take place 3-7 July. Revised action plan will be developed in collaboration with Grassroots and published in end July.
4. Develop and publish a work plan for the implementation of IOI's no recruitment fees policy in receiving and sending countries and its deadline for returning all workers' passports.	IOI is consulting NGOs on the development of no recruitment fees guidelines and has committed to deadline of end 2017 for return of all workers' passports.
5. Publish and seek input on the methodology that IOI plans to use to conduct "an independent verification of the implementation of its Sustainable Palm Oil Policy, and the commitments stated above, in the second quarter of 2018."	IOI has established a Sustainability Advisory Panel (SAP) who will provide input on the scope and methodology, and oversee IOI's delivery of the independent verification. IOI will consult other key stakeholders on the scope and methodology.
3. Verifiable actions for demonstrating progress on non-compliance in IOI's operations – 2 MONTHS	
1. IOI shares field assessment report with Grassroots as promised.	Completed.
2. Review and verification by Grassroots via joint field visit.	IOI/Grassroots field verification due in 3-7 July.
3. New action plan developed in partnership with Grassroots reflecting review of IOI assessment, RSPO/CP views and community aspirations encompassing reviewed mediation, community support, respect of customary rights, and in full conformance to RSPO standards.	Due in end July.
4. Establish a fair and impartial mediation panel (following consultation with the communities of Long Teran Kanan) to oversee the satisfactory resolution of the social conflict with IOI-Pelita with new ToR to reflect FPIC and customary rights, and expanded mediation into a panel.	Joint proposal (Grassroots and IOI) sent to RSPO, progress can be monitored via RSPO case tracker.
5. Agreement on the community support and capacity building plan. (This plan has already been proposed to RSPO).	Progress on the plan proposed to RSPO can be followed via the RSPO case tracker.
6. IOI, Grassroots, supporting NGOs and relevant stakeholders in consultation with communities draft a new timeline, deliverables and milestones for the entire grievance resolution process.	Subject to 1-5 above.
3. Verifiable actions for demonstrating progress on non-compliance in IOI's operations – 6 MONTHS	
Mediation process demonstrates compliance to RSPO requirements for protection of customary rights, FPIC, representation, and free from external influence.	Pending progress
Identify community members who have been affected and are due compensation for the initial loss of land and the ongoing use of their land for oil palm plantations.	Pending progress
The community is able to make decisions through an informed process and take responsibility for ensuring they are provided with information on the settlement offer in ways that allows them to understand it.	Pending progress
Compensation, remedy mechanism and modality established with FPIC.	Pending progress
Work with the community to identify and draw up maps for each landowner's area(s), and jointly approach the Sarawak state government to request those areas are excised from their PL to provide better security for the community's land rights.	Pending progress
4. Verifiable actions for demonstrating progress on addressing non-compliance on labour rights requirements	
All workers have been provided with secure lockers and all passports have been returned by deadline set in updated SPOP released in May 2017.	Deadline set – end 2017.
No fees are being charged to workers, including via subcontractors and labour brokers in	Confirmed, see commitments in revised SPOP.



sending as well as receiving countries.	
Minimum wage (and possible overtime compensation) is being paid to all workers, regardless of production quotas or hours worked.	Confirmed, see commitments in revised SPOP.
5. Verifiable actions for demonstrating progress on addressing non-compliance by third-party suppliers	
Identify and execute intervention priorities in relation to third-party supply chain in peat landscapes, based on mill analysis and engagement with the relevant trading partners.	IOI has conducted peat exposure mapping in its supply chain and requested third-party suppliers to provide action plans detailing how they are delivering on IOI's Policy requirements.
Identify and execute intervention priorities in relation to third-party supply chains with active deforestation, based on supply chain analysis and engagement with the relevant trading partners.	IOI has conducted peat exposure mapping in its supply chain and requested third-party suppliers to provide action plans detailing how they are delivering on IOI's Policy requirements.
Identify and execute intervention priorities for resolving social conflicts, securing land rights or ending violence, intimidation and the ongoing abuse of human rights.	IOI's Sustainable Palm Oil Policy has been updated and communicated to suppliers.
Updated the public grievance list to incorporate the findings of third-party supplier analysis, including time-bound conditions for each non-compliant company, and list the excluded suppliers that are unwilling or unable to meet those deadlines.	Grievance list updated and publically available: http://www.ioigroup.com/Content/S/PDF/GrievanceList.pdf